Wing Tai Properties Announces 2010 Interim Results

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Property Sales Recognition and Asset Disposal

Contributed to Significant Increase in Net Profit

29 August 2010, 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 2010.

During the period under review, the Group achieved a net profit of $794.3 million mainly attributable to recognized profits from the pre-sale of Forfar and Belle Vue Residences, increased rental from Landmark East, disposal of two industrial properties and fair value revaluation gains on investment properties. Revenue for the Group was HK$1,356.6 million in the first half of 2010 (1H 2009: HK$417.0 million).

The Board of Directors proposed to declare an interim dividend of HK3.5 cents per share, or a total interim dividend payout of HK$46.3 million (1H 2009: HK$14.8 million) based on the total number of shares on 30 June 2010.

The Group's property division, which includes property development, property investment and management, and hospitality investment and management, recorded segment profit of HK$1,088.1 million for the first half of 2010, compared with HK$77.9 million in 2009. During the period, the Group recorded a gain on disposals and reversal of deferred tax liabilities of approximately HK$204.8 and HK$92.5 million respectively from the disposals of two investment properties.

Deputy Chairman and Chief Executive of the Group, Mr. Edward Cheng, said: "In addition to revenue from well-timed sales of our property projects, our investment property portfolio also continued to generate stable recurring income. The disposal of two of our industrial properties amid a strong run-up in capital values and robust growth in leasing uptake and rental at Landmark East contributed significantly to our profit growth. The stable income from each of our business areas are a testament to the strength of our balanced business portfolio."

"To take advantage of the positive market sentiment, the Group will consider putting the remaining units at Forfar and Seymour on the market in the next few months. Our recent acquisition of the site at No. 1-2 Coronation Terrace in Mid-Levels West marks the Group's continued effort to replenish its land bank with the addition of quality sites," added Mr. Cheng.

BUSINESS REVIEW

Property Development

In Hong Kong, over 60% of the units of “Forfar” were sold to-date since its presale in July 2009. Approximately HK$900 million revenue was recognised during the period. The occupation permit and certificate of compliance were issued in January and August 2010 respectively, while delivery of sold units is scheduled to complete in the fourth quarter of 2010.

Superstructure works of “Seymour” in Mid-Levels West are progressing according to schedule. While construction works are not expected to be completed until the second half of 2011, approximately 85% of the units have already been sold since it was launched for presale in November 2009. From that, approximately HK$900 million in revenue will be recognised in the second half of 2011 upon the issuance of occupation permit.

The construction works at Tai Po Town Lot Nos. 186, 187, 188 are on track and are expected to be completed in phases between 2011 and 2012. Subject to market condition and regulatory approval, the development will be ready for presale in the first half of 2011.

In Singapore, “Belle Vue Residences” has so far sold approximately 60% of the units. An occupation permit was issued in May 2010, and the delivery of the sold units is scheduled to complete in the second half of 2010.

For the residential developments in Shenyang, China, the constructions of show-flats and sales office for the first phases of two sites are progressing according to schedule.

Property Investment and Management

As at 30 June 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, had an aggregate fair market value of HK$9,024.0 million.

Taking advantage of the strong run-up in capital values during the period, the Group disposed of two industrial properties, namely Unimix Industrial Centre in San Po Kong and Lucky Industrial Building in Kwai Chung, which were held through Winsor Properties Holdings Limited, in June. The two properties were sold for a total consideration of HK$949.0 million, generating net proceeds of approximately HK$584 million upon completion of the formal sale and purchase agreements in the fourth quarter of 2010.

During the period, Landmark East saw a significant increase in tenancy on the back of a dynamic Grade A office leasing market. Committed leasing rates reached approximately 80% to-date as compared to approximately 50% at the beginning of the year. Rental rates also rose 25% on average in the first half of the year. W Square in Wan Chai was 98% leased as at 30 June 2010.

Hospitality Investment and Management

Both occupancy and rental rate of the Group's hospitality business continued to improve during the period amid a steady economic recovery. Both Lanson Place Jinlin Tiandi Residences in Shanghai and Lanson Place Central Park Residences in Beijing achieved about 97% occupancy. Lanson Place Jin Qiao Residences in Shanghai opened its entire first tower in mid May this year, while the second tower will be opened in September.

Apparel

The Group's apparel operation recorded an aggregate revenue of HK$238.9 million and a segment loss of HK$33.0 million in the first half of 2010. The loss was mainly due to seasonality of the sweater business and the continued weak demand for its branded products distribution business in the United Kingdom.

PROSPECTS

Commenting on the outlook of the property market, Mr. Cheng said: "The Group is cautiously optimistic about the prospect of the property market in the second half of the year. Nevertheless, the lingering uncertainty in the global economy as well as measures from both the Mainland and Hong Kong governments aimed at dampening speculations in their respective property markets might continue to impact on the prospect of the sector."

The Group will continue to remain vigilant against any near term market volatility as part of its sales strategy for the launch of the remaining units at Forfar and Seymour, as well as the pre-sale of the Tai Po Pak Shek Kok development. Further to the recent acquisition of a luxury property redevelopment project in the Mid-Levels West, the Group will closely monitor the market to capture any acquisition opportunities to replenish its land bank.

For the investment property business, the occupancy rates and rental rates at Landmark East are expected to improve further for the remainder of the year, supported by growing demand for Grade A office space and a continuing trend among companies to decentralize to Kowloon East. The Group will also continue to enhance its investment property portfolio through the optimal utilization of resources.

With regard to the hospitality business, Lanson Place is expected to continue to deliver strong operating performance as the economy regains strength. Looking forward, the Group will continue to explore investment and management opportunities in gateway cities in the Asia Pacific region to extend its reach and further expand its portfolio of businesses.

Mr. Cheng concludes: "With the Group's strong business platform and well-recognised brands, I am confident that we are well positioned to seize any growth opportunities ahead."

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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 2010

	Unaudited Six months ended 30 June 2010 *HK$'M*	2009 *HK$'M*
Revenue	1,356.6	417.0
Cost of sales	(925.4)	(228.1)
Gross profit	431.2	188.9
Other (losses)/gains, net	(10.8)	77.6
Selling and distribution costs	(95.5)	(69.1)
Administrative expenses	(143.8)	(112.2)
Change in fair value of investment properties	635.3	(8.0)
Gain on disposal of investment properties	137.8	-
Gain on disposal of other properties, plant and equipment	67.0	-
Profit from operations	1,021.2	77.2
Finance costs	(42.7)	(41.9)
Finance income	1.0	15.2
Share of results of associates	56.3	(5.2)
Profit before taxation	1,035.8	45.3
Taxation	(30.8)	(16.4)
Profit for the period	1,005.0	28.9
Attributable to:		
Equity holders of the Company	794.3	7.0
Non-controlling interests	210.7	21.9
	1,005.0	28.9
Earnings per share for profit attributable to equity holders of the Company (expressed in HK dollar per share)		
– Basic	HK$0.60	HK$0.01
– Diluted	HK$0.60	HK$0.01
Dividends (expressed in HK$'M)	99.2	29.6

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2010

	Unaudited 30 June 2010 *HK$'M*	Audited 31 December 2009 *HK$'M* (As restated)
ASSETS AND LIABILITIES		
Non-current assets		
Land use rights	3.4	3.4
Investment properties	10,469.2	10,532.0
Other properties, plant and equipment	153.4	227.6
Interests in associates	671.8	617.9
Available-for-sale financial assets	381.7	434.0
Loans and receivables	442.8	388.6
Held-to-maturity investments	34.4	31.0
Deferred tax assets	7.7	10.2
	12,164.4	12,244.7
Current assets		
Inventories	160.8	102.2
Properties for sale	2,990.1	3,432.5
Loans and receivables	2.9	26.2
Trade and other receivables, deposits and prepayments	1,770.0	172.0
Derivative financial instruments	0.1	-
Sales proceeds held in stakeholders' accounts	270.9	255.8
Amounts due from associates	0.9	1.7
Tax recoverable	1.6	4.7
Pledged bank deposits	10.1	38.1
Bank balances and cash	601.1	700.2
	5,808.5	4,733.4
Current liabilities		
Trade and other payables and accruals	1,040.1	1,015.5
Derivative financial instruments	42.7	41.1
Amounts due to associates	7.2	21.8
Tax payable	56.0	26.8
Bank loans due within one year	1,481.2	540.6
	2,627.2	1,645.8
Net current assets	3,181.3	3,087.6
Total assets less current liabilities	15,345.7	15,332.3

CONDENSED CONSOLIDATED BALANCE SHEET (cont'd)

As at 30 June 2010

	Unaudited 30 June 2010 *HK$'M*	Audited 31 December 2009 *HK$'M* (As restated)
Non-current liabilities		
Bank loans due after one year	3,387.7	4,281.8
Other long-term loans	32.5	43.0
Derivative financial instruments	83.3	55.3
Deferred tax liabilities	1,255.3	1,258.1
	4,758.8	5,638.2
NET ASSETS	10,586.9	9,694.1
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	661.4	659.6
Reserves	8,177.2	7,468.0
	8,838.6	8,127.6
Non-controlling interests	1,748.3	1,566.5
TOTAL EQUITY	10,586.9	9,694.1