Wing Tai Properties Announces 2012 Interim Results

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Creating Value Through Corporate Restructuring Exercise

Strong Project Pipeline & Market Demand Drive Future Growth

28 August 2012, Hong Kong - **Wing Tai Properties Limited** ("Wing Tai" or the "Group", SEHK stock code: 369) today announced the Group's unaudited consolidated results for the six months ended 30 June 2012.

During the period under review, the Group recorded consolidated profit attributable to equity holders of HK$451.9 million, compared with HK$1,363.5 million during the same period last year. The decrease in profit was mainly due to lower fair value gain on the Group's investment properties during the period.

The Board of Directors proposed to declare an interim dividend of HK4.2 cents per share (1H 2011:HK3.8 cents), or a total interim dividend payout of HK$56.0 million (1H 2011: HK$50.4 million) based on the total number of shares on 30 June 2012.

Deputy Chairman and Chief Executive of the Group, Mr. Edward Cheng, said: "Despite Hong Kong remaining vulnerable to the lingering global economic instability, the local property sector continued to record stable demand under a low interest rate environment. During this period, while we devoted immense efforts on execution of our property development projects and property sales launches, we have taken strategic steps to continue to transform ourselves into a dynamic and diversified property group with a more streamlined corporate structure."

During the period under review, the Group carried out two major corporate exercises. In April, the Group disposed its interests in Gieves & Hawkes for an initial cash consideration of HK$408 million, with additional entitlements capped at HK$747 million contingent on Gieves & Hawkes' revenue growth over the next 18 years. The disposal of this non-core business not only optimized value for its shareholders with immediate cash inflow and reported a gain of HK$276 million, but also allows the Group to be more focused on growing its property businesses.

In May, the Group announced a series of proposed transactions in relation to the listed subsidiary Winsor Properties Holdings Limited ("Winsor Properties") including group reorganisation, distribution in specie, special cash dividend, disposal of the Group's entire interest in the reorganised Winsor Properties, and the Group's offer to acquire independent shareholders' interest in the distributed asset group. This corporate exercise has streamlined the Group's overall corporate structure, enhanced its financial position and shareholders' value by creating a solid platform with greater financing capability to support its future growth. As a result, the Group has reduced the existing holding company discount, consolidated its property interest with more direct control over the portfolio of investment properties, as well as increase recurring earnings and cash flow going forward. The related gain on disposal and accretion to shareholders' equity will be realised and reported in the second half of this year.

BUSINESS REVIEW
Property Development

During the period under review, revenue and operating profit generated from this segment amounted to HK$208 million and HK$99 million respectively.

The two remaining special units at Forfar were sold for HK$207.4 million revenue. Seymour, in which the Group has a 30% interest, was re-launched in June 2012 with good market reception. Almost all units pre-sold in late 2009 were handed over to owners in the first half of 2012.

The Warren, the Group's development in Tai Hang was launched for pre-sale in November 2011 and over 55% of the units have been pre-sold to date. Superstructure works are in progress. The project is scheduled for completion in 2014.

The Pak Shek Kok development at Tai Po is at varying stages of development. Providence Peak was launched for pre-sale in May 2012 and over 27% of the units have been pre-sold to date. Meanwhile, Providence Bay has sold over 45% of the units since its pre-sale launched in November 2011. Application for presale consent has been submitted for the remaining lot. The entire development is expected to be completed in phases between 2012 and 2013.

Foundation works for The Pierre at the Mid-Levels are progressing well. This project is scheduled for completion in 2014.

Foundation works for the residential development at Ko Shan Road in Hung Hom, in which the Group has a 50% interest in the joint venture with the Nan Fung Group, are progressing on schedule. The development is scheduled for completion in 2015.

At Belle Vue Residences, a luxury residential development in Singapore, 91% of the units have been sold, out of which 9% were sold in the first half of 2012.

Property Investment and Management
During the period under review, revenue and operating profit of this segment increased 18% and 13% to reach HK$268 million and HK$161 million respectively as compared to the corresponding period in 2011.

As at 30 June 2012, excluding Regent Centre to be disposed of after 30 June 2012, 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$11,067.7 million.

Landmark East continued to maintain near-full occupancy with spot rent continuing to increase. As at 30 June 2012, W Square achieved an occupancy rate of over 90% while the average occupancy rate for the industrial properties is approximately 94%.

The Group has a 50% interest in the Lujiazui property at Shanghai Pudong's financial and commercial district fronting the Bund. The property is under construction and is scheduled for completion in 2013.

Hospitality Investment and Management

The Group's hospitality business under Lanson Place Management recorded a steady profit in the first half of 2012, with a gradual increase in average rental rate despite the softening of Hong Kong hotel market and refurbishment of Lanson Place Hotel. During the period under review, revenue increased 3% to HK$69 million as compared to the corresponding period in 2011 while operating profit was HK$31 million.

As at 30 June 2012, both Lanson Place Jinlin Tiandi Serviced Residences in Shanghai and Lanson Place Central Park Serviced Residences in Beijing achieved over 90% occupancy. Lanson Place Hotel, our luxury boutique hotel in Hong Kong, continues to be well-recognised by travellers and won various awards including the Asia Pacific Hotels Awards "The Best Hotel, Hong Kong 2012", the Travel & Leisure Magazine's 2011 Annual Travel Awards "2011 Best Boutique Hotel" and the TripAdvisor "Top 25 Trendiest Hotels in China".

PROSPECTS

Looking forward, the global economy is likely to stay volatile for the rest of 2012, leading to slowing economic growth in China and Hong Kong. There is uncertainty where the Hong Kong property market is heading under the new government housing policy. However, given Hong Kong's solid economic fundamentals, steady market demand, continued low interest rate environment, and potential increase in land supply by the government, the Group remains cautiously optimistic on the prospects of Hong Kong's property market.

The financial impact of the corporate exercise on Winsor Properties will be fully reflected in the second half of 2012, including as estimated gain on disposal of approximately HK$240 million and accretion of shareholders' equity of approximately HK$630million, subject to audit.

In property development, earnings and cash flow in the second half will be driven by sales at Seymour, Providence Bay and Belle Vue Residences. The occupation permit for the various phases of Providence Bay is expected to be granted in the fourth quarter, upon which the revenue and profit of all sold units and new sales will be recognized. Subject to market conditions, the Group will re-launch The Warren and release for pre-sale The Pierre in Mid-Levels. The Group will closely monitor the market to identify the right window of opportunity to launch its projects, and continue to acquire new sites to replenish land bank for further expansion.

For investment property business, the Group expects to continue to benefit from the strong demand arising from the tight office supply, decentralization trend and development of Kowloon East. Landmark East and other properties are likely to see further upward rental reversion with high occupancy. The Group expects its dynamic portfolio of boutique hotel and serviced residences to continue delivering good operating performance. At the same time, Lanson Place will actively explore investment and management opportunities in the region for further expansion.

Mr. Cheng concludes: "Barring unforeseen circumstances, the results for the coming full year are expected to be promising with the recognition of development project earnings and increasing recurring income. With an enhanced platform and strengthened balance sheet, we will remain vigilant against any near-term market volatility and work diligently to execute our projects and capture expansion opportunities."

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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 2012

	Unaudited Six months ended 30 June	
	2012	2011
	HK$'M	HK$'M (re-presented)
Continuing operations		
Revenue	652.7	921.5
Cost of sales	(233.8)	(478.9)
Gross profit	418.9	442.6
Other gains, net	22.8	41.5
Selling and distribution costs	(47.5)	(40.8)
Administrative expenses	(142.8)	(126.4)
Change in fair value of investment properties	60.2	1,491.2
Profit from operations	311.6	1,808.1
Finance costs	(47.8)	(43.4)
Finance income	5.0	3.4
Share of results of associates	31.9	46.8
Profit before taxation from continuing operations	300.7	1,814.9
Taxation	(47.5)	(55.2)
Profit for the period from continuing operations	253.2	1,759.7
Discontinued operations		
Loss for the period from discontinued operations	(22.3)	(25.2)
Gain on disposal of subsidiaries	275.6	-
	253.3	(25.2)
Profit for the period	506.5	1,734.5
Attributable to:		
Equity holders of the Company		
- From continuing operations	198.6	1,388.7
- From discontinued operations	253.3	(25.2)
	451.9	1,363.5
Non-controlling interests		
- From continuing operations	54.6	371.0
	506.5	1,734.5

CONDENSED CONSOLIDATED INCOME STATEMENT (cont'd)
For the six months ended 30 June 2012

	Unaudited Six months ended 30 June 2012 HK$'M	2011 HK$'M (re-presented)
Earnings/(loss) per share attributable to equity holders of the Company (expressed in HK dollar per share)		
Basic earnings/(loss) per share		
- From continuing operations	HK$0.15	HK$1.05
- From discontinued operations	HK$0.19	HK$(0.02)
	HK$0.34	HK$1.03
Diluted earnings/(loss) per share		
- From continuing operations	HK$0.15	HK$1.04
- From discontinued operations	HK$0.19	HK$(0.02)
	HK$0.34	HK$1.02
Dividends (expressed in HK$'M)	158.4	136.6

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2012

	Unaudited 30 June 2012 HK$'M	Audited 31 December 2011 HK$'M
ASSETS AND LIABILITIES		
Non-current assets		
Land use rights	3.2	3.2
Investment properties	12,896.1	13,894.0
Other properties, plant and equipment	121.5	180.9
Interests in associates	426.1	469.5
Loans to associates	44.7	47.8
Deposits and loan receivables	350.9	306.1
Available-for-sale financial assets	375.2	357.7
Held-to-maturity investments	50.7	65.8
Deferred tax assets	12.6	9.4
Derivative financial instruments	0.2	0.2
	14,281.2	15,334.6
Current assets		
Inventories	72.4	68.8
Properties for sale	4,332.6	4,227.9
Deposits and loan receivables	168.7	175.0
Trade and other receivables, deposits and prepayments	389.2	871.8
Available-for-sale financial assets	88.6	-
Held-to-maturity investments	80.9	29.2
Sales proceeds held in stakeholders' accounts	243.0	146.4
Amounts due from associates	3.7	2.2
Tax recoverable	0.1	0.8
Pledged and restricted bank deposits	11.0	3.5
Bank balances and cash	1,942.4	976.6
	7,332.6	6,502.2
Assets of a disposal group classified as held for sale	1,138.3	-
	8,470.9	6,502.2
Current liabilities		
Trade and other payables and accruals	1,269.3	907.9
Derivative financial instruments	46.7	45.8
Amounts due to associates	0.3	0.3
Tax payable	122.2	90.7
Bank loans due within one year	2,100.3	1,704.6
	3,538.8	2,749.3
Liabilities of a disposal group associated with assets held for sale	169.1	-
	3,707.9	2,749.3
Net current assets	4,763.0	3,752.9

CONDENSED CONSOLIDATED BALANCE SHEET (cont'd)
As at 30 June 2012

	Unaudited 30 June 2012 HK$'M	Audited 31 December 2011 HK$'M
Total assets less current liabilities	19,044.2	19,087.5
Non-current liabilities		
Bank loans due after one year	2,923.7	3,448.6
Other long-term loans	-	35.5
Derivative financial instruments	58.0	67.2
Deferred tax liabilities	144.7	153.5
	3,126.4	3,704.8
NET ASSETS	15,917.8	15,382.7
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	666.1	663.2
Reserves	12,768.6	12,284.5
	13,434.7	12,947.7
Non-controlling interests	2,483.1	2,435.0
TOTAL EQUITY	15,917.8	15,382.7