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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 2019 ANNUAL RESULTS, FINAL DIVIDEND, RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS**

#### **CHAIRMAN'S STATEMENT**

Dear Shareholders,

I am pleased to report that the Group recorded consolidated profit attributable to shareholders of HK\$239 million for the year ended 31 December 2019. Earnings per share was HK\$0.18. The Board of Directors has recommended a final dividend of HK21.0 cents per share. Together with the interim dividend of HK6.0 cents per share, total dividends for the year will be HK27.0 cents per share, same as 2018.

2019 was a year with challenges, with the overall Hong Kong economy, residential property market and hotel sectors all weakening since June, impacted by intensified Sino-US trade war and local social activities. During the first half of 2019, the Group successfully captured the solid demand from first-time home buyers to launch two "Upper Gold Coast series" residential projects, The Carmel in January and OMA OMA in June. In October, despite the accelerating social turmoil, we launched the remaining house units of The Carmel receiving good response. As at 31 December 2019, around 89% and 71% of units (in terms of number) were presold for The Carmel and OMA OMA respectively. In January 2020, The Carmel was completed with handover to buyers commencing. We will record related revenue and profit in 2020. Meanwhile, our luxury developments in Kau To Shan, Le Cap and La Vetta, continued to record sales transactions and handover of the remaining units, albeit at a slower pace in 2019.

In terms of our property investments in Hong Kong and London, we continue to make stable and recurring returns. In Hong Kong, Landmark East, our flagship Grade A twin office towers in Kwun Tong, maintained a high occupancy rate despite competition from new supply in Kowloon East. Shui Hing Centre, our industrial building in Kowloon Bay, not only recorded high occupancy, but also obtained the waiver approval for revitalization into office space. Waterfront Suites, the new luxurious leasing residence in Hong Kong East,

commenced leasing in April 2019 and attracted senior executive tenants from Hong Kong East and Kowloon East.

In London, the Group continued to improve the occupancy of our Grade A commercial properties, and together with the rental income from the newly acquired and fully-let Grade-A office tower at 30 Gresham Street, generated steadily growing recurring income to compensate the rental loss from the sale of W Square and Winner Godown Building.

Foundation work of our comprehensive development of Gage Street/ Graham Street in Central progressed as scheduled. This project, consisting of a Grade A office tower, a hotel, retail units and open public spaces, is set to transform the old urban district in prime central business and entertainment district years to come.

Lanson Place, our hospitality investment and management brand, has continued to expand its presence in Asia through its entry into the Philippines. The Group signed up a 10-year management contract to operate a brand new hotel and serviced residence project at the heart of SM Mall of Asia in Pasay, Manila. The project is scheduled for completion in 2022, offering 250 hotel rooms and 150 serviced suites.

The COVID-19 outbreak in January 2020 has disrupted supply chains and business activities, delaying our construction and sale programs. Primary residential property sales, especially luxury property, further slowed down affecting our sale progress on Kau To Shan. The weakened hospitality industry suffered further from global travel restrictions, with the slump in tourist arrivals resulting in a drastic occupancy drop and operating loss of Lanson Place Hotel in Hong Kong.

During this challenging operating environment, the Group focused on delivering quality products and services to our customers to reinforce our market positioning and customer loyalty. We also continue to carry out proactive asset management to enhance our portfolio value, while improving efficiency and productivity. Management will diligently monitor the impact of the prevailing pandemic on our business performance and cash flow. Inevitably, such impact will be a critical factor to consider when recommending the dividend payment in the coming year.

Throughout the past few years, the Group has strengthened its balance sheet, diversified and expanded its funding sources and investment portfolio. Relying on our solid financial position and sustainable recurrent income, we will be able to manage the economic challenges ahead with confidence, and to stay proactive in looking out for investment opportunities in a prudent manner.

Taking this opportunity, I would like to express my gratitude and appreciation to my fellow Board members for contributing their invaluable knowledge and insights to the Group, and to all shareholders, business partners and colleagues for their continued support during this challenging period.

**Cheng Wai Chee, Christopher**  
Chairman

Hong Kong, 27 March 2020

## FINANCIAL RESULTS

The Board of Directors (the “Directors”) of Wing Tai Properties Limited (the “Company”) presents the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2019, together with comparative figures for the previous year, as follows:

### CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
	Note	2019 HK\$'M	2018 HK\$'M
<b>Revenue</b>	3	829.5	884.7
Cost of sales		(163.1)	(175.3)
<b>Gross profit</b>		666.4	709.4
Other gains, net		6.8	14.0
Selling and distribution costs		(65.1)	(33.9)
Administrative expenses		(340.8)	(312.8)
Change in fair value of			
– investment properties		(126.4)	348.4
– financial instruments	4	19.0	(94.9)
		(107.4)	253.5
Gain on disposal of subsidiaries	11	5.9	693.3
<b>Profit from operations</b>	5	165.8	1,323.5
Finance costs		(61.7)	(58.4)
Finance income		74.1	46.4
Share of results of joint ventures		193.9	115.6
Share of results of associates		2.6	5.2
<b>Profit before taxation</b>		374.7	1,432.3
Taxation	6	(69.7)	(52.8)
<b>Profit for the year</b>		305.0	1,379.5
<b>Profit for the year attributable to:</b>			
Shareholders of the Company		238.9	1,312.4
Holders of perpetual capital securities		64.9	65.7
Non-controlling interests		1.2	1.4
		305.0	1,379.5
<b>Earnings per share attributable to shareholders of the Company</b>	7		
– Basic		HK\$0.18	HK\$0.97
– Diluted		HK\$0.18	HK\$0.97

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2019	2018
	HK\$'M	HK\$'M
<b>Profit for the year</b>	305.0	1,379.5
<b>Other comprehensive income</b>		
<b>Items that have been/may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	1.0	(43.6)
Net gain on net investment hedge		
– Fair value gains	11.9	5.4
– Realised upon settlement	0.6	0.5
Net (loss)/gain on cash flow hedge		
– Fair value (losses)/gains	(3.6)	7.0
Release of other reserve upon disposal of subsidiaries	3.3	-
Share of other comprehensive income of a joint venture	(0.6)	2.0
<b>Other comprehensive income for the year, net of tax</b>	12.6	(28.7)
<b>Total comprehensive income for the year</b>	317.6	1,350.8
<b>Total comprehensive income for the year attributable to:</b>		
Shareholders of the Company	251.5	1,283.7
Holders of perpetual capital securities	64.9	65.7
Non-controlling interests	1.2	1.4
<b>Total comprehensive income for the year</b>	317.6	1,350.8

## CONSOLIDATED BALANCE SHEET

	Note	At 31 December	
		2019 HK\$'M	2018 HK\$'M
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties		20,427.3	20,459.4
Other properties, plant and equipment		74.7	74.1
Investments in joint ventures		1,566.1	1,920.7
Loans to joint ventures		3,919.7	3,835.7
Investments in associates		17.2	16.0
Loans to associates		22.4	22.4
Financial investments at amortised cost		385.3	335.5
Financial investments at fair value through profit or loss		603.7	553.8
Other non-current assets		147.9	-
Deferred tax assets		34.6	20.9
Derivative financial instruments		45.8	49.5
		<u>27,244.7</u>	<u>27,288.0</u>
<b>Current assets</b>			
Properties for sale		4,909.7	4,006.4
Trade and other receivables, deposits and prepayments	9	1,415.5	918.3
Financial investments at amortised cost		329.9	248.3
Financial investments at fair value through profit or loss		46.9	84.7
Derivative financial instruments		0.7	5.3
Sales proceeds held in stakeholders' accounts		616.0	-
Tax recoverable		2.9	3.1
Bank balances and cash		1,740.0	2,873.6
		<u>9,061.6</u>	<u>8,139.7</u>
Assets classified as held for sale		16.5	-
		<u>9,078.1</u>	<u>8,139.7</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	10	2,466.5	1,154.6
Derivative financial instruments		18.1	21.8
Tax payable		23.2	3.7
Bank and other borrowings		146.6	1,295.3
		<u>2,654.4</u>	<u>2,475.4</u>
Liabilities directly associated with assets classified as held for sale		2.1	-
		<u>2,656.5</u>	<u>2,475.4</u>

## CONSOLIDATED BALANCE SHEET (Continued)

	At 31 December	
	2019	2018
	HK\$'M	HK\$'M
<b>Non-current liabilities</b>		
Bank and other borrowings	4,534.8	3,739.2
Other long-term liability	41.9	48.7
Derivative financial instruments	108.5	107.2
Deferred tax liabilities	357.6	335.3
	<u>5,042.8</u>	<u>4,230.4</u>
<b>NET ASSETS</b>	<u>28,623.5</u>	<u>28,721.9</u>
<b>EQUITY</b>		
<b>Shareholders' funds</b>		
Share capital	676.3	674.6
Reserves	26,425.9	26,526.7
	<u>27,102.2</u>	<u>27,201.3</u>
<b>Perpetual capital securities</b>	1,513.7	1,513.9
<b>Non-controlling interests</b>	7.6	6.7
<b>TOTAL EQUITY</b>	<u>28,623.5</u>	<u>28,721.9</u>

NOTES:

**1. Basis of preparation**

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and requirements of the Hong Kong Companies Ordinance (Cap.622).

These consolidated financial statements are presented in millions of Hong Kong dollars (HK\$’M).

**2. Significant accounting policies**

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

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

The adoption of the above new or revised standards, amendments and improvements to standards and interpretations of HKFRS did not have any significant impact to the consolidated financial statements in the current and prior years.

The Group adopted HKFRS 16 using modified retrospective approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The adoption did not have any significant impact to the Group’s consolidated financial statements in the current and prior years.

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

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

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

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.



## 2. Significant accounting policies (Continued)

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

The Group has not early adopted the following new standards, revised standards, amendments and improvements to standards that have been issued but are not yet effective for the year ended 31 December 2019:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1 and HKAS 8	Definition of material	1 January 2020
Amendments to HKFRS 3	Definition of a business	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest rate benchmark reform	1 January 2020
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

## 3. Revenue and segment information

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

	2019 HK\$'M	2018 HK\$'M
Sale of properties and project management income	21.8	31.0
Rental income and property management income	749.1	819.7
Interest income from financial investments	36.8	11.3
Dividend income	21.8	22.7
	<u>829.5</u>	<u>884.7</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. They are (i) Property Development, (ii) Property Investment and Management, (iii) Hospitality Investment and Management and (iv) Others. Others mainly represent investing activities and corporate activities including central management and administrative function.

### 3. Revenue and segment information (Continued)

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Elimination HK\$'M	Total HK\$'M
<b>For the year ended 31 December 2019</b>						
<b>REVENUE</b>						
External sales	26.2	626.1	121.9	55.3	-	829.5
Inter-segment sales	1.4	14.8	-	1.8	(18.0)	-
Total	<u>27.6</u>	<u>640.9</u>	<u>121.9</u>	<u>57.1</u>	<u>(18.0)</u>	<u>829.5</u>
<b>RESULTS</b>						
Profit/(loss) before change in fair value of investment properties and financial instruments and gain on disposal of subsidiaries	(183.5)	425.9	10.9	14.0	-	267.3
Change in fair value of						
- investment properties	(2.1)	78.6	(202.9)	-	-	(126.4)
- financial instruments	(0.2)	(8.2)	-	27.4	-	19.0
Gain on disposal of subsidiaries	-	5.9	-	-	-	5.9
Profit/(loss) from operations	<u>(185.8)</u>	<u>502.2</u>	<u>(192.0)</u>	<u>41.4</u>	<u>-</u>	<u>165.8</u>
Finance costs	(7.0)	(54.2)	(24.6)	(11.2)	35.3	(61.7)
Finance income	3.4	4.1	0.3	101.6	(35.3)	74.1
Share of results of joint ventures	204.7	4.8	(15.6)	-	-	193.9
Share of results of associates	-	2.6	-	-	-	2.6
Profit/(loss) before taxation	<u>15.3</u>	<u>459.5</u>	<u>(231.9)</u>	<u>131.8</u>	<u>-</u>	<u>374.7</u>
Taxation						(69.7)
Profit for the year						<u>305.0</u>
<b>Other item</b>						
Depreciation and amortisation	<u>4.3</u>	<u>1.4</u>	<u>-</u>	<u>7.9</u>	<u>-</u>	<u>13.6</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
<b>For the year ended 31 December 2018</b>						
<b>REVENUE</b>						
External sales	32.2	674.3	144.2	34.0	-	884.7
Inter-segment sales	3.9	11.6	-	-	(15.5)	-
Total	<u>36.1</u>	<u>685.9</u>	<u>144.2</u>	<u>34.0</u>	<u>(15.5)</u>	<u>884.7</u>
<b>RESULTS</b>						
Profit/(loss) before change in fair value of investment properties and financial instruments and gains on disposal of subsidiaries	(100.1)	470.2	10.7	(4.1)	-	376.7
Change in fair value of						
- investment properties	-	263.8	84.6	-	-	348.4
- financial instruments	-	8.1	-	(103.0)	-	(94.9)
Gains on disposal of subsidiaries	-	693.3	-	-	-	693.3
Profit/(loss) from operations	<u>(100.1)</u>	<u>1,435.4</u>	<u>95.3</u>	<u>(107.1)</u>	<u>-</u>	<u>1,323.5</u>
Finance costs	-	(50.2)	(12.0)	(18.0)	21.8	(58.4)
Finance income	-	3.9	0.1	64.2	(21.8)	46.4
Share of results of joint ventures	66.3	12.6	36.7	-	-	115.6
Share of results of associates	-	5.2	-	-	-	5.2
Profit/(loss) before taxation	<u>(33.8)</u>	<u>1,406.9</u>	<u>120.1</u>	<u>(60.9)</u>	<u>-</u>	<u>1,432.3</u>
Taxation						<u>(52.8)</u>
Profit for the year						<u>1,379.5</u>
<b>Other item</b>						
Depreciation and amortisation	<u>0.2</u>	<u>1.3</u>	<u>-</u>	<u>8.1</u>	<u>-</u>	<u>9.6</u>

Inter-segment transactions are entered into under the normal commercial terms and conditions mutually agreed among group companies.

### 3. Revenue and segment information (Continued)

The segment assets and liabilities at 31 December 2019 and 2018 and additions to non-current assets for the years then ended are as follows:

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Total HK\$'M
<b>At 31 December 2019</b>					
<b>ASSETS</b>					
Segment assets (Note a)	5,993.7	18,239.3	2,408.4	3,045.8	29,687.2
Investments in joint ventures and loans to joint ventures	5,529.4	865.9	116.7	-	6,512.0
Investments in associates and loans to associates	1.8	37.8	-	-	39.6
	<u>11,524.9</u>	<u>19,143.0</u>	<u>2,525.1</u>	<u>3,045.8</u>	<u>36,238.8</u>
Other assets (Note a)					84.0
Consolidated total assets					<u>36,322.8</u>
<b>LIABILITIES</b>					
Segment liabilities (Note b)	(2,116.4)	(231.7)	(83.4)	(79.0)	(2,510.5)
Other liabilities (Note b)					(5,188.8)
Consolidated total liabilities					<u>(7,699.3)</u>
<b>Additions to non-current assets (Note d)</b>	<u>12.9</u>	<u>99.5</u>	<u>35.4</u>	<u>1.4</u>	<u>149.2</u>
<b>At 31 December 2018</b>					
<b>ASSETS</b>					
Segment assets (Note a)	4,093.1	18,068.3	2,622.9	3,973.9	28,758.2
Investments in joint ventures and loans to joint ventures	5,586.4	841.0	124.9	-	6,552.3
Investments in associates and loans to associates	3.1	35.3	-	-	38.4
	<u>9,682.6</u>	<u>18,944.6</u>	<u>2,747.8</u>	<u>3,973.9</u>	<u>35,348.9</u>
Other assets (Note a)					78.8
Consolidated total assets					<u>35,427.7</u>
<b>LIABILITIES</b>					
Segment liabilities (Note b)	(795.4)	(225.4)	(93.0)	(89.5)	(1,203.3)
Other liabilities (Note b)					(5,502.5)
Consolidated total liabilities					<u>(6,705.8)</u>
<b>Additions to non-current assets (Note d)</b>	<u>0.6</u>	<u>18.1</u>	<u>73.9</u>	<u>2.4</u>	<u>95.0</u>

### 3. Revenue and segment information (Continued)

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

	Year ended 31 December	
	2019 Total HK\$'M	2018 Total HK\$'M
Hong Kong	710.7	791.3
The PRC	29.9	29.1
United Kingdom	28.5	26.4
Singapore	24.3	23.8
Others	36.1	14.1
	<u>829.5</u>	<u>884.7</u>

The followings are analyses of the Group's total assets, non-current assets including investment properties and other properties, plant and equipment, and additions to non-current assets by geographical areas in which the assets are located.

	Non-current assets (Note c)		Additions to non-current assets (Note d)	
	At 31 December		Year ended 31 December	
	2019 HK\$'M	2018 HK\$'M	2019 HK\$'M	2018 HK\$'M
Hong Kong	19,127.8	19,161.5	149.2	91.5
United Kingdom	883.6	855.0	-	3.5
The PRC	490.6	517.0	-	-
	<u>20,502.0</u>	<u>20,533.5</u>	<u>149.2</u>	<u>95.0</u>

#### Notes:

- Segment assets consist primarily of investment properties, other properties, plant and equipment, financial investments at amortised cost, financial investments at fair value through profit or loss, other non-current assets, properties for sale, trade and other receivables, deposits and prepayments, sales proceeds held in stakeholders' accounts, bank balances and cash and assets classified as held for sale. Other assets comprise mainly derivative financial instruments, tax recoverable and deferred tax assets.
- Segment liabilities comprise operating liabilities and liabilities directly associated with assets classified as held for sale. Other liabilities include tax payable, bank and other borrowings, deferred tax liabilities and derivative financial instruments.
- Non-current assets include investment properties and other properties, plant and equipment.
- Additions to non-current assets comprise additions to investment properties and other properties, plant and equipment.

The Group's operations are principally located in Hong Kong, the United Kingdom and the People's Republic of China other than Hong Kong (the "PRC").

#### 4. Change in fair value of financial instruments

	2019 HK\$'M	2018 HK\$'M
Net fair value loss on derivative financial instruments	(8.0)	(0.7)
Gain on financial liabilities at fair value through profit or loss classified under other long-term liability	4.8	8.1
Gain/(loss) on financial investments at fair value through profit or loss	22.2	(102.3)
	<u>19.0</u>	<u>(94.9)</u>

#### 5. Profit from operations

	2019 HK\$'M	2018 HK\$'M
Profit from operations has been arrived at after charging/(crediting) the following:		
Staff costs including directors' remuneration	271.1	253.8
Retirement benefits costs	10.6	8.8
Total staff costs (Note)	<u>281.7</u>	<u>262.6</u>
Share-based compensation expenses (Note)	14.7	12.2
Auditor's remuneration		
– Audit services	4.8	4.7
– Non-audit services	1.5	0.9
(Write-back of)/cost of properties included in cost of sales	(7.0)	1.7
Depreciation of other properties, plant and equipment	13.6	9.6
Direct operating expenses arising from investment properties generating rental income	142.2	149.7
Gain on disposal of other properties, plant and equipment	(0.2)	-
Gain on disposal of subsidiaries	(5.9)	(693.3)
Gain on decrease in interest of a joint venture	-	(41.0)
Gross rental income from investment properties	<u>(717.1)</u>	<u>(788.1)</u>

*Note:*

Share-based compensation expenses recognised in the consolidated income statement in respect of share options and incentive shares granted to certain directors and employees are not included in the total staff costs above.

## 6. Taxation

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

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

	2019 HK\$'M	2018 HK\$'M
Current taxation		
– Current tax on profits for the year	52.8	62.4
– Over-provision in prior years	(0.1)	(21.3)
	<u>52.7</u>	<u>41.1</u>
Deferred taxation		
– Change in fair value of investment properties	15.8	3.4
– Temporary differences on tax depreciation	14.1	14.9
– Recognition of tax losses	(15.7)	(8.5)
– Other temporary differences	2.8	1.4
– Under-provision in prior year	-	0.5
	<u>17.0</u>	<u>11.7</u>
Income tax expenses	<u><u>69.7</u></u>	<u><u>52.8</u></u>

## 7. Earnings per share

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2019	2018
Profit attributable to shareholders of the Company (expressed in HK\$'M)	<u>238.9</u>	<u>1,312.4</u>
Weighted average number of ordinary shares in issue	<u>1,352,408,895</u>	<u>1,349,034,977</u>
Basic earnings per share	<u>HK\$0.18</u>	<u>HK\$0.97</u>

## 7. Earnings per share (Continued)

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares at the beginning of the year. The Company has share options and incentive shares outstanding during the year which are dilutive potential ordinary shares. Calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and incentive shares.

	2019	2018
Profit attributable to shareholders of the Company (expressed in HK\$'M)	<u>238.9</u>	<u>1,312.4</u>
Weighted average number of ordinary shares in issue	1,352,408,895	1,349,034,977
Effect of dilutive potential shares issuable under the Company's share option plan and share incentive scheme	<u>2,283,733</u>	<u>1,682,959</u>
Weighted average number of shares for the purpose of calculating diluted earnings per share	<u>1,354,692,628</u>	<u>1,350,717,936</u>
Diluted earnings per share	<u>HK\$0.18</u>	<u>HK\$0.97</u>

## 8. Dividends

	2019 HK\$'M	2018 HK\$'M
Interim dividend paid on 4 October 2019 of HK6.0 cents (2018: HK6.0 cents) per ordinary share	81.2	80.9
Proposed final dividend of HK21.0 cents (2018: 21.0 cents) per ordinary share	<u>284.5</u>	<u>284.1</u>
	<u>365.7</u>	<u>365.0</u>

The final dividend is not accounted for as a dividend payable in these financial statements until it has been approved at the forthcoming annual general meeting of the Company.



## 9. Trade and other receivables, deposits and prepayments

	2019 HK\$'M	2018 HK\$'M
Trade receivables (Note a)	17.6	18.6
Deferred rent receivables	14.1	12.3
Amounts due from joint ventures	7.6	10.1
Loans to joint ventures	1,026.2	795.9
Contract assets (Note b)	143.5	-
Other receivables, deposits and prepayments	206.5	81.4
	<u>1,415.5</u>	<u>918.3</u>

### Notes:

- (a) The Group allows different credit periods to its customers. Credit periods vary from 30 to 90 days in accordance with 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 31 December, based on the invoice dates:

	2019 HK\$'M	2018 HK\$'M
0 – 30 days	13.1	15.1
31 – 90 days	1.0	1.1
Over 90 days	3.5	2.4
	<u>17.6</u>	<u>18.6</u>

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

## 10. Trade and other payables and accruals

	2019 HK\$'M	2018 HK\$'M
Trade payables (Note a)	46.6	116.8
Contract liabilities (Note b)	1,603.7	-
Rental deposits received	165.9	161.9
Construction costs payable	200.7	90.8
Amounts due to joint ventures	113.7	559.9
Provision for other costs arising from disposal of a joint venture and subsidiaries	-	7.3
Other creditors and accruals	335.9	217.9
	<u>2,466.5</u>	<u>1,154.6</u>

## 10. Trade and other payables and accruals (Continued)

Notes:

(a) The ageing analysis of the Group's trade payables based on invoice date at 31 December is as follows:

	2019 HK\$'M	2018 HK\$'M
0 – 30 days	42.2	113.1
31 – 90 days	1.0	3.1
Over 90 days	3.4	0.6
	<u>46.6</u>	<u>116.8</u>

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

## 11. Gain on disposal of subsidiaries

In 2019, the Group disposed of its entire interest in a factory located in Guangdong Province, PRC. The disposal was completed in October 2019.

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

	2018 HK\$'M
Initial consideration	2,848.8
Less: Completion adjustments upon closing	(38.5)
Bank balances and cash disposed	(0.8)
	<u>2,809.5</u>
Net proceeds from disposal of subsidiaries	2,809.5
Less: Net asset value of subsidiaries	(2,085.7)
Transaction cost	(30.5)
	<u>693.3</u>
Gain on disposal of subsidiaries	<u>693.3</u>

## 12. Scope of work of PricewaterhouseCoopers

The financial figures in respect of this results announcement for the year ended 31 December 2019 have been agreed by the Group auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2019. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the announcement.

## **FINAL DIVIDEND, RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS**

### **FINAL DIVIDEND AND RECORD DATE**

The Directors recommend the payment of a final dividend of HK21.0 cents (2018: HK21.0 cents) per share for the year ended 31 December 2019. Including the interim dividend of HK6.0 cents (2018: HK6.0 cents) per share distributed on 4 October 2019, the total dividend payout for the year ended 31 December 2019 shall be HK27.0 cents (2018: HK27.0 cents) per share. Subject to the passing of the relevant resolution at an annual general meeting to be held on 10 June 2020 (the “AGM”), the final dividend will be distributed on or around 2 July 2020 to shareholders whose names appear on the register of members of the Company at the close of business on 16 June 2020 (the Record Date).

In order to qualify for the entitlement of the final 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 16 June 2020.

### **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 2 June 2020 to 3 June 2020 (both days inclusive), during which period the registration of transfers of shares will be suspended. In order to be eligible to attend and vote at the AGM, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 1 June 2020.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

For the year ended 31 December 2019, the Group's revenue was HK\$830 million compared with HK\$885 million in 2018. Consolidated profit for the year was HK\$305 million, a decrease of HK\$1,075 million compared with HK\$1,380 million in 2018. The decrease was mainly attributable to (i) a one-off disposal gain on W Square of HK\$693 million in 2018, (ii) a decrease in fair value gain on investment properties and financial instruments including joint ventures of HK\$433 million (HK\$191 million loss in 2019 as compared to HK\$242 million gain in 2018), offset by (iii) HK\$56 million higher profit from the property development segment.

The fair value loss on investment properties and financial instruments including joint venture of HK\$191 million in 2019, is mainly from valuation loss on Lanson Place Hotel in Hong Kong due to the impact of social activities since June 2019 pulling down hotel rooms demand and revenue.

Consolidated profit attributable to shareholders was HK\$239 million, a decrease of HK\$1,073 million compared with HK\$1,312 million in 2018.

Core consolidated profit attributable to shareholders, excluding one-off gains and change in fair value on investment properties and financial instruments including joint ventures, was HK\$424 million, an increase of HK\$88 million, compared with HK\$336 million in 2018.

Earnings per share attributable to shareholders was HK\$0.18 compared with HK\$0.97 in 2018.

## **Property Development**

The property development segment revenue was HK\$26 million in 2019 compared with HK\$32 million in 2018. Segment profit before taxation was HK\$15 million compared with segment loss before taxation of HK\$34 million in 2018, as a result of more sold units of joint venture projects (Le Cap and La Vetta) handed over to buyers in 2019.

Since June 2019, social activities in Hong Kong have generally slowed down the primary residential property market, in particular, the high-end property market.

### *Wholly-owned projects*

The Carmel, a low-density residential site in Siu Sau, Tai Lam, Tuen Mun, provides a saleable area of approximately 147,000 square feet for 178 residential units. Pre-sale was launched in January 2019. Occupation permit and certificate of completion was obtained in June and December 2019 respectively. As at 31 December 2019, around 89% (in terms of number) of the residential units were sold, including most of the typical apartment units and some of the houses. The project was completed in January 2020 and handover to buyers has commenced. Up to date of this announcement, around 86% (in terms of number) were handed over with related revenue and profit to be recognised in 2020.

OMA OMA, a medium-density residential site on So Kwun Wat Road, So Kwun Wat, Tuen Mun, provides a saleable area of approximately 234,000 square feet for 466 residential apartment units. Pre-sale consent was obtained in June 2019 and pre-sale was launched in end-June. Superstructure work is underway and the project is scheduled for completion in 2021. As at 31 December 2019, around 71% (in terms of number) of the residential units were sold. Related revenue and profit of the pre-sold units will be recognised upon handover to buyers prior to the project's material date that falls in June 2021.

### *Majority-owned project*

The Group has a 70% interest in the site adjacent to The Carmel in Siu Sau, Tai Lam, Tuen Mun, a medium-density residential site, that offers a gross floor area of approximately 294,000 square feet. Pre-sale consent was obtained in March 2020. Foundation work and site formation work are in progress. The project is scheduled for completion in 2022.

### *Joint venture projects*

The Group has a 15% interest in Providence Bay, Providence Peak and The Graces, respectively. All the three projects are located at Pak Shek Kok, Tai Po. As at 31 December 2019, all residential units of Providence Bay, Providence Peak and The Graces were sold.

The Group has a 50% interest in Homantin Hillside, located in Hung Hom. The project has a saleable area of approximately 128,000 square feet for 173 residential units. As at 31 December 2019, all the residential units were sold. The Group is the lead project manager and lead sales and marketing manager for this project.

The Group has a 35% interest in two low-density residential projects, Le Cap and La Vetta. Both of them are located in Kau To, Shatin, offering a saleable area of approximately 460,000 square feet altogether. In 2019, around 3% and 18% (in terms of number) of the residential units of Le Cap and La Vetta were sold, respectively. Cumulatively, as at 31 December 2019, around 28% and 27% (in terms of number) of the residential units of Le Cap and La Vetta were sold, respectively. Around 15% and 24% (in terms of number) of Le Cap and La Vetta's residential units were handed over to buyers, respectively, with related revenue recognised in 2019. The Group is the joint project manager and lead sales and marketing manager for both projects.

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

### **Property Investment and Management**

After the completion of the disposals of Winner Godown Building and W Square in the first half of 2018, the property investment and management segment revenue reduced slightly to HK\$626 million in 2019, compared with HK\$674 million in 2018. Segment profit before taxation (including fair value changes) was HK\$460 million, compared with HK\$1,407 million in 2018. Excluding (i) fair value gain in investment properties and financial instruments, including joint ventures (2019 was HK\$3 million; 2018 was HK\$253 million), (ii) a one-off disposal gain on W Square of HK\$693 million in 2018 and (iii) rental income from the properties disposed in 2018, segment profit before taxation was HK\$457 million, compared with HK\$430 million in 2018. The increase was mainly attributable to leasing profit from 30 Gresham Street, London, which was acquired in December 2018.

As at 31 December 2019, the Group's portfolio of investment properties, mainly Grade A office buildings, has a total area of approximately 1,886,000 square feet with an aggregate attributable fair market valuation of around HK\$20,600 million. The portfolio encompasses 1,525,000 square feet in Hong Kong, 295,000 square feet in London and 6,200 square metre in Beijing.

### *Wholly-owned properties in Hong Kong*

Landmark East is the Group's flagship property located in Kowloon East. This property is a Grade A office complex comprising twin towers of 36 floors and 34 floors respectively with a total gross floor area of approximately 1,338,000 square feet and 454 car parking spaces. As at 31 December 2019, the property achieved an occupancy of approximately 93%.

Shui Hing Centre is an industrial building in Kowloon Bay, with a gross floor area of approximately 187,000 square feet. As at 31 December 2019, the property achieved an occupancy of approximately 97%. In November 2019, a waiver for revitalization of the building has been obtained.

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

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

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

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

As at 31 December 2019, the above three wholly-owned properties achieved an average occupancy of approximately 99%.

### *Joint venture properties in London, the United Kingdom*

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

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

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

As at 31 December 2019, the above three joint venture properties achieved an average occupancy of approximately 96%.

### *Wholly-owned property in Beijing, China*

The Group has 33 residential units at Central Park, Beijing with a gross floor area of approximately 6,200 square metre. As at 31 December 2019, approximately 91% of the units (in terms of number) were leased.

### **Hospitality Investment and Management**

The hospitality investment and management segment revenue was HK\$122 million in 2019 compared with HK\$144 million in 2018. Segment loss before taxation (including fair value changes) was HK\$232 million in 2019, a decrease of HK\$352 million compared with profit before taxation of HK\$120 million in 2018. Excluding fair value changes in investment properties and financial instruments, including joint ventures (2019 was fair value loss of HK\$219 million; 2018 was fair value gain of HK\$85 million), segment loss before taxation was HK\$13 million in 2019, compared with profit before taxation of HK\$35 million in 2018.

The wholly-owned Lanson Place Hotel in Hong Kong suffered from the social activities since June 2019 and COVID-19 outbreak since January 2020, resulting in a drastic drop in both occupancy and average room rates. The situation has worsened after the global spread of COVID-19 in late February 2020.

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

The Group has a 50% interest in Lanson Place Bukit Ceylon Serviced Residences in Kuala Lumpur, which recorded a stable occupancy in 2019 but also suffered from COVID-19 outbreak starting January 2020.

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

Lanson Place Hospitality Management and the properties under the brand continue to gain good recognition from travelers. In Hong Kong, the newly-opened Waterfront Suites obtained the "Best Seaview Serviced Apartment" at the Squarefoot Best of the Best Awards 2019, while Lanson Place Hotel was named "Hong Kong's Leading Boutique Hotel 2019" at the World Travel Awards 2019. In Malaysia, Lanson Place Bukit Ceylon Serviced Residences continue to shine in the industry by taking home the "Malaysia's Leading Serviced Apartments" three years in a row at the World Travel Awards. In Singapore, Winsland Serviced Suites by Lanson Place also obtained their first award since its reopening in 2018 – "Best Serviced Apartment Company – Silver winner" at the HR Vendors of the Year 2019 Awards.

## Others

This segment represents investing activities and central management and administrative expenses. Segment revenue was HK\$55 million in 2019, compared with HK\$34 million in 2018. The increase was mainly attributable to interest income from debt securities.

Segment profit before taxation (including fair value changes) was HK\$132 million in 2019 compared with a segment loss of HK\$61 million in 2018, which was mainly attributable to the fair value gain of HK\$18 million from the Group's investment in Suntec REIT, which is listed on the Singapore Exchange, reflected a rise in market price of the units in Suntec REIT as compared to the unit market price at 31 December 2018. In 2018, a fair value loss of HK\$103 million was recorded, mainly reflected a drop in market price of the unit as compared to the unit price at 31 December 2017.

Excluding fair value changes in financial instruments (2019 was fair value gain of HK\$27 million; 2018 was fair value loss of HK\$103 million), segment profit before taxation was HK\$105 million in 2019, an increase of HK\$63 million compared with HK\$42 million in 2018, which was mainly due to an increase in interest income from debt securities and in bank interest income from time deposit placements during the year.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

The Group's net assets totalled HK\$28,624 million as at 31 December 2019 (2018: HK\$28,722 million). The decrease of HK\$98 million is mainly resulted from the profit for the year of HK\$305 million, offset by the distribution of the 2018 final dividend and 2019 interim dividend of HK\$365 million and distribution to holders of perpetual capital securities of HK\$65 million.

As at 31 December 2019, the Group's bank and other borrowings totalled HK\$4,681 million (2018: HK\$5,035 million). The maturity profile of the Group's bank and other borrowings is set out below:

	31 December 2019		31 December 2018	
	HK\$ million	%	HK\$ million	%
Repayable:				
Within one year	147	3%	1,295	26%
Between one and two years	1,261	27%	110	2%
Between two and five years	3,086	66%	3,339	66%
After five years	187	4%	291	6%
	<u>4,681</u>	<u>100%</u>	<u>5,035</u>	<u>100%</u>



As at 31 December 2019, the Group's net borrowings (total bank and other borrowings less bank balances and cash) were HK\$2,941 million (2018: HK\$2,161 million), representing 10.3% of the Group's net assets (2018: 7.5%). Interest for the Group's bank borrowings is mainly on a floating rate basis while interest for the Group's bonds is on a fixed rate basis. The Group will closely monitor the exposure to interest rate fluctuations and, if appropriate, hedge by interest rate swap contracts to the extent desirable.

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

	31 December 2019	31 December 2018
	HK\$ million	HK\$ million
Bank balances and cash	1,740	2,874
Unutilised revolving loan facilities	2,300	2,423
	<u>4,040</u>	<u>5,297</u>

### Foreign Currencies

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

### Contingent Liabilities

As at 31 December 2019, the Group had contingent liabilities of HK\$7,155 million (2018: HK\$8,081 million) in respect of guarantees given by the Company for banking facilities granted to certain joint ventures. The guarantees were given severally and in proportion to the Group's equity interests in the joint ventures.

### Pledge of Assets

As at 31 December 2019, the Group's advances to joint ventures of HK\$3,158 million (2018: HK\$3,635 million) were subordinated to the loan facilities of joint ventures and assigned. The shares in these joint ventures beneficially owned by the Group are pledged to the financial institutions.

As at 31 December 2019, several of the Group's investment properties and properties for sale with carrying values of HK\$3,728 million and HK\$2,947 million, respectively, were pledged to secure credit facilities for the Group.

## **PROSPECTS**

For 2020, Hong Kong economy, property market, and hospitality industry will be clouded by the prevailing severe coronavirus epidemic, on-going local social activities, weakening world economy, as well as lingering uncertainty over the second stage of the Sino-US trade talks. These uncertainties will undoubtedly undermine our business performance in the near term.

For our residential development, we believe that the local housing demand, especially from first time home buyer for small unit, will continue to be solid given the unresolved property supply shortage in Hong Kong, latest government easing policies on home mortgage, and trending down of the already low interest rate. We will dedicate our efforts to complete our existing projects on schedule and put on the market our third “Upper Gold Coast series” project as soon as it is ready in 2020. This project adjacent to The Carmel will provide around 500 medium-density small-to-medium size units suitable for young homebuyers.

Our investment properties in Hong Kong and London form a strong foundation of our balance sheet and will continue to provide a sustainable stream of steady recurring income and cash flow for the Group. We expect coming lease renewal and rental rate for Landmark East in Hong Kong will be under pressure amidst a downturn economy. Although, we believe our London properties will benefit from the easing concerns over Brexit issues in terms of occupancy and rental growth, the outlook will be clouded by the fallouts of the epidemic, we will focus to provide high quality management services, enhance tenant profile, and adopt asset management initiatives to streamline our operation for further improvement in efficiency and effectiveness.

Our hotel operations will inevitably continue to suffer operating loss until the coronavirus spread is under control and global travel returns to normal level. Given that our investments in hotel properties are relatively small, we believe the impact on the Group’s overall performance will be manageable.

Throughout the past few years, the Group has strengthened its balance sheet, diversified and expanded its funding sources and investment portfolio. Relying on our solid financial position and sustainable recurrent income, we will be able to manage the economic challenges ahead with confidence, and to stay proactive in looking out for investment opportunities in a prudent manner.

## **KEY RISKS AND UNCERTAINTIES**

The Group’s business, financial conditions or results of operations are affected by a number of key risks and uncertainties outlined below. There may be other risks or uncertainties, including those which are not known to the Group or which the Group currently deems to be immaterial but may affect the Group in future.

## **Business Risks**

### *Property development*

A majority of the Group's assets are located in, and a majority of the Group's revenue is derived from Hong Kong. As a result, the general state of Hong Kong and the property market, the interest rate changes and the political and legal situations in Hong Kong may have a significant impact on the Group's operating results and financial condition.

The Group's activities on its development properties are also subject to various laws and regulations of Hong Kong. Developing properties, refurbishment and other re-development projects require government permits. The government may introduce property cooling measures from time to time which may have a significant impact on the property market and may adversely affect the Group's property sales performance and financial condition.

### *Property investment and hospitality business*

Financial performance may be materially and adversely affected in the event of a decline in rental or occupancy levels, or difficulties in securing lease renewals or obtaining new tenants. The Group cannot be assured that existing tenants will renew their leases upon expiration or that the Group will be able to find replacement tenants at rental rates equal to or above the current rental rates for tenancies.

## **CORPORATE SOCIAL RESPONSIBILITY**

### **Employees**

As at 31 December 2019, the Group had approximately 470 employees. The Group offers comprehensive remuneration and benefit packages to our employees, which are structured according to prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme and an occupational retirement scheme to provide retirement benefits to all employees in Hong Kong.

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

## **Communities**

The Group takes pride in being an outstanding member of the communities in which it operates. As such, the Group has introduced a number of initiatives under its Corporate Social Responsibility mission and shall continue to seek innovative and meaningful ways to engage its employees and associates in building stronger and more vibrant communities in which it operates.

The Group's 2019 activities covered the followings:

- Recycle Bag recycling programme
- Red Packet Collection for Re-use
- SPCA Visit
- Blood Donation Day
- Elderly Home Visit
- Heifer Race to Feed
- TWGHs Flag Day
- Orbis Mid-Autumn Charity Sales

## **Environment**

This year the Group continued to sign up as a member of "Friends of the Earth". As an Earth Partner, we are committed to supporting and contributing to environment protection by going "Green" at the workplace.

## **Compliance with Laws and Regulations**

The Group is committed to complying with all relevant rules and regulations issued by the Government of the Hong Kong Special Administrative Region in relation to construction of properties, sales of properties, property management and employees, etc. The Group also holds relevant required licences for the provision of hospitality services. Relevant employees are trained to any changes in the applicable laws, rules and regulations from time to time.

## **Relationship with Suppliers**

The selection of major suppliers or contractors is conducted through tendering process in all the Group's segments. The Internal Audit Department of the Group regularly reviews the procurement and tendering procedures to ensure that the processes are conducted in an open and fair manner.

## **Relationship with Customers**

For our residential development projects, the Group has comprehensive hand-over procedures to ensure delivery of quality products to our customers.

For our commercial and residential estate management and hospitality management, the Group obtains regular feedback from customers in order to enhance quality of services.

## **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 during the financial year ended 31 December 2019.

### **REVIEW BY AUDIT COMMITTEE**

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2019, including the accounting principles and practices adopted by the Group.

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

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

### **ANNUAL REPORT**

The 2019 annual 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](http://www.hkexnews.hk) and the website of the Company at [www.wingtaiproperties.com](http://www.wingtaiproperties.com) and copies thereof will be dispatched to shareholders of the Company on or about 28 April 2020.

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

Hong Kong, 27 March 2020

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

*Executive Directors:*

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

*Non-Executive Directors:*

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

*Independent Non-Executive Directors:*

Simon Murray, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma, Cheng Hoi Chuen, Vincent, and Lam Kin Fung, Jeffrey