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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 2015, INTERIM DIVIDEND AND RECORD DATE

CHAIRMAN'S STATEMENT

Dear Shareholders,

Capitalising on our well-maintained portfolio of residential, commercial and hospitality assets, the Group has continued to achieve satisfactory results and growth, staying resilient in the midst of a competitive market and challenging operating environment. While sale of our completed residential units for the first half of 2015 was relatively lower than last period, our property investment segment delivered healthy growth in recurring income. As a result, the Group recorded consolidated net profit of HK\$469 million. The Board of Directors has proposed an interim dividend of HK4.2 cents per share.

Despite further tightening on property mortgages by the government in February, Hong Kong residential primary sale transactions, in particular small units, posted new highs both in terms of price and volume during the first six months. We took advantage of the opportunities to steadily sell the remaining units of The Warren, The Pierre, Providence Bay, Providence Peak and The Graces. We also re-launched the pre-sale of Homantin Hillside in June and attracted favourable market attentions and response from both end-users and investors.

We continued to achieve growth in recurring rental income from our quality Grade A offices and industrial buildings in Hong Kong, supported by close to full occupancy with solid upward rental reversion and quality tenant base. The continuing trend of multi-national corporations and financial institutions moving away from CBD area to quality and large scale space in Kowloon East has benefited Landmark East, our flagship Grade A offices property in Kowloon East.

In August, to further enhance and diversify our investment portfolio, we acquired a boutique office building in the West End of Central London, and acquired a 25% interest in a Grade A office building in the City of Central London. Both buildings are in full occupancy and will generate a steady flow of rental income after completion in September.

Our Lanson Place hospitality investment and management business registered mixed results. In Hong Kong, Lanson Place Hotel was affected by the softening of Hong Kong hotel market. In April 2015, Aroma Garden Serviced Suites, our 3rd serviced residences in Shanghai, commenced operations and achieved strong take-up. In July, we signed a 10-year management contract to manage One Sunland Serviced Suites of 196 serviced apartment units in Waigaoqiao Free Trade Zone, Pudong, Shanghai. This denotes the 11th addition to our Lanson Place portfolio and the 5th flag in Shanghai. The roll-out of “Lanson Place Lifestyle Services” at The Warren and The Pierre in Hong Kong are also well-received.

Recently, there was substantial volatility in the financial markets and the impact on our business is yet to be assessed. Nevertheless, the market offers both opportunities and challenges, and we are confident that with our strong brand positioning and healthy financial position, we are poised to advance ahead by growing our asset portfolio and extending our presence in Hong Kong and other major gateway cities.

I would like to express my gratitude to our shareholders, colleagues and business partners for your support over the years.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 26 August 2015

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 2015.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

		Unaudited	
		Six months ended 30 June	
	Note	2015	2014
		HK\$'M	HK\$'M
Revenue	3	539.8	1,317.0
Cost of sales		<u>(157.4)</u>	<u>(742.4)</u>
Gross profit		382.4	574.6
Other gains, net	4	2.1	7.8
Selling and distribution costs		(24.7)	(54.4)
Administrative expenses		(134.2)	(127.2)
Change in fair value of investment properties and financial instruments	5	<u>264.5</u>	<u>1,333.9</u>
Profit from operations	6	490.1	1,734.7
Finance costs		(53.9)	(70.7)
Finance income		8.0	5.8
Share of results of joint ventures		75.2	1.7
Share of results of associates		<u>1.0</u>	<u>(0.2)</u>
Profit before taxation		520.4	1,671.3
Taxation	7	<u>(51.7)</u>	<u>(70.4)</u>
Profit for the period		<u>468.7</u>	<u>1,600.9</u>
Attributable to:			
Equity holders of the Company		468.8	1,600.9
Non-controlling interests		<u>(0.1)</u>	<u>-</u>
		<u>468.7</u>	<u>1,600.9</u>
Earnings per share attributable to equity holders of the Company	8		
– Basic		<u>HK\$0.35</u>	<u>HK\$1.20</u>
– Diluted		<u>HK\$0.35</u>	<u>HK\$1.19</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'M	HK\$'M
Profit for the period	<u>468.7</u>	<u>1,600.9</u>
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(2.9)	(5.0)
Net fair value (loss)/gain arising from revaluation of available-for-sale financial assets	(66.7)	75.9
Net gain/(loss) on net investment hedge	3.2	(3.0)
Net loss on cash flow hedge		
– Fair value losses	(29.3)	(20.3)
– Release to profit or loss	<u>(0.4)</u>	<u>19.4</u>
Other comprehensive income for the period, net of tax	<u>(96.1)</u>	<u>67.0</u>
Total comprehensive income for the period	<u><u>372.6</u></u>	<u><u>1,667.9</u></u>
Attributable to:		
Equity holders of the Company	372.7	1,667.9
Non-controlling interests	<u>(0.1)</u>	<u>-</u>
Total comprehensive income for the period	<u><u>372.6</u></u>	<u><u>1,667.9</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2015

	Note	Unaudited 30 June 2015 HK\$'M	Audited 31 December 2014 HK\$'M
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		20,843.6	20,586.1
Other properties, plant and equipment		57.7	58.4
Investments in joint ventures		517.2	482.3
Loans to joint ventures		1,980.0	1,905.8
Investments in associates		97.5	100.0
Loans to associates		21.8	21.8
Deposits and loan receivables		17.7	17.5
Other financial assets		419.3	487.0
Deferred tax assets		2.0	4.5
Derivative financial instruments		2.2	-
		<u>23,959.0</u>	<u>23,663.4</u>
Current assets			
Properties for sale	10	1,269.2	1,322.2
Trade and other receivables, deposits and prepayments	11	364.1	777.0
Other financial assets		-	38.9
Derivative financial instruments		-	0.4
Sales proceeds held in stakeholders' accounts		1.1	79.1
Tax recoverable		12.2	40.7
Restricted bank deposits		14.6	13.5
Bank balances and cash		2,158.5	1,592.6
		<u>3,819.7</u>	<u>3,864.4</u>
Current liabilities			
Trade and other payables and accruals	12	367.7	404.4
Derivative financial instruments		18.0	18.9
Tax payable		58.2	46.2
Bank and other borrowings		64.2	63.8
		<u>508.1</u>	<u>533.3</u>
Net current assets		<u>3,311.6</u>	<u>3,331.1</u>
Total assets less current liabilities		<u>27,270.6</u>	<u>26,994.5</u>

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2015

	Unaudited 30 June 2015 HK\$'M	Audited 31 December 2014 HK\$'M
Non-current liabilities		
Bank and other borrowings	3,782.9	3,815.0
Other long-term liability	81.4	91.5
Derivative financial instruments	175.7	136.6
Deferred tax liabilities	297.3	271.2
	<u>4,337.3</u>	<u>4,314.3</u>
NET ASSETS	<u>22,933.3</u>	<u>22,680.2</u>
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	670.6	669.3
Reserves	22,261.6	22,009.7
	<u>22,932.2</u>	<u>22,679.0</u>
Non-controlling interests	<u>1.1</u>	<u>1.2</u>
TOTAL EQUITY	<u>22,933.3</u>	<u>22,680.2</u>

NOTES:

1. Basis of preparation

This Interim Financial Information for the six months ended 30 June 2015 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 2014.

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 2014, 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 2015, noted below.

(a) New standards, revised standards, amendments and improvements to standards effective for the current accounting period beginning on 1 January 2015 and relevant to the Group

HKAS 19 (2011) (Amendment)	Defined benefit plans – employee contributions
HKFRS 7 (Amendment) and HKFRS 9 (Amendment)	Mandatory effective date of HKFRS 9 and transition disclosures
Annual improvements 2012	
Annual improvements 2013	

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.

2. Significant accounting policies (Continued)

(b) New standards, revised standards, amendments and improvements to standards that are not yet effective in 2015 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
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 (Amendment) and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 28 (2011) (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
Annual improvements 2014		1 January 2016

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	
	2015	2014
	HK\$'M	HK\$'M
Sale of properties and project management income	115.3	897.8
Rental and property management income	413.3	406.8
Dividend income from available-for-sale financial assets	11.2	12.4
	<u>539.8</u>	<u>1,317.0</u>

3. Revenue and segment information (Continued)

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 represent mainly 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 2015						
REVENUE						
External sales	115.3	342.1	71.2	11.2	-	539.8
Inter-segment sales	-	3.9	0.4	-	(4.3)	-
Total	115.3	346.0	71.6	11.2	(4.3)	539.8
RESULTS						
Profit/(loss) before change in fair value of investment properties and financial instruments	(1.8)	245.6	20.0	(38.2)	-	225.6
Change in fair value of investment properties and financial instruments	-	285.6	(30.8)	9.7	-	264.5
Profit/(loss) from operations	(1.8)	531.2	(10.8)	(28.5)	-	490.1
Finance costs	-	(28.5)	(9.5)	(33.9)	18.0	(53.9)
Finance income	-	2.8	3.1	20.1	(18.0)	8.0
Share of results of joint ventures	82.2	(2.7)	(4.3)	-	-	75.2
Share of results of associates	-	-	1.0	-	-	1.0
Profit/(loss) before taxation	80.4	502.8	(20.5)	(42.3)	-	520.4
Taxation						(51.7)
Profit for the period						468.7
Other items						
Depreciation and amortisation	-	1.0	-	1.5	-	2.5
Gain on disposal of other properties, plant and equipment, net	-	(0.1)	-	-	-	(0.1)

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 2014						
REVENUE						
External sales	897.8	332.8	74.0	12.4	-	1,317.0
Inter-segment sales	-	6.6	-	-	(6.6)	-
Total	897.8	339.4	74.0	12.4	(6.6)	1,317.0
RESULTS						
Profit/(loss) before change in fair value of investment properties and financial instruments	162.4	247.3	30.9	(39.8)	-	400.8
Change in fair value of investment properties and financial instruments	-	1,314.4	26.3	(6.8)	-	1,333.9
Profit/(loss) from operations	162.4	1,561.7	57.2	(46.6)	-	1,734.7
Finance costs	(2.7)	(49.7)	(8.4)	(29.0)	19.1	(70.7)
Finance income	0.1	0.7	2.8	21.3	(19.1)	5.8
Share of results of joint ventures	10.5	(5.0)	(3.8)	-	-	1.7
Share of results of associates	0.4	-	(0.6)	-	-	(0.2)
Profit/(loss) before taxation	170.7	1,507.7	47.2	(54.3)	-	1,671.3
Taxation						(70.4)
Profit for the period						1,600.9
Other items						
Depreciation and amortisation	3.9	1.0	-	2.1	-	7.0
Loss/(gain) on disposal of other properties, plant and equipment, net	2.9	0.4	-	(0.3)	-	3.0

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

	Six months ended 30 June	
	2015 HK\$'M	2014 HK\$'M
Hong Kong	497.7	1,276.7
The PRC	17.6	15.8
United Kingdom	10.9	10.1
Singapore	12.2	13.2
Others	1.4	1.2
	539.8	1,317.0

4. Other gains, net

	Six months ended 30 June	
	2015	2014
	HK\$'M	HK\$'M
Amortisation of interest income on held-to-maturity investments	0.4	0.9
Exchange losses, net	(0.4)	(2.9)
Compensation income arising from termination of a serviced residences operating agreement	-	8.1
Others	2.1	1.7
	<u>2.1</u>	<u>1.7</u>
	<u>2.1</u>	<u>7.8</u>

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

	Six months ended 30 June	
	2015	2014
	HK\$'M	HK\$'M
Change in fair value of investment properties	<u>245.2</u>	<u>1,345.7</u>
Change in fair value of financial instruments		
– Net fair value gain/(loss) on derivative financial instruments	9.2	(5.0)
– Gain/(loss) on financial liabilities at fair value through profit or loss classified under other long-term liability	<u>10.1</u>	<u>(6.8)</u>
	<u>19.3</u>	<u>(11.8)</u>
	<u>264.5</u>	<u>1,333.9</u>

6. Profit from operations

	Six months ended 30 June	
	2015	2014
	HK\$'M	HK\$'M
Profit from operations has been arrived at after charging/(crediting) the following:		
Share-based compensation expenses net of lapse of incentive shares	5.2	4.6
Staff costs including directors' remuneration	114.2	102.5
Amortisation of interest income on held-to-maturity investments	(0.4)	(0.9)
Depreciation of other properties, plant and equipment	2.5	7.0
Direct operating expenses arising from investment properties generating rental income	76.3	73.3
(Gain)/loss on disposal of other properties, plant and equipment	(0.1)	3.0
Operating lease rental expenses in respect of land and buildings	<u>0.5</u>	<u>0.7</u>

7. Taxation

Hong Kong profits tax has been calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the condensed consolidated income statement represents:

	Six months ended 30 June	
	2015	2014
	HK\$'M	HK\$'M
Current taxation		
– Hong Kong profits tax	23.2	41.2
– Over-provision in prior years	(1.2)	-
– Taxation in other jurisdictions	<u>0.1</u>	<u>-</u>
	<u>22.1</u>	<u>41.2</u>
Deferred taxation		
– Change in fair value of investment properties	9.2	11.3
– Temporary differences on tax depreciation	8.7	5.3
– Utilisation of tax losses	11.6	12.7
– Withholding tax	<u>0.1</u>	<u>(0.1)</u>
	<u>29.6</u>	<u>29.2</u>
Income tax expenses	<u>51.7</u>	<u>70.4</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	
	2015	2014
	HK\$'M	HK\$'M
Profit attributable to equity holders of the Company	<u>468.8</u>	<u>1,600.9</u>
	Six months ended 30 June	
	2015	2014
Weighted average number of ordinary shares in issue	1,340,077,043	1,336,361,747
Effect of dilutive potential shares issuable under the Company's share incentive scheme	<u>4,114,755</u>	<u>4,657,653</u>
Weighted average number of shares for the purpose of calculating diluted earnings per share	<u>1,344,191,798</u>	<u>1,341,019,400</u>

9. Interim dividend

	Six months ended 30 June	
	2015	2014
	HK\$'M	HK\$'M
Interim dividend of HK4.2 cents (2014: HK4.2 cents) per ordinary share	<u>56.3</u>	<u>56.2</u>

On 26 August 2015, the board of directors has resolved to declare an interim dividend of HK4.2 cents (2014: HK4.2 cents) per ordinary share. This interim dividend, amounting to HK\$56.3M (2014: HK\$56.2M), 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 2015.

10. Properties for sale

	30 June	31 December
	2015	2014
	HK\$'M	HK\$'M
Properties under development held for sale	1,083.0	1,056.7
Completed properties	<u>186.2</u>	<u>265.5</u>
	<u>1,269.2</u>	<u>1,322.2</u>

11. Trade and other receivables, deposits and prepayments

	30 June 2015 HK\$'M	31 December 2014 HK\$'M
Trade receivables	17.1	99.4
Deferred rent receivables	15.9	12.5
Amounts due from and loans to joint ventures	235.9	589.9
Amounts due from and loans to associates	0.8	1.2
Other receivables, deposits and prepayments	94.4	74.0
	<u>364.1</u>	<u>777.0</u>

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

	30 June 2015 HK\$'M	31 December 2014 HK\$'M
Not yet due	7.2	87.7
1 – 30 days	4.6	3.1
31 – 90 days	2.2	5.8
Over 90 days	3.1	2.8
	<u>17.1</u>	<u>99.4</u>

12. Trade and other payables and accruals

	30 June 2015 HK\$'M	31 December 2014 HK\$'M
Trade payables	6.5	5.7
Properties sale deposits received	6.3	6.2
Rental deposits received	169.3	162.2
Construction costs payables	59.8	64.6
Amounts due to joint ventures	1.3	1.2
Amounts due to associates	0.1	0.2
Provision for other costs arising from disposal of subsidiaries	5.1	6.0
Other creditors and accruals	119.3	158.3
	<u>367.7</u>	<u>404.4</u>

12. Trade and other payables and accruals (Continued)

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

	30 June 2015 HK\$'M	31 December 2014 HK\$'M
0 – 30 days	5.0	4.7
31 – 90 days	0.5	0.4
Over 90 days	1.0	0.6
	<u>6.5</u>	<u>5.7</u>

13. Events occurring after the balance sheet date

On 17 August 2015, the Group entered into a sale and purchase agreement with an independent third party to acquire a commercial property in London, which is held for long-term investment. Total consideration including transaction cost is approximately HK\$255M. The acquisition is expected to complete in September 2015.

On 21 August 2015, the Group announced the formation of a joint venture with an independent third party to acquire another commercial property in London, which is held for long-term investment. The Group has 25% interest in the joint venture. The Group's investment in the joint venture is approximately HK\$570M. The acquisition is expected to complete in September 2015.

14. Comparative figures

Certain comparative figures have been reclassified to conform with current period's presentation as a result of changes in presentation of the consolidated income statement.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Interim Financial Information for the six months ended 30 June 2015 is unaudited, but reviewed by PricewaterhouseCoopers, the Company's independent auditor in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The Interim Financial Information has also been reviewed by the Company's Audit Committee.

INTERIM DIVIDEND AND RECORD DATE

The Directors declared the payment of an interim dividend of HK4.2 cents per share for the year ending 31 December 2015 (2014: HK4.2 cents). The interim dividend will be distributed on or around 5 October 2015 to the shareholders whose names appear on the register of members of the Company at the close of business on 16 September 2015 (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 16 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2015, the Group's revenue was HK\$540 million, a decrease of HK\$777 million compared with HK\$1,317 million in 2014. The decrease in revenue was mainly due to fewer property development sales in the first half of 2015. Consolidated profit attributable to equity holders was HK\$469 million, a decrease of HK\$1,132 million compared with HK\$1,601 million in 2014. The decrease in profit was mainly attributable to a lower net fair value gain on investment properties and financial instruments of HK\$265 million in the first half of 2015 compared with HK\$1,334 million in 2014 and lower property development profits.

Property Development

The property development segment revenue was HK\$115 million in the first half of 2015, a decrease of HK\$783 million compared with HK\$898 million in 2014. Segment profit before taxation was HK\$80 million in 2015, a decrease of HK\$91 million compared with HK\$171 million in 2014. The decrease in profit was mainly due to fewer sales from our wholly-owned projects in the first half of 2015 over the corresponding period of 2014.

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 2 retail shops on the ground floor. In the first half of 2015, around 6% of the residential units were sold. Cumulatively, as at 30 June 2015, around 88% of the residential units were sold.

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 2015, around 3% of the residential units were sold. Cumulatively, as at 30 June 2015, around 95% of the residential units were sold.

The site in Siu Sau, Castle Peak Road – Tai Lam, a low-density residential site, has a gross floor area of approximately 159,000 square feet. Foundation work and site formation work have commenced in August and the project is scheduled for completion by 2019.

The site in Shau Kei Wan, a prime harbour-front residential site, has a gross floor area of approximately 46,000 square feet. Foundation work has commenced in June and the project is scheduled for completion in 2018.

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 2015, around 18%, 8% and 9% of the residential units of Providence Bay, Providence Peak and The Graces were sold respectively. Cumulatively, as at 30 June 2015, around 82%, 90% and 92% of the residential units of Providence Bay, Providence Peak and The Graces were sold respectively.

The Group has a 30% interest in Seymour, located at the Mid-levels. In the first half of 2015, around 2% of the residential units were sold. Cumulatively, as at 30 June 2015, all of the residential units were sold.

The Group has a 50% interest in Homantin Hillside, located at Hung Hom which is in close proximity to the future Ho Man Tin MTR station of the Kwun Tong Line Extension and 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 2015, around 10% of the residential units were pre-sold during sales launch in June 2015. Cumulatively, as at 30 June 2015, around 14% of the residential units were pre-sold. The Group is the lead project manager and lead sales and marketing manager for this project. Superstructure work is in progress and the project is scheduled for completion in 2016.

The Group has two low-density residential projects in Kau To, Shatin. The Group has a 35% interest in both sites which offer a combined gross floor area of approximately 460,000 square feet. The Group is the joint project manager and lead sales and marketing manager for both projects. Foundation works are in progress and the projects are scheduled for completion in 2017.

Property Investment and Management

The property investment and management segment revenue was HK\$342 million in the first half of 2015, an increase of HK\$9 million compared with HK\$333 million in 2014. Segment profit before taxation (including fair value changes) was HK\$503 million in 2015, a decrease of HK\$1,005 million compared with HK\$1,508 million in 2014. Excluding fair value changes of investment properties and financial instruments, segment profit before taxation was HK\$217 million in 2015, an increase of HK\$24 million compared with HK\$193 million in 2014. The increase in profit reflects continued growth in rental rate of the Group's investment properties and savings in finance costs due to bank loans repayment in the second half of 2014.

Wholly-owned properties in Hong Kong

As at 30 June 2015, 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 HK\$17,804 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 2015, the property achieved an occupancy of approximately 97%. In the first half of 2015, around 7% of leases were renewed with an average rental upward reversion of approximately 14%. Around 14% of leases will expire in the second half of 2015 and will be subject to renewal on prevailing market terms.

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 2015, the property achieved an occupancy of approximately 94%. In the first half of 2015, around 14% of leases were renewed with an average rental upward reversion of approximately 8%. Around 14% of the leases will expire in the second half of 2015 and will be subject to renewal on prevailing market terms.

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 2015, the two properties achieved nearly full occupancy. In the first half of 2015, around 10% of leases were renewed with an average rental upward reversion of approximately 32%. Around 25% of the leases will expire in the second half of 2015 and will be subject to renewal on prevailing market terms.

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. As at 30 June 2015, the property achieved full occupancy.

The high-end commercial property located at Brook Street, West End, offers easy access to 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. As at 30 June 2015, the property achieved an occupancy of approximately 74%. At the date of this interim announcement, the occupancy rate has improved to 87%.

In August 2015, the Group acquired a 6-storey commercial property located at 35 Berkeley Square, West End. The property has a net internal area of approximately 7,900 square feet of office space. At the date of this interim announcement, the property has achieved full occupancy. Completion of the acquisition will be in September 2015.

Joint venture property in London, the United Kingdom

In August 2015, through a joint venture with an independent third party, the Group acquired a 25% interest in a 12-storey commercial property located at 10 Fleet Place, the City. The property has a net internal area of approximately 186,000 square feet of Grade A office and retail space. At the date of this interim announcement, the property has achieved full occupancy. Completion of the acquisition will be in September 2015.

Joint venture project in China

The Group has a 50% interest in Upper Riverside, a luxury apartment building located at Lujiazui, Pudong, Shanghai. The project has a gross floor area of approximately 210,000 square feet for 97 units. The Group is the lead project manager and lead sales and marketing manager. The project has been completed in August and is ready for leasing and sale.

Hospitality Investment and Management

The hospitality investment and management segment revenue was HK\$71 million in the first half of 2015 compared with HK\$74 million in 2014. Segment loss before taxation (including fair value changes) was HK\$21 million in 2015, compared with a profit of HK\$47 million in 2014. Excluding fair value changes of investment properties and financial instruments, segment profit before taxation was HK\$10 million compared with HK\$21 million in 2014.

Performance of The Lanson Place Hotel in Hong Kong has been impacted by softening hotel market in the first half of 2015 as a result of a slowdown in tourist arrivals and spending.

Lanson Place Jinlin Tiandi Serviced Residences in Shanghai maintained a stable occupancy rate and average rental rate. Lanson Place Central Park Serviced Residences in Beijing continued to achieve occupancy of over 90% with a steady growth in average rental rate. Lanson Place Bukit Ceylon Serviced Residences in Kuala Lumpur, despite a challenging local economy due to the downturn in oil and commodity market, gradually picked up occupancy at a stable average rental rate after its full opening in December 2014.

In July 2015, a 10-year management contract was signed to manage One Sunland Serviced Suites in Waigaoqiao Free Trade Zone, Pudong, Shanghai. This denotes the 5th property in Shanghai under Lanson Place management. The project offers 196 units of studios and one to three-bedroom apartments and is targeted to open around the second quarter of 2016.

During the period, “Lanson Place Lifestyle Services” have been rolled out to The Warren, The Pierre and Upper Riverside in addition to The Forfar.

Lanson Place properties continue to be well-recognised by travellers. The Lanson Place Hotel was awarded the “2015 Certificate of Excellence” by TripAdvisor. Lanson Place Bukit Ceylon Serviced Residences had been declared as the “Winner for the Hotel Suites in Asia Pacific category” by International Hotel & Property Awards 2015. In addition, Lanson Place Jin Qiao Serviced Residences and Lanson Place Hospitality Management were awarded “The Best Designed Boutique Serviced

Apartment of China” and “The Best Serviced Apartment Operator of China” respectively at the 10th China Hotel Starlight Awards.

Others

The others segment represents investing activities and corporate expenses including central management and administrative function. Segment revenue was HK\$11 million in the first half of 2015 compared with HK\$12 million in 2014. Segment loss before taxation (including fair value changes) was HK\$42 million in 2015, a decrease of HK\$12 million compared with HK\$54 million in 2014. Excluding fair value changes of financial instruments, segment loss before taxation was HK\$52 million compared with HK\$48 million in 2014.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group’s net assets totaled HK\$22,933 million as at 30 June 2015 (31 December 2014: HK\$22,680 million). The increase of HK\$253 million mainly resulted from the profit for the period of HK\$469 million, offset by the fair value loss arising from the revaluation of available-for-sale financial assets of HK\$67 million and the distribution of the 2014 final dividend of HK\$125 million in the first half of 2015.

As at 30 June 2015, the Group’s bank and other borrowings totaled HK\$3,847 million (31 December 2014: HK\$3,879 million). The maturity profile of the Group’s bank and other borrowings is set out below:

	30 June 2015		31 December 2014	
	HK\$ million	%	HK\$ million	%
Repayable:				
Within one year	64	2%	64	2%
Between one and two years	629	16%	459	12%
Between two and five years	1,248	32%	1,427	37%
After five years	1,906	50%	1,929	49%
	<u>3,847</u>	<u>100%</u>	<u>3,879</u>	<u>100%</u>

As at 30 June 2015, the Group’s net borrowings (total bank borrowings and fixed rate bonds less bank balances and cash) was HK\$1,689 million (31 December 2014: HK\$2,286 million), representing 7% of the Group’s net assets (31 December 2014: 10%). Interest for the Group’s bank borrowings is mainly on a floating rate basis while interest for the Group’s bonds is on a fixed rate basis.

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

	30 June 2015 HK\$ million	31 December 2014 HK\$ million
Bank balances and cash	2,159	1,593
Unutilised revolving loan facilities	2,203	2,210
	<u>4,362</u>	<u>3,803</u>

Foreign Currencies

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

Contingent Liabilities

As at 30 June 2015, the Group had contingent liabilities of HK\$2,849 million (31 December 2014: HK\$2,858 million) in respect of guarantees given by the Company for banking facilities granted to an associated company and certain joint ventures. The guarantees were given severally and in proportion to the Group's equity interests in the associated company and joint ventures.

Pledge of Assets

As at 30 June 2015, the Group's advances to associates/joint ventures of HK\$1,586 million (31 December 2014: HK\$1,531 million) were subordinated to the loan facilities of associates/joint ventures and assigned. The shares in these associates/joint ventures beneficially owned by the Group are pledged to the financial institutions.

As at 30 June 2015, several of the Group's investment properties, properties for sale and other financial assets with carrying values of HK\$5,181 million, HK\$1,083 million and HK\$289 million respectively were pledged to secure credit facilities for the Group.

PROSPECTS

We expect the Hong Kong property market will remain challenging for the rest of the year under the market expectation of interest rate hike, recent stock market and RMB fluctuation, softened retail market and continued government cooling measures on residential property.

On the back of steady public land tender programme and private tenders, coupled with our healthy financial position and strong partner networks, we believe the Group is in a good position to strategically expand our residential, commercial and hospitality investment portfolio to build a scalable residential pipelines and growing recurring income base.

We will continue to focus on our project design and execution for the uncompleted residential projects in Homantin Hillside, Kau To, Siu Sau and Shau Kei Wan. We will identify the right market windows to further pre-sell Homantin Hillside and to launch the sale of Upper Riverside in Shanghai, as well as continue to sell the remaining completed units of The Warren, The Pierre, Providence Bay, Providence Peak and The Graces.

We are confident of maintaining the growth in leasing performance of our quality commercial properties in the second half of the year, based on the high occupancy and good progress in securing upward rental reversion for a considerable number of leases to be expired. Our latest acquisitions of the two London office properties will also contribute additional recurring income in the last quarter.

We will continue to extend our Lanson Place presence through third-party management contracts to gateway cities, and work on the pre-opening of the 4th and the 5th serviced apartments in Shanghai scheduled for operations in the first half of 2016.

EMPLOYEES

As at 30 June 2015, the Group had approximately 530 employees. The Group offers comprehensive remuneration and benefit packages to its employees, which are structured according to the prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme 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 incentive scheme where the incentive shares are generally exercisable by phases within ten years.

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 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 2015, except that the Chairman of the Board was unable to attend the Company's annual general meeting held on 21 May 2015 due to an important engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

All the directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2015.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

INTERIM REPORT

The 2015 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 11 September 2015.

By Order of the Board

WING TAI PROPERTIES LIMITED

Fung Ching Man, Janet

Company Secretary and Chief Financial Officer

Hong Kong, 26 August 2015

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