Wing Tai Properties Announces 2013 Annual Results
Revenue Up 95% to HK$1,736 Million

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First Full Year Results Realising Benefits of Full Integration of Commercial & Industrial Investment Properties, Residential Development and Hospitality Business

21 March 2014, Hong Kong - **Wing Tai Properties Limited** ("Wing Tai" or the "Group", SEHK stock code: 369) announced the Group's audited consolidated results for the year ended 31 December 2013.

During the year, the Group's revenue was HK$1,736 million, an increase of HK$844 million or 95% compared with HK$892 million in 2012. The Group's consolidated profit attributable to equity holders was HK$2,661 million, a decrease of HK$2,076 million or 44% compared with HK$4,737 million in 2012. The decrease is mainly due to a lower fair value gain on the Group's investment properties of HK$2,084 million in 2013 compared with HK$3,480 million in 2012.

The Board of Directors proposed to declare a final dividend of HK9.3 cents per share (2012: HK9.3 cents), together with an interim dividend of HK4.2 cents per share (2012: HK4.2 cents), making a total dividend of HK13.5 cents per share (2012: HK13.5 cents).

Deputy Chairman and Chief Executive of the Group, Mr. Edward Cheng, said "The Group continued to deliver resilient growth and reported satisfactory results for 2013. Although the operating environment last year was challenging given the government's market cooling measures, which have curbed local residential property market activities, our prime investment properties continued to report a strong growth in rental reversion and recurring income, as well as good fair market value gains."

BUSINESS REVIEW

Property Development

In 2013, revenue and profit before taxation generated from this segment amounted to HK$1,010 million and HK$290 million, respectively.

For the Group's wholly-owned projects, over 76% of the residential units at The Warren have been sold, enabling the recognition of approximately HK$1 billion in revenue in 2013. The Group expects to deliver the sold units to the purchasers in 2014. Superstructure works of The Pierre are in progress. The Occupation Permit is expected to be obtained in the second quarter of 2014, with the sold units expected to be delivered to the purchasers in 2014. The Group acquired a low-density residential site at Siu Sau, Tuen Mun in August 2013, with a gross floor area of 159,000 square feet. The project is scheduled for completion in 2018.

Among the joint venture projects, the Group has a 15% interest in each of the Providence Bay, Providence Peak and The Graces projects located at Pak Shek Kok, Tai Po. In 2013, around 9% and 8% of the residential units of Providence Bay and Providence Peak were sold respectively, while 48% of the residential units of The Graces were sold since the project's initial sales launch in October 2013. As at 31 December 2013, a cumulative 60%, 81% and 48% of the residential units of Providence Bay, Providence Peak and The Graces have been sold respectively.

Four units at Seymour, which the Group has a 30% interest, were sold in 2013. As of 31 December 2013, more than 96% of its residential units were sold. The Hung Hom residential project, which the Group has a 50% interest, commenced its superstructure works in February 2014. The project development is scheduled for completion in 2016. The Group has a 35% interest in each of the two Kau To, Shatin sites acquired 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 in 2017.

The remaining 5% of the residential units at Belle Vue Residences, a residential development in Singapore, were sold in 2013. The development is now completely sold out.

Property Investment and Management

In 2013, revenue and profit before taxation generated from this segment amounted to HK$564 million and HK$2,331 million, respectively. Excluding the contribution from Regent Centre, which was disposed as part of the reorganization of Winsor, and fair value gains on investment properties, segment profit before taxation was increased by 26% as compared with 2012 on a like-for-like basis.

As at 31 December 2013, the Group's portfolio of wholly-owned investment properties comprises 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. Together, they had an aggregate fair valuation of HK$16,086 million.

Landmark East achieved occupancy of approximately 99% as at 31 December 2013, with only about 60 tenants occupying over 1.3 million square feet of office space. In 2013, approximately 44% of leases were renewed or reviewed with an average upward rental reversion of approximately 45%. Approximately 27% of the leases will expire or be subject to rent review in 2014 and will be subject to renewal on prevailing market terms.

W Square achieved an occupancy rate of approximately 98% as at 31 December 2013, while approximately 14% of leases were renewed with an average upward rental reversion of approximately 7% in 2013. Around 56% of the leases will expire in 2014 and will be subject to renewal on prevailing market terms.

The Group's Winner Godown Building and Shui Hing Centre achieved an occupancy rate of approximately 100% as at 31 December 2013. Around 36% of leases was renewed with an average upward rental reversion of approximately 24% in 2013. Approximately 39% of the leases will expire in 2014 and will be subject to renewal on prevailing market terms.

For wholly-owned properties in London, the commercial property at No.1 Savile Row/7 Vigo Street, West End completed the redevelopment to expand its office space in late 2013, offering a net internal area of approximately 14,000 square feet of Grade-A office and premier retail space. The property achieved an occupancy of approximately 56% as at 31 December 2013. The occupancy rate has improved to approximately 66% as at now. The Group also acquired the high-end commercial property located at 8-12 (even) Brook Street, West End in May 2013. The property offers easy access to the Oxford Circus and Bond Street underground stations and a net internal area of approximately 19,000 square feet of Grade-A office and premier retail spaces. The property achieved an occupancy rate of approximately 74% as at 31 December 2013.

The Lujiazui project at Pudong, Shanghai, of which the Group has a 50% interest, is scheduled for completion in 2014 with interior fitting out works in progress.

Hospitality Investment and Management

In 2013, revenue and profit before taxation generated from this segment amounted to HK$141 million and HK$135 million, respectively.

The Group's 50% joint venture property in Malaysia, Lanson Place Bukit Ceylon Serviced Residences, was soft-opened in August 2013. The residences is the second property in the Group's portfolio to qualify as one of the "Small Luxury Hotels of the World" and is also the first "Small Luxury Hotel" in Kuala Lumpur's central business district.

The Group completed refurbishment work at its Lanson Place Hotel in Hong Kong and Lanson Place Jinlin Tiandi Service Residences in Shanghai to enhance its market competitiveness and asset value. During the period of refurbishment, both properties delivered satisfactory occupancy and average rental rates.

Lanson Place Central Park Residences in Beijing continued to achieve an occupancy of over 95% with a steady growth in the average rental rate.

PROSPECTS

Looking ahead, the Group will continue to excel in its project design and execution with a scalable residential project pipeline of 11 developments and completed projects, and identify the right market window to launch its projects, including The Warren, Providence Bay, Providence Peak, The Graces, as well as the projects in Hung Hom and Shanghai. Construction of The Warren and The Pierre will complete in 2014 followed by the handover of the units. Pre-sale revenue and related profits of The Pierre is expected to be recognised this year. Capitalising on the increasing land supply of various sizes and locations, the Group will continue to be proactive and selective in identifying suitable acquisition opportunities to replenish its land bank.

The Group is confident of maintaining the growth in recurring income and profit of its investment properties through positive rental reversion and high occupancy in 2014. The Grade-A office leasing market, especially in the emerging Kowloon East area, will remain active in 2014 and support high occupancy and spot rents. Notably, Landmark East and W Square have a considerable number of leases due for renewal or rental review in 2014, and will benefit from the high spot rates prevailing in Kowloon East and Wan Chai. Leveraging its quality tenant base and expertise in leasing and management, the Group will actively explore opportunities for acquisition and redevelopment in Hong Kong and other gateway cities, to enhance its asset portfolio quality and recurring earnings.

Lanson Place Bukit Ceylon in 2013 is set to be a showcase of the exquisite Lanson Place style of living. An upcoming serviced residences managed by Lanson Place will open in Shanghai in late 2014, the third in this city. The Lanson Place team will endeavour to extend its franchise to gateway cities, offering an impeccable experience and convenience to its residents.

Mr. Cheng concludes "Hong Kong's economy is expected to record modest growth supported by low levels of unemployment and inflation. We expect the operating environment for residential property will remain challenging in 2014 under the government's cooling measures. Escalating construction costs are also impacting developers' risk assessments for new project developments. However, we believe the residential property market will remain resilient in view of low mortgage rates, tight supply in the urban and luxurious areas, as well as strong domestic household demand. The government's plan to boost land supply will support the property market's healthy development in the long run. We are optimistic on the long-term growth opportunities across our different business segments and will strive to become one of the best in the market."

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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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CONSOLIDATED INCOME STATEMENT

	Year ended 31 December 2013 HK$'M	2012 HK$'M (Restated)
Continuing operations		
Revenue	1,736.2	891.7
Cost of sales	(917.4)	(224.4)
Gross profit	818.8	667.3
Other gains, net	142.3	129.0
Selling and distribution costs	(85.9)	(56.7)
Administrative expenses	(236.9)	(229.0)
Change in fair value of investment properties	2,084.4	3,480.2
Gain on disposal of subsidiaries	-	237.4
Profit from operations	2,722.7	4,228.2
Finance costs	(159.1)	(97.8)
Finance income	13.2	66.9
Share of results of joint ventures	163.5	352.6
Share of results of associates	5.9	62.2
Profit before taxation from continuing operations	2,746.2	4,612.1
Taxation	(91.4)	(78.4)
Profit for the year from continuing operations	2,654.8	4,533.7
Discontinued operations		
Profit/(loss) for the year from discontinued operations	6.4	(15.5)
Gain on disposal of subsidiaries	-	275.6
	6.4	260.1
Profit for the year	2,661.2	4,793.8
Profit for the year attributable to:		
Equity holders of the Company		
- From continuing operations	2,654.6	4,476.6
- From discontinued operations	6.4	260.1
	2,661.0	4,736.7
Non-controlling interests		
- From continuing operations	0.2	57.1
	2,661.2	4,793.8

CONSOLIDATED INCOME STATEMENT (Continued)

	Year ended 31 December 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$1.99	HK$3.36
- From discontinued operations	-	HK$0.20
	HK$1.99	HK$3.56
Diluted earnings per share		
- From continuing operations	HK$1.98	HK$3.35
- From discontinued operations	-	HK$0.19
	HK$1.98	HK$3.54
Dividends (expressed in HK$'M)	180.4	180.2

CONSOLIDATED BALANCE SHEET

	As at 31 December 2013 HK$'M	As at 31 December 2012 HK$'M (Restated)	As at 1 January 2012 HK$'M (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Land use rights	-	3.2	3.2
Investment properties	19,002.7	16,321.5	13,892.2
Other properties, plant and equipment	68.0	100.2	169.3
Investments in joint ventures	511.5	337.0	(18.1)
Loans to joint ventures	1,726.7	2,016.4	2,421.9
Investments in associates	100.5	281.3	469.5
Loans to associates	24.7	31.2	47.8
Deposits and loan receivables	20.1	21.7	0.3
Other financial assets	401.6	505.7	423.5
Deferred tax assets	9.4	12.2	7.4
Derivative financial instruments	30.2	0.2	0.2
	21,895.4	19,630.6	17,417.2
Current assets			
Inventories	-	16.8	68.8
Properties for sale	1,425.0	1,324.4	1,306.1
Deposits and loan receivables	-	-	175.0
Trade and other receivables, deposits and prepayments	1,885.9	1,206.2	220.6
Other financial assets	51.3	57.0	29.2
Sales proceeds held in stakeholders' accounts	192.4	252.1	60.2
Tax recoverable	2.3	0.7	0.8
Restricted bank deposits	10.6	10.5	2.7
Bank balances and cash	1,242.2	1,079.8	931.9
	4,809.7	3,947.5	2,795.3
Current liabilities			
Trade and other payables and accruals	684.9	710.3	742.3
Derivative financial instruments	39.5	52.4	45.8
Tax payable	71.7	31.6	38.8
Bank and other borrowings	1,739.7	1,053.2	718.0
	2,535.8	1,847.5	1,544.9
Net current assets	2,273.9	2,100.0	1,250.4
Total assets less current liabilities	24,169.3	21,730.6	18,667.6

CONSOLIDATED BALANCE SHEET (Continued)

	As at 31 December 2013 HK$'M	As at 31 December 2012 HK$'M (Restated)	As at 1 January 2012 HK$'M (Restated)
Non-current liabilities			
Bank and other borrowings	2,947.1	3,051.4	3,084.2
Other long-term liability	58.9	74.2	-
Derivative financial instruments	54.2	70.2	67.2
Deferred tax liabilities	213.9	173.0	153.5
	3,274.1	3,368.8	3,304.9
NET ASSETS	20,895.2	18,361.8	15,362.7
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	667.6	666.1	663.2
Reserves	20,226.1	17,693.7	12,264.5
	20,893.7	18,359.8	12,927.7
Non-controlling interests	1.5	2.0	2,435.0
TOTAL EQUITY	20,895.2	18,361.8	15,362.7