

Wing Tai Properties Announces 2011 Interim Results

Net Profit increased by 68% to HK\$1,364M

Strong Performance in Property Prices and Leasing Rates in Premium Property Market

Solid Platform Formed for Long-term Business Growth

30 August 2011, Hong Kong - **Wing Tai Properties Limited** (the “Group”, SEHK stock code: 369) announced the Group’s unaudited results for the six months ended 30 June 2011.

During the period under review, the Group’s net profit reached HK\$1,364 million, representing a 68% increase from the first half of 2010. The strong performance was mainly attributable to excellent sales of the remaining units at Forfar and Belle Vue Residences, improved rental income from Landmark East and fair value gains of the Group’s investment properties.

The Board of Directors proposed to declare an interim dividend of HK3.8 cents per share (1H 2010:HK3.5 cents), or a total interim dividend payout of HK\$50.4 million (1H 2010: HK\$46.3 million) based on the total number of shares on 30 June 2011.

Deputy Chairman and Chief Executive of the Group, Mr. Edward Cheng, said: “Against the backdrop of stable growth in the local economy, low interest rate environment, strong demand and limited supply during the first six months of 2011, property prices and leasing rates climbed steadily. This trend is particularly evident in the luxury residential market. The combination of our reputable brands in the premium property market and the hospitality industry, a healthy balance sheet and strong recurrent income base, an expanded project development pipeline, a diversified investment portfolio and strong management execution capabilities have provided the Group a solid platform from which we will sustain the long-term growth of our business.”

BUSINESS REVIEW

Property Development

Forfar was successfully relaunched with 12 units sold generating HK\$486.1 million during the period, only two special units remain unsold.

Superstructure works at Seymour is in progress according to schedule and development is expected to be completed in the second half of 2011. 85% of the units, in which the Group has a 30% interest, have been successfully pre-sold since November 2009, generating approximately HK\$3.0 billion revenue which will be recognised by the Group upon the granting of the occupation permit expected in the second half of 2011.

Providence Bay, the Pak Shek Kok development at Tai Po Town Lot Nos. 186, 187 and 188, in which the Group has a 15% interest, has submitted the application for presale consent and the development is expected to be completed in phases in 2012.

The luxury residential development at No.3-11 Warren Street and No. 1-11 Jones Street in Tai Hang, Causeway Bay, has been officially named 9 Warren Street. The development offers over 100 apartment units with a gross floor area of approximately 68,000 square feet. Foundation works have been commenced in the second quarter of 2011 and the project is scheduled for completion between 2013 and 2014.

Foundation works at No.1-2 Coronation Terrace in Mid-Levels West has been commenced in second quarter of 2011. The project will be developed into a luxury boutique tower with a gross floor area of approximately 40,000 square feet, which is scheduled for completion between 2013 and 2014.

In April, the Group formed a joint venture with the Nan Fung Group and acquired a premier residential development site at Ko Shan Road, Hung Hom. The Group has a 50% interest in this site which has a developable area of approximately 160,000 square feet and is scheduled for completion in 2015. Wing Tai Development Limited, a wholly-owned subsidiary of the Group, is appointed as the project manager.

In Singapore, 78% of the units of Belle Vue Residences have been sold, of which 8% were sold in the first half of 2011. In Shanghai, property in Luijiazui Shanghai Pudong is under construction and is scheduled for completion in 2013.

Property Investment and Management

During the period under review, revenue and operating profit of this segment increased 32% and 51% respectively as compared to the corresponding period in 2010.

As at 30 June 2011, the Group's portfolio of investment properties, comprising 1.5 million square feet of Grade-A office buildings and 1.3 million square feet of industrial buildings in the urban areas of Kowloon, had an aggregate fair market valuation of HK\$11,639 million. As for the Group's portfolio of industrial properties, it had an aggregate fair market valuation of HK\$2,247 million, and recorded average occupancy rate of approximately 92% during the first half of 2011.

Landmark East continued to maintain a stable committed leasing rate of 92% with spot rent continuing to increase as a result of the positive market sentiment and the reducing supply of quality commercial properties. Furthermore, over 50% of the leases at W Square were successfully renewed in the first half of 2011 with good rental reversion.

Hospitality Investment and Management

The Group's portfolio of serviced residences and boutique hotel under Lanson Place delivered impressive growth in occupancy and financial performance during the period under review whereby the operating profit increased almost two times as compared to the corresponding period in 2010.

In August, the Group appointed a Chief Executive Officer for Lanson Place, whom with extensive global operation and development experience, will lead the business to capture a larger share of the fast-growing hospitality market in Asia.

PROSPECTS

Looking ahead, the Group remains cautiously optimistic about the prospects for Hong Kong's property market in the second half of the year. The combination of rising inflationary expectations, a low interest rate environment, continued demand from mainland buyers, and the government's pledge to increase land supply will likely result in the healthy and sustained growth of the local property market, particularly at the luxury end of spectrum.

The Group will closely monitor the market in the next six months for the right windows to launch the pre-sale of "9 Warren Street" in Tai Hang, Coronation Terrace in Mid-Levels West and Providence Bay in Tai Po, as well as to sell the remaining units of other luxury residential projects. Meanwhile, the Group will actively explore opportunities for acquisition and redevelopment in order to replenish its land bank and to sustain growth momentum. As for the China market, apart from the development of the project in Lujiazui, Shanghai, the Group will also keep a close eye on suitable development projects in first tier cities.

For the investment property portfolio, the Group expects to benefit from positive rental reversions when its tenants at W Square and other properties renew or sign new leases in the second half of the year.

Lanson Place will continue to benefit from the strong demand for premium serviced residences and hospitality services in the region, leverage its strong brand reputation and outstanding management team.

Mr. Cheng concludes: "Despite the fundamental strength of Hong Kong's economy, we will remain vigilant against any near term global market volatility. We shall maintain our focus on developing projects in our pipeline in order to accelerate our growth while prudently exploring new opportunities that would generate stable returns for our shareholders."

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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; hospitality investment and management under its Lanson Place brand in Hong Kong, Shanghai, Beijing, Singapore and Kuala Lumpur; and the property investment arm under its listed subsidiary Winsor Properties (SEHK stock code: 1036). 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 2011

	Unaudited	
	Six months ended 30 June	
	2011	2010
	HK\$'M	HK\$'M
		(As restated)
Revenue	1,025.8	1,356.6
Cost of sales	(533.3)	(925.4)
Gross profit	492.5	431.2
Other gains/(losses), net	40.4	(10.8)
Selling and distribution costs	(83.7)	(95.5)
Administrative expenses	(157.2)	(143.8)
Change in fair value of investment properties	1,491.2	635.3
Gain on disposal of investment properties	-	137.8
Gain on disposal of other properties, plant and equipment	-	68.7
Profit from operations	1,783.2	1,022.9
Finance costs	(43.4)	(42.7)
Finance income	3.5	1.0
Share of results of associates	46.8	56.3
Profit before taxation	1,790.1	1,037.5
Taxation	(55.6)	(11.7)
Profit for the period	1,734.5	1,025.8
Attributable to:		
Equity holders of the Company	1,363.5	809.3
Non-controlling interests	371.0	216.5
	1,734.5	1,025.8
Earnings per share for profit attributable to equity holders of the Company (expressed in HK dollar per share)		
– Basic	HK\$1.03	HK\$0.61
– Diluted	HK\$1.02	HK\$0.61
Dividends (expressed in HK\$'M)	136.6	99.2

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2011

	Unaudited 30 June 2011 HK\$'M	Audited 31 December 2010 HK\$'M
ASSETS AND LIABILITIES		
Non-current assets		
Land use rights	3.3	3.3
Investment properties	13,261.4	11,786.0
Other properties, plant and equipment	154.4	148.8
Interests in associates	524.2	423.7
Loans to associates	101.2	343.1
Available-for-sale financial assets	487.6	475.6
Deposits, loans and receivables	482.9	246.0
Held-to-maturity investments	61.6	37.9
Deferred tax assets	6.8	16.2
Derivative financial instruments	10.0	16.0
	<u>15,093.4</u>	<u>13,496.6</u>
Current assets		
Inventories	143.5	84.8
Properties for sale	4,596.1	3,980.4
Trade and other receivables, deposits and prepayments	466.2	205.1
Derivative financial instruments	0.1	0.1
Sales proceeds held in stakeholders' accounts	61.9	199.3
Amounts due from associates	1.2	1.4
Tax recoverable	1.3	0.8
Bank balances and cash	932.3	897.6
	<u>6,202.6</u>	<u>5,369.5</u>
Current liabilities		
Trade and other payables and accruals	863.1	897.9
Derivative financial instruments	43.4	42.9
Amounts due to associates	0.3	0.4
Tax payable	85.6	55.3
Bank loans due within one year	1,378.2	1,165.5
	<u>2,370.6</u>	<u>2,162.0</u>
Net current assets	<u>3,832.0</u>	<u>3,207.5</u>
Total assets less current liabilities	<u>18,925.4</u>	<u>16,704.1</u>

CONDENSED CONSOLIDATED BALANCE SHEET (cont'd)

As at 30 June 2011

	Unaudited 30 June 2011 HK\$'M	Audited 31 December 2010 HK\$'M
Non-current liabilities		
Bank loans due after one year	3,905.8	3,010.3
Other long-term loans	35.5	35.5
Other long-term liability	193.9	193.1
Derivative financial instruments	71.5	71.6
Deferred tax liabilities	133.1	122.2
	<u>4,339.8</u>	<u>3,432.7</u>
NET ASSETS	<u>14,585.6</u>	<u>13,271.4</u>
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	663.2	661.5
Reserves	11,598.2	10,266.6
	<u>12,261.4</u>	<u>10,928.1</u>
Non-controlling interests	<u>2,324.2</u>	<u>2,343.3</u>
TOTAL EQUITY	<u>14,585.6</u>	<u>13,271.4</u>