Wing Tai Properties Announces 2013 Interim Results
Net Profit Up 129% to HK$1,035.8 million

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Business Remains Resilient Across Property Cycles

With Balanced and Diversified Portfolio of High-Quality Residential and Investment Properties

22 August 2013, Hong Kong - **Wing Tai Properties Limited** ("Wing Tai" or the "Group", SEHK stock code: 369) announced the Group's unaudited consolidated results for the six months ended 30 June 2013.

During the period under review, the Group reported HK$1.035.8 million in consolidated profit attributable to equity holders, up HK$583.0 million compared with HK$452.8 million in 2012. The increase is mainly attributable to higher fair value gain on the Group's investment properties, as well as further capital accretion and improved earnings from investment properties. The Group's revenue was HK$426.9 million, compared with HK$653.4 million in 2012.

The Board of Directors proposed to declare an interim dividend of HK4.2 cents per share (1H 2012: HK4.2 cents), or a total interim dividend payout of HK$56.1 million (1H 2012: HK$56.0 million) based on the total number of shares on 30 June 2013.

Deputy Chairman and Chief Executive of the Group, Mr. Edward Cheng, said, "Despite the challenging operating environment in the local residential property market, the Group performed well in the first half of 2013. This is testament to our strategy and dedicated execution of the same to maintain a balanced and diversified portfolio of high-quality residential and investment properties, which is resilient across property cycles. Our investment properties continue to generate sustainable growing recurring income and capital value gain, which to a great extent cushioned the adverse impact of the government's cooling measures on our development business."

BUSINESS REVIEW

Property Development

In the first half of 2013, the segment recorded a profit before taxation of HK$43.0 million.

In the first half of 2013, around 2% of the residential units at Seymour which the Group has 30% interest, was sold. As of 30 June 2013, around 94% of the residential units was sold.

The Warren was launched for pre-sale with over 71% of residential units sold as at 30 June 2013. Superstructure works are progressing ahead of schedule. The project is expected to obtain its Occupation Permit between late 2013 and early 2014, with the sold units expected to be delivered in the first half of 2014.

The Pierre was launched for pre-sale with over 97% of the residential units sold as at 30 June 2013. Superstructure works are in progress. The project is expected to obtain its Occupation Permit in the first half of 2014, with the sold units expected to be delivered in the second half of 2014.

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

The Ko Shan Road, Hung Hom residential project (which the Group has a 50% interest) is currently under construction and is scheduled for completion in 2015. Foundation works are in progress.

The Group has a 35% interest in each of the two Kau To, Shatin sites acquired through government tenders in August 2012 and January 2013 respectively. With an aggregate gross floor area of approximately 460,000 square feet, the two projects are scheduled for completion between 2016 and 2017.

The Group took advantage of the government's moves to increase land supply of various sizes at different locations, and worked proactively to replenish land bank by participating in several tenders. In August 2013, the Group acquired a low-density residential development site at Castle Peak Road - Tai Lam, Siu Sau in Tuen Mun with a gross floor area of approximately 159,000 square feet. The project is scheduled for completion in 2017.

Both developments at Kau To and Tuen Mun are earmarked for low-density luxury residential properties, which can best showcase the Group's brand equity and design expertise.

As for Belle Vue Residences, approximately 5% of the residential units has been sold in the first half of 2013. As of 30 June 2013, around 99% of the residential units was sold. The remaining 1% of the residential units was sold in July 2013.

Property Investment and Management

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

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

Landmark East achieved occupancy of around 98%, with only about 60 tenants occupying over 1.3 million square feet of office space, while W Square achieved an occupancy rate of around 95%. In the first half of 2013, around 30% and 2% of leases at Landmark East and W Square was renewed or subject to rent review with an average rental upward reversion of about 47% and 13% respectively.

The two industrial buildings, Winner Godown Building and Shui Hing Centre, achieved an average occupancy of around 94%. In the first half of 2013, around 16% of leases was renewed with an average rental upward reversion of approximately 20%. Around 24% of the leases will expire in the second half of 2013.

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

In May 2013, the Group acquired a high-end commercial property located at Brook Street, West End. The property's net internal area comprises about 19,000 square feet of Grade A office and premier retail space. As at acquisition and 30 June 2013, the property had an occupancy rate of 60%. As of the date of this report, the occupancy rate has risen to 74%.

The Group has a 50% interest in a high-end property located at Lujiazui in Pudong, Shanghai. Interior fitting out works are in progress. The project is scheduled for completion in early 2014.

Hospitality Investment and Management

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

The Lanson Place Hotel, our luxury boutique hotel in Hong Kong, reported solid financial performance amid its refurbishment in the first half of 2013.

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

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

PROSPECTS

Under the government's initiatives to increase land supply in Hong Kong, the Group will continue to be proactive in exploring opportunities to replenish its land bank to strengthen the residential development pipeline. At the right window of opportunity, the Group will consider launching The Graces, a new development in Pak Shek Kok and re-launching the remaining units of Providence Bay, Providence Peak and The Warren in the second half of 2013. The Warren was launched for pre-sale in late 2011 and the occupation permit is expected to be issued to the project later this year or early 2014.

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

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

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

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About Wing Tai Properties Limited

The business of Wing Tai Properties Limited (SEHK stock code: 369) (Previously known as USI Holdings Limited) spans three core areas: property development under the Wing Tai Asia brand; property investment and management arm; and the hospitality investment and management arm under its Lanson Place brand in Hong Kong, Shanghai, Beijing, Singapore and Kuala Lumpur. Wing Tai Properties was listed on The Stock Exchange of Hong Kong Limited in 1991.

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CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

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

CONDENSED CONSOLIDATED INCOME STATEMENT (Continued)

For the six months ended 30 June 2013

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

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2013

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

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2013

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