

## Wing Tai Properties Announces 2010 Annual Results

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***Riding on Successful Corporate Restructuring to Achieve Outstanding Operating Results  
Turnover and Net Profit Surged by 80% and 511% Respectively***

30 March 2011, Hong Kong - **Wing Tai Properties Limited** (the "Group", SEHK stock code: 369) announced the Group's audited consolidated results for the year ended 31 December 2010.

During the year, the Group's net profit surged by a significant 511% to a record HK\$1,913 million while revenue also leapt by an impressive 80% year-on-year to HK\$2,177 million. This excellent performance was in part driven by the successful pre-sales of "Forfar" and "Belle Vue Residences" from which the Group has begun to recognize profits, in addition to improved rental yields, gains from the disposal of industrial assets, and revaluation gains on investment properties.

The Board of Directors proposed to declare a final dividend of HK6.5 cents per share (2009: HK4.0 cents), together with an interim dividend of HK3.5 cents per share (2009: HK1.5 cents), making a total dividend of HK10.0 cents per share, an 82% increase from 2009.

Deputy Chairman and Chief Executive of the Group, Mr. Edward Cheng, said: "Since we began the process of transforming Wing Tai Properties (formerly USI Holdings) into an integrated property platform through the acquisition of Winsor Properties, the Group has brought to fruition a healthy balance sheet with assets totaling HK\$19 billion. The Group's diversified property portfolio has given us greater flexibility to seize market opportunities to support our long-term development and producing sustainable and reliable recurring income as well as enhanced investment returns."

### **BUSINESS REVIEW**

#### **Property Development**

Over 60% of the units at "Forfar" were sold since its presale in July 2009. Upon receipt of the occupation permit, approximately HK\$900 million revenue was recognized during the year while all pre-sold units of "Forfar" were delivered to the purchasers in the fourth quarter of 2010.

Since the beginning of March 2011, the Group has sold further 22% of the units generating revenue of approximately HK\$406 million which will be recognized in first half of 2011.

About 85% of the units at "Seymour" were sold since its presale in November 2009. Approximately HK\$3.0 billion revenue will be recognized upon the granting of the occupation permit expected in the second half of 2011. Superstructure works are in progress and is expected to be completed in the second half of 2011. The Group has a 30% interest in this project.

Applications for presale consent for the Pak Shek Kok development at Tai Po Town Lot Nos. 186, 187 and 188 , officially named “Providence Bay”, have been submitted. The developments are expected to be completed in phases in 2012. The Group has a 15% interest in each of the three sites.

In the second half of 2010, the Group also acquired two prime residential sites: one at No. 1-2 Coronation Terrace in Mid-Levels West and the other at No. 3-11 Warren Street and No.1-11 Jones Street in Tai Hang, Causeway Bay. With a total gross floor area of approximately 108,000 square feet, both sites will be developed into low-density, luxury boutique towers and expected to be completed between 2013 and 2014.

In Singapore, about 70% of “Belle Vue Residences” units have been sold and delivered to the purchaser by year-end. The profit corresponding to this sale was recognized during the year.

In China, the Group disposed of its entire interest in PRC Shenyang residential developments for an aggregate consideration of US\$79.5 million (approximately HK\$619.6 million) in September 2010, with the disposal gain of approximately HK\$45.8 million recognized during the year. In addition, the Group established a 50/50 joint-venture with Nan Fung Group in December 2010, to jointly develop a premium and high-end project in Lujiazui, Shanghai Pudong’s financial and commercial district. The property, with a total gross floor area of approximately 19,307 square metres, has about 97 luxury apartment type units, and its development is scheduled for completion in 2013.

### **Property Investment and Management**

As at 31 December 2010, 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 area of Kowloon, had an aggregate fair market valuation of HK\$10.2 billion.

Committed leasing rate of Landmark East surpassed 90% at year-end. Spot rents have also increased during the year as a result of improved market sentiment and the limited supply of quality commercial properties. W Square maintained an average occupancy of approximately 96% in 2010.

In June 2010, Winsor Properties disposed of two industrial buildings for a total consideration of HK\$949.0 million. The disposals represented opportunities for the Group to realise attractive returns after its long-term investments in these investment properties. The Group recorded a gain on these disposals of approximately HK\$207 million during the year.

### **Hospitality Investment and Management**

In line with the economic recovery of the Asian region, the Group’s hospitality investment and management business improved steadily during the year. As at 31 December 2010, occupancy rates of both Lanson Place Jinlin Tiandi Residences in Shanghai and Lanson Place Central Park

Residences in Beijing were over 90%. The two-tower Lanson Place Jin Qiao Residences in Shanghai has fully opened in September 2010, and has progressively built up occupancy to-date.

### **Apparel**

The Group's apparel division generated an aggregate revenue of HK\$746.4 million, compared with HK\$729.3 million in 2009 and a profit of HK\$8.6 million this year, compared with a loss of HK\$26.2 million. The garment manufacturing business achieved a profit during the year. However, the branded products distribution business suffered a loss due to the lagging market recovery in the high-end retail market in the United Kingdom, where it operates.

### **PROSPECTS**

Looking ahead, the Hong Kong residential property market is likely to continue to benefit from an environment characterized by solid demand, abundant liquidity, low interest rates and limited supply. The Hong Kong Government's latest measures to curb excessive property speculation and its proposal to increase land supply are expected to ensure the healthy development of the local property market given its strong fundamentals.

On property development, the Group will launch the remaining units at Forfar, Seymour and Belle Vue, which is expected to drive our profit and cash flows in 2011. Subject to market conditions, Providence Bay in Tai Po, Coronation Terrace in Mid-Levels West and Warren Street in Tai Hang will also be ready for pre-sales launch in 2011 at the earliest timeframe to make the most out of the current market momentum.

The office and industrial leasing market is expected to deliver yet more impressive performance in 2011 as rental rates grow further on the back of a likely upswing in demand for commercial space. We are confident that Landmark East will be able to sustain occupancy rates of over 90% and deliver significant growth in rental rates for new leases. W Square and other properties are also likely to see upward rental reversion when most of the leasing contracts are up for renewal in 2011.

Turning to the Asia-Pacific market, the strong business momentum and robust growth in the region will spur further the remarkable business success of Lanson Place. We expect our dynamic portfolio of serviced residences and boutique hotel to continue to deliver exceptional performance.

"Building on our solid foundation and track record, we will step up efforts to further reinforce our unique position as a developer of premium properties by taking advantage of our strong brand pedigree and integrated business platform to the fullest extent possible. At the same time, the Group will look for property development and investment acquisition opportunities in Hong Kong, and gateway cities in China and Asia to further establish its presence as a leading developer of premium properties in this fast-growing region." Mr. Cheng concluded.

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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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**CONSOLIDATED INCOME STATEMENT**

	Note	Year ended 31 December	
		2010 HK\$'M	2009 HK\$'M (As restated)
<b>Revenue</b>	3	2,176.8	1,207.1
Cost of sales		(1,395.6)	(704.0)
<b>Gross profit</b>		781.2	503.1
Other gains, net		19.3	105.7
Selling and distribution costs		(150.4)	(148.1)
Administrative expenses		(311.8)	(287.8)
Change in fair value of investment properties		1,894.8	363.9
Gain on disposal of investment properties		138.3	-
Gain on disposal of other properties, plant and equipment		68.7	-
Gain on disposal of jointly controlled entities		45.8	-
<b>Profit from operations</b>	4	2,485.9	536.8
Finance costs		(89.0)	(88.9)
Finance income		2.0	35.6
Share of results of associates		85.9	(0.7)
<b>Profit before taxation</b>		2,484.8	482.8
Taxation	5	(48.0)	(57.2)
<b>Profit for the year</b>		2,436.8	425.6
<b>Attributable to:</b>			
Equity holders of the Company		1,913.1	312.9
Non-controlling interests		523.7	112.7
		2,436.8	425.6
<b>Earnings per share for profit attributable to equity holders of the Company</b> (expressed in HK dollars per share)	6		
– Basic		HK\$1.45	HK\$0.29
– Diluted		HK\$1.44	HK\$0.28
<b>Dividends</b> (expressed in HK\$'M)	7	132.3	67.6

**CONSOLIDATED BALANCE SHEET**

		As at 31 December		As at 1 January
	Note	2010	2009	2009
		HK\$'M	HK\$'M	HK\$'M
			(As restated)	(As restated)
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Land use rights		3.3	3.4	3.5
Investment properties		11,786.0	10,532.0	10,098.1
Other properties, plant and equipment		148.8	227.6	219.8
Interests in associates		423.7	337.5	343.7
Loans to associates		343.1	280.4	265.9
Available-for-sale financial assets		475.6	434.0	301.2
Deposits, loans and receivables		246.0	388.6	273.3
Held-to-maturity investments		37.9	31.0	25.4
Deferred tax assets		16.2	17.1	17.5
Derivative financial instruments		16.0	-	-
		<u>13,496.6</u>	<u>12,251.6</u>	<u>11,548.4</u>
<b>Current assets</b>				
Inventories		84.8	102.2	87.5
Properties for sale		3,980.4	3,432.5	3,115.9
Loans and receivables		-	26.2	23.4
Trade and other receivables, deposits and prepayments	8	205.1	172.0	435.5
Available-for-sale financial assets		-	-	2.9
Derivative financial instruments		0.1	-	0.6
Sales proceeds held in stakeholders' accounts		199.3	255.8	-
Amounts due from associates		1.4	1.7	0.5
Tax recoverable		0.8	4.7	4.7
Pledged bank deposits		-	38.1	80.2
Bank balances and cash		897.6	700.2	496.2
		<u>5,369.5</u>	<u>4,733.4</u>	<u>4,247.4</u>
<b>Current liabilities</b>				
Trade and other payables and accruals	9	897.9	1,015.5	741.6
Derivative financial instruments		42.9	41.1	40.4
Amounts due to associates		0.4	21.8	19.5
Tax payable		55.3	26.8	59.9
Short-term bank loans and overdrafts		-	-	0.6
Bank loans due within one year		1,165.5	540.6	489.0
		<u>2,162.0</u>	<u>1,645.8</u>	<u>1,351.0</u>
<b>Net current assets</b>		<u>3,207.5</u>	<u>3,087.6</u>	<u>2,896.4</u>
<b>Total assets less current liabilities</b>		<u>16,704.1</u>	<u>15,339.2</u>	<u>14,444.8</u>

CONSOLIDATED BALANCE SHEET (Continued)

	As at 31 December		As at 1 January
	2010	2009	2009
	HK\$'M	HK\$'M	HK\$'M
		(As restated)	(As restated)
<b>Non-current liabilities</b>			
Bank loans due after one year	3,010.3	4,281.8	4,432.9
Other long-term loans	35.5	43.0	42.3
Other long-term liability	193.1	-	-
Derivative financial instruments	71.6	55.3	105.8
Deferred tax liabilities	122.2	126.0	92.3
	<u>3,432.7</u>	<u>4,506.1</u>	<u>4,673.3</u>
<b>NET ASSETS</b>	<u>13,271.4</u>	<u>10,833.1</u>	<u>9,771.5</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	661.5	659.6	494.5
Reserves	10,266.6	8,345.6	7,566.1
	<u>10,928.1</u>	<u>9,005.2</u>	<u>8,060.6</u>
<b>Non-controlling interests</b>	<u>2,343.3</u>	<u>1,827.9</u>	<u>1,710.9</u>
<b>TOTAL EQUITY</b>	<u>13,271.4</u>	<u>10,833.1</u>	<u>9,771.5</u>