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## **Wing Tai Properties Limited**

**永泰地產有限公司**

*(Incorporated in Bermuda with limited liability)*

**( Stock Code: 369 )**

### **ANNOUNCEMENT OF 2011 ANNUAL RESULTS, CLOSURE OF REGISTER, RECORD DATE AND CHANGE OF ADDRESS OF PRINCIPAL SHARE REGISTRAR**

#### **CHAIRMAN'S STATEMENT**

Dear Shareholders,

The year 2011 was overshadowed by the lingering sovereign debt crisis in Europe, leading to increased market volatility worldwide. On the local scene, the Hong Kong property market began with a strong start to the year but gave way to rising uncertainty as a result of government's cooling measures to rein in property prices. Despite the tougher operating environment, Wing Tai Properties delivered another year of good results due to our integrated platform, balanced development portfolio and niche hospitality concept by "Lanson Place", as well as our success in strengthening our human capital. Our ability to create synergy across our businesses also contributed to our continued growth.

The Group's net profit recorded a year-on-year increase of 16% to reach HK\$2,212.9 million, including a revaluation gain of HK\$2,107.8 million of our investment properties. The Board of Directors has proposed a final dividend of HK7.7 cents per share. Together with an interim dividend of HK\$3.8 cents per share, total dividend for the year under review is HK\$11.5 cents per share, a 15% increase over 2010.

The year 2011 marked an excellent year of growth with the Group's property development driven largely by a healthy project pipeline. We achieved particularly impressive results in the pre-sale market, capturing the most opportune times to swiftly launch our projects. With our Forfar and Seymour project launches, we sold 95% and 85% of all the units, respectively. The Warren, another of our property development projects, has also been well received, with about 45% of its units already pre-sold as at the end of 2011. Moreover, the debut of our "Lanson Place Lifestyle Services" initiative at the Warren is a prime example of our cross-business synergy, adding a

unique level of value to our development platform.

The commercial leasing market remained buoyant in 2011 as it was anchored by healthy fundamentals. Limited supply lent support to overall rental rates and the Group continued to benefit from corporations looking to decentralise. We recorded good leasing rates and maintained positive rental reversions for our investment properties. Our flagship property, Landmark East, recorded near-full occupancy. Our drive to attain a quality tenant mix has earned us benchmark positioning in Kowloon East and has further enhanced our overall asset value. During the year under review, the Group's investment properties achieved an average occupancy rate of 92%.

Our "Lanson Place" branded hospitality services continued to enjoy notable success with its expansion plan in 2011. The Group won an additional two management contracts in Beijing and Shanghai, boosting Lanson Place's portfolio to a total of 10 properties across Asia's gateway cities. The partnerships with two reputable local developers in Beijing and Shanghai underscore our strong brand name in hospitality services backed by a professional management team and strong operating performance. Furthermore, the acquisition of the remaining 40% interest in Lanson Place Hotel by Winsor Properties in June 2011 will further enhance recurring earnings for the Group.

Our joint venture development with the Nan Fung Group in Shanghai also further strengthened our foothold in the high-end property market in Mainland China. Refurbishment of the development is on schedule and is expected to be completed in 2013.

While the Group has successfully achieved solid and sustainable growth across our property and hospitality businesses, it is the dedication of our employees and the contribution they make to our business that are imperative to our continued success in managing various projects in multiple locations. We will continue to put great emphasis on strengthening our senior and middle management teams so as to further enhance both managerial capability and productivity.

I would like to take this opportunity to thank all stakeholders, including our shareholders, business partners and devoted employees, for their support. Without a doubt, all our stakeholders have been and will continue to be fundamental to the Group's continued success.

**Cheng Wai Chee, Christopher**  
Chairman

Hong Kong, 28 March 2012

## FINANCIAL RESULTS

The Board of Directors (the “Directors”) of Wing Tai Properties Limited (the “Company”) presents the audited consolidated results of the Company and its subsidiaries (the “Group”), and its jointly controlled entities for the year ended 31 December 2011, together with comparative figures for the previous year, as follows:-

### CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
	Note	2011 HK\$'M	2010 HK\$'M
<b>Revenue</b>	3	2,734.5	2,176.8
Cost of sales		(1,474.4)	(1,395.6)
<b>Gross profit</b>		1,260.1	781.2
Other gains, net		52.4	19.3
Selling and distribution costs		(193.8)	(150.4)
Administrative expenses		(328.6)	(311.8)
Change in fair value of investment properties		2,107.8	1,894.8
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	2,897.9	2,485.9
Finance costs		(92.1)	(89.0)
Finance income		7.3	2.0
Share of results of associates		57.6	85.9
<b>Profit before taxation</b>		2,870.7	2,484.8
Taxation	5	(134.8)	(48.0)
<b>Profit for the year</b>		<u>2,735.9</u>	<u>2,436.8</u>
<b>Attributable to:</b>			
Equity holders of the Company		2,212.9	1,913.1
Non-controlling interests		523.0	523.7
		<u>2,735.9</u>	<u>2,436.8</u>
<b>Earnings per share for profit attributable to equity holders of the Company</b> (expressed in HK dollar per share)	6		
– Basic		<u>HK\$1.67</u>	<u>HK\$1.45</u>
– Diluted		<u>HK\$1.66</u>	<u>HK\$1.44</u>
<b>Dividends (expressed in HK\$'M)</b>	7	<u>152.8</u>	<u>132.5</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2011	2010
	HK\$'M	HK\$'M
<b>Profit for the year</b>	<u>2,735.9</u>	<u>2,436.8</u>
<b>Other comprehensive income/(loss)</b>		
Net surplus arising on revaluation of other properties, plant and equipment upon transfer to investment properties	-	8.6
Release of other property revaluation reserve upon disposal of other properties, plant and equipment	-	(24.5)
Exchange differences on translation of foreign operations	4.2	67.4
Exchange differences released upon repayment of loans from an associate	(44.1)	-
Exchange differences realised upon disposal of jointly controlled entities	-	(12.0)
Net fair value (loss)/gain arising from revaluation of available-for-sale financial assets	(128.1)	82.8
Impairment on available-for-sale financial assets transferred to consolidated income statement	11.1	17.2
Net gain/(loss) on cash flow hedge		
– Fair value losses	(41.2)	(63.8)
– Realised upon settlement	44.1	44.4
<b>Other comprehensive income for the year, net of tax</b>	<u>(154.0)</u>	<u>120.1</u>
<b>Total comprehensive income for the year</b>	<u>2,581.9</u>	<u>2,556.9</u>
<b>Attributable to:</b>		
Equity holders of the Company	2,092.0	2,012.1
Non-controlling interests	<u>489.9</u>	<u>544.8</u>
<b>Total comprehensive income for the year</b>	<u>2,581.9</u>	<u>2,556.9</u>

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2011	2010
		HK\$'M	HK\$'M
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Land use rights		3.2	3.3
Investment properties		13,894.0	11,786.0
Other properties, plant and equipment		180.9	148.8
Interests in associates		469.5	423.7
Loans to associates		47.8	343.1
Available-for-sale financial assets		357.7	475.6
Deposits and loan receivables		306.1	246.0
Held-to-maturity investments		65.8	37.9
Deferred tax assets		9.4	16.2
Derivative financial instruments		0.2	16.0
		<u>15,334.6</u>	<u>13,496.6</u>
<b>Current assets</b>			
Inventories		68.8	84.8
Properties for sale		4,227.9	3,980.4
Deposits and loan receivables		175.0	-
Trade and other receivables, deposits and prepayments	8	871.8	205.1
Held-to-maturity investments		29.2	-
Derivative financial instruments		-	0.1
Sales proceeds held in stakeholders' accounts		146.4	199.3
Amounts due from associates		2.2	1.4
Tax recoverable		0.8	0.8
Pledged and restricted bank deposits		3.5	-
Bank balances and cash		976.6	897.6
		<u>6,502.2</u>	<u>5,369.5</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	9	907.9	897.9
Derivative financial instruments		45.8	42.9
Amounts due to associates		0.3	0.4
Tax payable		90.7	55.3
Bank loans due within one year		1,704.6	1,165.5
		<u>2,749.3</u>	<u>2,162.0</u>
<b>Net current assets</b>		<u>3,752.9</u>	<u>3,207.5</u>
<b>Total assets less current liabilities</b>		<u>19,087.5</u>	<u>16,704.1</u>

## CONSOLIDATED BALANCE SHEET (Continued)

	As at 31 December	
	2011	2010
	HK\$'M	HK\$'M
<b>Non-current liabilities</b>		
Bank loans due after one year	3,448.6	3,010.3
Other long-term loans	35.5	35.5
Other long-term liability	-	193.1
Derivative financial instruments	67.2	71.6
Deferred tax liabilities	153.5	122.2
	<u>3,704.8</u>	<u>3,432.7</u>
<b>NET ASSETS</b>	<u>15,382.7</u>	<u>13,271.4</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	663.2	661.5
Reserves	12,284.5	10,266.6
	<u>12,947.7</u>	<u>10,928.1</u>
<b>Non-controlling interests</b>	<u>2,435.0</u>	<u>2,343.3</u>
<b>TOTAL EQUITY</b>	<u>15,382.7</u>	<u>13,271.4</u>

NOTES:

**1. Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and the Hong Kong Companies Ordinance.

**2. Significant accounting policies**

**(a) Revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning 1 January 2011 and relevant to the Group**

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 24 (Revised)	Related party disclosures
HKAS 27 (Revised)	Consolidated and separate financial statements
HKFRS 3 (Amendment)	Business combinations
HKFRS 7 (Amendment)	Financial instruments: disclosures
HK(IFRIC) – Int 14	Prepayments of a minimum funding requirement
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instrument

The adoption of revised standards, amendments and improvements to standards and interpretations of HKFRS stated above did not have any significant impact to the Group’s consolidated financial statements in the current and prior periods.

**(b) New standards, revised standards and amendments that are not yet effective in 2011 and have not been early adopted by the Group**

The following new or revised standards and amendments have been issued but are not effective for the year ended 31 December 2011:

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (Revised 2011)	Investments in associates and joint ventures	1 January 2013
HKAS 32 (Amendment)	Amendments to HKAS 32 financial instruments: Presentation – offsetting financial assets and financial liabilities	1 January 2014
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1 July 2011
HKFRS 7 (Amendment)	Disclosures – transfers of financial assets	1 July 2011
HKFRS 7 (Amendment)	Financial instruments: disclosure offsetting financial assets and financial liabilities	1 January 2013
HKFRS 9	Financial instruments	1 January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013

The Group has not early adopted any of the above standards and amendments to the existing standards. Management is in the process of making an assessment of their impact and is not yet in a position to state what impact they would have, if any, on the Group’s results of operations and financial positions.

### 3. Revenue and segment information

Revenue represents the net amounts received and receivable from third parties in connection with the following activities:

	2011	2010
	HK\$'M	HK\$'M
Sale of properties	1,426.8	895.1
Sale of garment and branded products	661.1	746.4
Rental and property management income	610.4	511.6
Dividend income from available-for-sale financial assets	36.2	23.7
	<u>2,734.5</u>	<u>2,176.8</u>

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segment and to assess its performance.

Segment information reported to the Group's management for the purposes of resources allocation and assessment of performance are analysed on the basis of the Group's operating divisions (i.e. property development, property investment and management, hospitality investment and management, garment manufacturing, branded products distribution, investing activities and corporate).



### 3. Revenue and segment information (Continued)

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Garment manufacturing HK\$'M	Branded products distribution HK\$'M	Investing activities HK\$'M	Corporate HK\$'M	Elimination HK\$'M	Consolidated HK\$'M
<b>For the year ended 31 December 2011</b>									
<b>REVENUE</b>									
External sales	1,426.8	474.9	135.5	440.1	221.0	36.2	-	-	2,734.5
Inter-segment sales	-	18.6	-	-	-	-	-	(18.6)	-
<b>Total</b>	<b>1,426.8</b>	<b>493.5</b>	<b>135.5</b>	<b>440.1</b>	<b>221.0</b>	<b>36.2</b>	<b>-</b>	<b>(18.6)</b>	<b>2,734.5</b>
<b>RESULTS</b>									
Segment profit/(loss) before change in fair value of investment properties	540.2	295.6	65.0	11.3	(43.6)	34.4	(95.6)	-	807.3
Change in fair value of investment properties	-	1,957.4	147.6	2.8	-	-	-	-	2,107.8
<b>Reportable segment profit/(loss)</b>	<b>540.2</b>	<b>2,253.0</b>	<b>212.6</b>	<b>14.1</b>	<b>(43.6)</b>	<b>34.4</b>	<b>(95.6)</b>	<b>-</b>	<b>2,915.1</b>
<i>Reconciliation:</i>									
Fair value loss on derivative financial instruments	-	(1.4)	-	-	-	(15.8)	-	-	(17.2)
<b>Profit from operations</b>	<b>540.2</b>	<b>2,251.6</b>	<b>212.6</b>	<b>14.1</b>	<b>(43.6)</b>	<b>18.6</b>	<b>(95.6)</b>	<b>-</b>	<b>2,897.9</b>
Finance costs	(0.5)	(73.8)	(13.6)	-	-	(0.3)	(3.9)	-	(92.1)
Finance income	0.6	5.8	0.7	-	0.2	-	-	-	7.3
Share of results of associates	49.3	(3.0)	11.3	-	-	-	-	-	57.6
<b>Profit before taxation</b>	<b>589.6</b>	<b>2,180.6</b>	<b>211.0</b>	<b>14.1</b>	<b>(43.4)</b>	<b>18.3</b>	<b>(99.5)</b>	<b>-</b>	<b>2,870.7</b>
Taxation									(134.8)
<b>Profit for the year</b>									<b>2,735.9</b>
<b>Other items</b>									
Depreciation and amortisation	3.6	3.7	0.1	4.8	10.3	-	2.9	-	25.4
Loss/(gain) on disposal of other properties, plant and equipment, net	1.4	-	-	-	0.2	-	(0.3)	-	1.3
(Gain)/loss on disposal of investment properties, net	-	(1.3)	0.6	(2.2)	-	-	-	-	(2.9)
Provisions for trade receivables, net	-	-	-	0.1	-	-	-	-	0.1

### 3. Revenue and segment information (Continued)

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Garment manufacturing HK\$'M	Branded products distribution HK\$'M	Investing activities HK\$'M	Corporate HK\$'M	Elimination HK\$'M	Consolidated HK\$'M
For the year ended 31 December 2010									
<b>REVENUE</b>									
External sales	895.1	397.1	114.5	544.4	202.0	23.7	-	-	2,176.8
Inter-segment sales	-	19.8	-	-	-	-	-	(19.8)	-
<b>Total</b>	<b>895.1</b>	<b>416.9</b>	<b>114.5</b>	<b>544.4</b>	<b>202.0</b>	<b>23.7</b>	<b>-</b>	<b>(19.8)</b>	<b>2,176.8</b>
<b>RESULTS</b>									
Segment profit/(loss) before change in fair value of investment properties, impairment loss on available-for- sale financial assets, gain on disposals of investment properties, other properties, plant and equipment and jointly controlled entities	146.8	243.6	49.0	6.3	(44.6)	31.4	(90.1)	-	342.4
Change in fair value of investment properties	-	1,800.2	78.4	1.6	14.6	-	-	-	1,894.8
Impairment loss of available-for-sale financial assets	-	(13.3)	-	-	-	(7.5)	(0.3)	-	(21.1)
Gain on disposal of investment properties	-	138.3	-	-	-	-	-	-	138.3
Gain on disposal of other properties, plant and equipment	-	68.7	-	-	30.7	-	-	(30.7)	68.7
Gain on disposal of jointly controlled entities	45.8	-	-	-	-	-	-	-	45.8
<b>Reportable segment profit/(loss)</b>	<b>192.6</b>	<b>2,237.5</b>	<b>127.4</b>	<b>7.9</b>	<b>0.7</b>	<b>23.9</b>	<b>(90.4)</b>	<b>(30.7)</b>	<b>2,468.9</b>
<i>Reconciliation:</i>									
Fair value gain on derivative financial instruments	-	1.0	-	-	-	16.0	-	-	17.0
<b>Profit from operations</b>	<b>192.6</b>	<b>2,238.5</b>	<b>127.4</b>	<b>7.9</b>	<b>0.7</b>	<b>39.9</b>	<b>(90.4)</b>	<b>(30.7)</b>	<b>2,485.9</b>
Finance costs	(1.3)	(73.8)	(10.0)	(0.4)	(1.3)	-	(4.0)	1.8	(89.0)
Finance income	0.3	0.5	1.2	1.5	-	-	0.3	(1.8)	2.0
Share of results of associates	88.9	(1.0)	8.6	-	-	(10.6)	-	-	85.9
<b>Profit before taxation</b>	<b>280.5</b>	<b>2,164.2</b>	<b>127.2</b>	<b>9.0</b>	<b>(0.6)</b>	<b>29.3</b>	<b>(94.1)</b>	<b>(30.7)</b>	<b>2,484.8</b>
Taxation	-	-	-	-	-	-	-	-	(48.0)
<b>Profit for the year</b>									<b>2,436.8</b>
<b>Other items</b>									
Depreciation and amortisation	4.6	3.8	-	6.4	7.7	-	2.5	-	25.0
Loss/(gain) on disposal of other properties, plant and equipment, net (Write back of/ provisions for trade receivables, net	8.0	(68.6)	-	-	(30.7)	-	(0.3)	30.7	(60.9)
	-	-	-	(0.4)	0.8	-	-	-	0.4

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions mutually agreed among group companies.

### 3. Revenue and segment information (Continued)

The segment assets and liabilities at 31 December 2011 and 2010 and capital expenditure for the years then ended are as follows:

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Garment manufacturing HK\$'M	Branded products distribution HK\$'M	Investing activities HK\$'M	Corporate HK\$'M	Consolidated HK\$'M
<b>At 31 December 2011</b>								
<b>ASSETS</b>								
Segment assets	5,225.6	13,227.7	1,849.3	233.2	133.2	419.5	220.8	21,309.3
Interests in associates and loans to associates	401.1	49.0	67.2	-	-	-	-	517.3
Other assets								10.2
								21,836.8
Consolidated total assets								21,836.8
<b>LIABILITIES</b>								
Segment liabilities	(343.5)	(256.5)	(23.3)	(72.0)	(50.9)	(0.4)	(192.4)	(939.0)
Other liabilities								(5,515.1)
								(6,454.1)
Consolidated total liabilities								(6,454.1)
<b>Capital expenditure</b>	34.8	227.3	59.0	6.3	12.2	-	3.7	343.3
<b>At 31 December 2010</b>								
<b>ASSETS</b>								
Segment assets	4,297.5	11,025.0	1,622.3	291.6	133.1	474.9	237.9	18,082.3
Interests in associates and loans to associates	640.2	72.3	54.3	-	-	-	-	766.8
Other assets								17.0
								18,866.1
Consolidated total assets								18,866.1
<b>LIABILITIES</b>								
Segment liabilities	(401.8)	(347.4)	(20.3)	(79.2)	(54.4)	(4.4)	(214.8)	(1,122.3)
Other liabilities								(4,472.4)
								(5,594.7)
Consolidated total liabilities								(5,594.7)
<b>Capital expenditure</b>	1.6	42.2	12.1	3.4	15.8	7.5	2.9	85.5

Segment assets consist primarily of land use rights, investment properties, other properties, plant and equipment, available-for-sale financial assets, deposits and loan receivables, held-to-maturity investments, inventories, properties for sale, trade and other receivables, deposits and prepayments, sales proceeds held in stakeholders' accounts, amounts due from associates, pledged and restricted bank deposits and bank balances and cash. Other assets comprise mainly derivative financial instruments, tax recoverable and deferred tax assets.

Segment liabilities comprise operating liabilities. Other liabilities include tax payable, borrowings, deferred tax liabilities and derivative financial instruments.

Capital expenditure comprises additions to land use rights, investment properties and other properties, plant and equipment, including additions resulting from acquisitions through business combinations and deposits paid for acquisition of investment properties.

### 3. Revenue and segment information (Continued)

The Group's operations are principally located in Hong Kong, the People's Republic of China other than Hong Kong (the "PRC") and the United Kingdom.

The following is an analysis of the Group's revenue by geographical areas in which the customer is located, irrespective of the origin of the goods/services:

	Revenue	
	Year ended 31 December	
	2011	2010
	HK\$'M	HK\$'M
Hong Kong	2,037.7	1,446.5
North America	367.9	386.3
United Kingdom	224.1	187.2
Others	104.8	156.8
	<u>2,734.5</u>	<u>2,176.8</u>

The following is an analysis of the Group's total assets, non-current assets other than financial instruments (including available-for-sale financial assets, held-to-maturity investments and derivative financial instruments) and deferred tax assets, and capital expenditure by geographical areas in which the assets are located.

	Total assets		Non-current assets other than financial instruments and deferred tax assets		Capital expenditure	
	At 31 December		At 31 December		Year ended 31 December	
	2011	2010	2011	2010	2011	2010
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Hong Kong	19,960.7	16,939.0	13,561.1	11,647.3	65.2	57.4
The PRC	810.7	545.8	749.2	503.1	216.2	3.2
United Kingdom	211.3	206.0	99.6	97.6	17.9	15.8
North America	27.9	24.8	-	-	-	-
Singapore	722.1	1,087.5	399.2	654.5	-	-
Others	104.1	63.0	92.4	48.4	44.0	9.1
	<u>21,836.8</u>	<u>18,866.1</u>	<u>14,901.5</u>	<u>12,950.9</u>	<u>343.3</u>	<u>85.5</u>

#### 4. Profit from operations

	2011	2010
	HK\$'M	HK\$'M
Profit from operations has been arrived at after charging/(crediting) the following:		
Staff costs including directors' remuneration	300.8	272.0
Retirement benefits costs, net of negligible forfeited contributions	11.9	7.1
Total staff costs (Note)	312.7	279.1
Share-based compensation expenses (Note)	9.7	10.0
Auditor's remuneration	6.8	6.2
Cost of inventories included in cost of sales	412.9	492.9
Cost of sales of properties included in cost of sales	846.2	719.9
Amortisation of trademark	0.1	-
Amortisation of land use rights	0.1	0.1
Depreciation of other properties, plant and equipment	25.2	24.9
Direct operating expenses arising from investment properties	102.7	100.8
Net gain on disposal of investment properties	(2.9)	(138.3)
Impairment losses on available-for-sale financial assets	11.6	21.1
Net loss/(gain) on disposal of other properties, plant and equipment	1.3	(60.9)
Net fair value loss/(gain) on derivative financial instruments	17.2	(17.0)
Provision for receivables, net	0.1	0.4

*Note:*

Share-based compensation expenses recognised in the consolidated income statement in respect of share options and incentive shares granted to certain directors and employees are not included in the total staff costs above.

## 5. Taxation

Hong Kong profits tax has been calculated at 16.5% (2010: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the consolidated income statement represents:

	2011	2010
	HK\$'M	HK\$'M
Current taxation		
– Hong Kong profits tax	99.6	38.8
– (Over)/under-provision in prior years	(2.2)	4.1
– Taxation in other jurisdictions	1.5	0.5
	<u>98.9</u>	<u>43.4</u>
Deferred taxation		
– Change in fair value of investment properties	8.9	13.0
– Reversal upon disposals of investment properties and other properties, plant and equipment	-	(17.4)
– Temporary differences on tax depreciation	17.6	27.1
– Utilisation/(recognition) of tax losses	9.4	(18.1)
	<u>35.9</u>	<u>4.6</u>
	<u>134.8</u>	<u>48.0</u>

## 6. Earnings per share

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2011	2010
Profit attributable to equity holders of the Company (expressed in HK\$'M)	<u>2,212.9</u>	<u>1,913.1</u>
Weighted average number of ordinary shares in issue	<u>1,325,609,577</u>	<u>1,321,737,327</u>
Basic earnings per share	<u>HK\$1.67</u>	<u>HK\$1.45</u>

## 6. Earnings per share (Continued)

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares at the beginning of the year. The Company has share options and incentive shares outstanding during the year which are dilutive potential ordinary shares. Calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and incentive shares.

	2011	2010
Profit attributable to the equity holders of the Company (expressed in HK\$'M)	2,212.9	1,913.1
Weighted average number of ordinary shares in issue	1,325,609,577	1,321,737,327
Effect of dilutive potential shares issuable under the Company's share option and share incentive schemes	7,711,275	7,380,129
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,333,320,852	1,329,117,456
Diluted earnings per share	HK\$1.66	HK\$1.44

## 7. Dividends

	2011 HK\$'M	2010 HK\$'M
Interim dividend paid on 3 October 2011 of HK3.8 cents (2010: HK3.5 cents) per ordinary share	50.4	46.3
Proposed final dividend of HK7.7 cents (2010: HK6.5 cents) per ordinary share	102.4	86.2
	152.8	132.5

The final dividend is not accounted for until it has been approved at the forthcoming annual general meeting of the Company. The amount will be accounted for as an appropriation of reserves for the year ending 31 December 2012.

## 8. Trade and other receivables, deposits and prepayments

	2011	2010
	HK\$'M	HK\$'M
Trade receivables	778.5	64.0
Less: provision for impairment	(1.1)	(9.8)
Trade receivables (net of provision)	<u>777.4</u>	<u>54.2</u>
Deferred rent receivables	15.6	18.6
Other receivables, deposits and prepayments	78.8	132.3
	<u>871.8</u>	<u>205.1</u>

The Group allows different credit periods to its customers. Credit periods vary from 30 to 90 days in accordance with industry practice. Sales proceeds receivable from sale of properties are settled in accordance with the terms of respective contracts. The following is an ageing analysis of the Group's trade receivables (net of provision) at 31 December, based on the due dates:

	2011	2010
	HK\$'M	HK\$'M
Not yet due	757.0	6.3
1 – 30 days	8.1	25.4
31 – 90 days	8.6	19.2
Over 90 days	3.7	3.3
	<u>777.4</u>	<u>54.2</u>

## 9. Trade and other payables and accruals

	2011	2010
	HK\$'M	HK \$'M
Trade payables	75.2	72.4
Properties sale deposits received	117.7	209.6
Obligations in respect of an option agreement	172.3	-
Other payables and accruals	542.7	615.9
	<u>907.9</u>	<u>897.9</u>

The ageing analysis of the Group's trade payables at 31 December is as follows:

	2011	2010
	HK\$'M	HK \$'M
0 – 30 days	68.1	62.7
31 – 90 days	4.8	8.2
Over 90 days	2.3	1.5
	<u>75.2</u>	<u>72.4</u>



## **10. Scope of Work of PricewaterhouseCoopers**

The financial figures in respect of this results announcement for the year ended 31 December 2011 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's financial statements for the year ended 31 December 2011. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the announcement.

## **FINAL DIVIDENDS AND RECORD DATE**

The Directors recommend the payment of a final dividend of HK7.7 cents (2010: HK6.5 cents) per share for the year ended 31 December 2011. Including the interim dividend of HK3.8 cents (2010: HK3.5 cents) per share distributed on 3 October 2011, the total dividend payout for the year ended 31 December 2011 shall be HK11.5 cents (2010: HK10.0 cents) per share. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, the final dividend will be distributed on or around 7 June 2012 to shareholders whose names appear on the register of members of the Company at the close of business on 23 May 2012 (the Record Date).

In order to qualify for the entitlement of the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrars, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 23 May 2012.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purposes of ascertaining shareholders' entitlement to attend and vote at the coming annual general meeting, the register of members of the Company will be closed from 17 May 2012 to 18 May 2012, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrars, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 16 May 2012.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

For the year ended 31 December 2011, the Group reported a consolidated profit attributable to equity holders of HK\$2,212.9 million, compared with HK\$1,913.1 million in 2010. The 16% increase in profit was mainly due to higher aggregate sales of residential properties being recognised, a higher fair value gain and growing rental income from investment properties, which was partly offset by a gain on disposals of two investment properties in 2010. The total revenue for the Group was HK\$2,734.5 million, an increase of 26% compared with HK\$2,176.8 million in 2010.

## **Property**

The Group's property division, which includes property development, property investment and management, and hospitality investment and management, recorded a segment profit of HK\$3,005.8 million in 2011, compared with HK\$ 2,557.5 million in 2010. The fair value gain of the investment properties was HK\$2,105.0 million for the year under review, compared with HK\$1,878.6 million in 2010.

### ***Property Development***

Seymour, in which the Group has a 30% interest, was launched for pre-sale in November 2009. The occupation permit was obtained in the second half of 2011 and attributable revenue of HK\$887.9 million for the 69 pre-sold units was recognised in 2011. Over 90% of the pre-sold units were delivered to purchasers in the first quarter of 2012.

Forfar was successfully re-launched in March 2011 for its remaining 15 units. Of these, 13 were sold, generating revenue of HK\$538.9 million in 2011. Thus, only two special units remain unsold.

The Warren, the Group's wholly-owned premier development in Tai Hang, Causeway Bay, was launched for pre-sale in November 2011, and over 45% of its units have been pre-sold to date. The foundation works are expected to be completed in the second quarter of 2012, to be followed by the commencement of superstructure works. The project is scheduled for completion in 2014.

The Group has a 15% interest in Providence Bay, the Pak Shek Kok development at Tai Po Town Lot Nos. 186, 187 and 188. Lot No. 186 was launched for pre-sale in November 2011, and over 38% of the units have been pre-sold to date. Meanwhile, applications for presale consent have been submitted for Lot Nos. 187 and 188. The entire development is expected to be completed in phases between 2012 and 2013.

The residential development at No. 1-2 Coronation Terrace in Mid-Levels West, a traditionally sought-after Hong Kong address, has been officially named The Pierre. The luxury boutique tower offers approximately 70 apartment units and has a gross floor area of approximately 40,000 square feet. The foundation works are progressing according to schedule, and the project is scheduled for completion in 2014.

In April 2011, the Group formed a 50-50 joint venture with the Nan Fung Group and acquired a premier residential development site at Ko Shan Road, Hung Hom. The site has a developable area of approximately 160,000 square feet. Wing Tai Properties Development Limited, a wholly-owned subsidiary of the Group, has been appointed as the project manager of the development, which is scheduled for completion in 2015.

The Group's subsidiary, Winsor Properties Holdings Limited ("Winsor Properties"), has a 30% interest in Belle Vue Residences, a luxury residential development in Singapore. 82% of its units have been sold, of which 12% were sold in 2011.

## ***Property Investment and Management***

Winsor Properties is the Group's investment holding arm of commercial, industrial and retail properties in Hong Kong. As at 31 December 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 Kowloon urban area, had an aggregate fair market valuation of HK\$12,160.0 million.

In 2011, the Group continued to benefit from corporations looking to decentralise. Our flagship office property, Landmark East, the Grade-A twin-tower commercial buildings, recorded near-full occupancy, with spot rent continuing to increase as a result of our good market positioning in Kowloon East and the limited supply of quality commercial properties.

As at 31 December 2011, the Group's portfolio of industrial properties had an aggregate fair market valuation of HK\$2,390.0 million, and their average occupancy rate in 2011 was over 93%.

The 50-50 joint venture with the Nan Fung Group formed in December 2010 acquired a property in Lujiazui, 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 grew solidly year-on-year, in terms of both occupancy and rental rate, in 2011. As at 31 December 2011, both Lanson Place Jinlin Tiandi Residences in Shanghai and Lanson Place Central Park Residences in Beijing had over 94% occupancy. The Lanson Place Hotel, the luxury boutique hotel in Hong Kong, also continues to be well recognised by travellers, winning various awards and benefiting from the city's growing tourism and regional business activities. The Group acquired the remaining 40% interest in the hotel in June 2011 through Winsor Properties.

Lanson Place entered into 10-year management contracts for luxury serviced residences in Shanghai and Beijing in October 2011 and February 2012, respectively. Both are owned and developed by leading property developers in China, and targeted for opening by 2013. The 79-unit Shanghai residence is under the Luxiangyuan project and at the centre of Shanghai's most prominent commercial districts – the Huaihai Road central business district, Xintiandi, and the Yuyuan Garden and Chenghuang Temple complex. The 59-unit Beijing residence is under the Beijing Xanadu project and next to the iconic CCTV Headquarters in the commercial heart of the Beijing CBD East Expansion area. Including these two contracts, Lanson Place has a total of 10 management contracts in Hong Kong, China and Southeast Asia.

## **Apparel**

The Group's apparel division, which comprises garment manufacturing and branded products distribution, generated aggregate revenue of HK\$661.1 million during the year under review, compared with HK\$746.4 million in 2010. These segments' losses in 2011 was HK\$29.5 million, compared with a profit of HK\$8.6 million in 2010.

The garment manufacturing business recorded a segment profit of HK\$14.1 million in 2011, compared with HK\$7.9 million in 2010. However, the branded products distribution business continued to suffer an operating loss due to the slow recovery in the high-end retail market in the UK, where it operates.

### **Investing Activities**

The Group's investment activities in 2011 led to a segment profit of HK\$34.4 million, compared with HK\$23.9 million in 2010. This profit is mainly from dividend income from the Group's investments held through Winsor Properties.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

The Group's net assets totaled HK\$15,382.7 million as at 31 December 2011 (31 December 2010: HK\$13,271.4 million). The increase was mainly resulted from the profit for the year of HK\$2,735.9 million, offset by the decrease in investment revaluation reserve of HK\$117.0 million, distribution of 2010 final dividend and 2011 interim dividend totaled HK\$136.6 million, dividend paid to non-controlling shareholders of HK\$87.1 million and the decrease in equity in relation to the acquisition of the non-controlling interests of Lanson Place Hotel of HK\$256.6 million in the first half of 2011.

As at 31 December 2011, the Group's net borrowings (total bank loans and other long-term loans less bank balances and cash) was HK\$4,212.1 million (31 December 2010: HK\$3,313.7 million), representing 27.4% of the Group's net assets (31 December 2010: 25.0%). The increase in net borrowings and gearing ratio was mainly due to an increase in bank loans on property development projects in 2011. Interest for the Group's bank loans was mainly on a floating rate basis. Around 67% of the Group's bank loans was repayable in periods beyond one year. In addition to the term loan facilities, the Group has unutilised banking facilities in excess of HK\$2,291.7 million as at 31 December 2011 (31 December 2010: HK\$2,280.5 million).

### **Foreign Currencies**

The Group principally operates in Hong Kong, and as a result, has minimal exposure to exchange rate fluctuation. The Group conducts its business mainly in Hong Kong Dollars, Renminbi, United States Dollars and UK pounds. For transactions in other foreign currencies, the Group will closely monitor the exposure, and if consider appropriate, hedge to the extent desirable.

### **Contingent Liabilities**

At 31 December 2011, the Group did not have any contingent liabilities.

## Pledge of Assets

At 31 December 2011, the Group's advances to associates/jointly controlled entities of HK\$2,192.6 million (31 December 2010: HK\$1,587.4 million) were subordinated to the loan facilities of associates/jointly controlled entities. The Group's advances to the associates/jointly controlled entities include amounts of HK\$2,192.6 million (31 December 2010: HK\$1,587.4 million) which are assigned, and the shares in these associates/jointly controlled entities beneficially owned by the Group are pledged to the financial institutions.

At 31 December 2011, certain of the Group's investment properties, other properties, plant and equipment, available-for-sale financial assets, held-to-maturity investments, properties for sale, pledges bank deposits and deposits and loan receivables with carrying values of HK\$13,662.5 million, HK\$77.7 million, HK\$187.0 million, HK\$48.7 million, HK\$4,127.1 million, HK\$0.8 million and HK\$267.2 million respectively were pledged to secure credit facilities for the Group.

## PROSPECTS

Despite the challenging outlook for the global economy, we believe Hong Kong's economy will remain resilient to external pressures given its strong fundamentals. Healthy domestic demand, low interest and mortgage rates and the expected soft landing of China's economy will continue to fuel the stable development of Hong Kong's property market. The residential market will also benefit from the government's pledge to increase land supply. The Group remains optimistic about the healthy growth of the local property market in 2012.

In property development, the Group will continue to seize the appropriate market windows to launch the few remaining special units at Forfar and Seymour, which are expected to command premium prices. We will also continue to offer for sale the remaining units at the Warren and Providence Bay as well as to launch the pre-sale of the Pierre in Mid-Levels West. The steady sales offers are expected to drive income growth, generate positive cashflows and further bolster Wing Tai Properties' presence in the luxury residential sector. At the same time, we will be on the lookout for investment opportunities to further enhance our project pipeline.

The commercial leasing market is expected to maintain its healthy momentum in 2012. Our investment properties will likely see positive rental reversions upon realising lease renewals. In particular, Landmark East, our premium office towers in Kowloon East, will benefit from the government's plan to develop Kowloon East as a new central business district. With our well-planned tenant-mix strategy, we are confident that the Group's investment properties will be able to sustain high occupancy rates and generate increasing recurrent revenue and cashflows.

Lanson Place will continue to pursue its expansion plan for its new properties in China and key gateway cities in Asia following its success last year. We expect the growing portfolio of Lanson Place to continue to deliver revenue and earnings growth in 2012. In Hong Kong, earnings contributed by the Lanson Place Hotel will increase following the acquisition of a 40% interest by Winsor Properties. It is also set to benefit from the booming tourism and increasing inter-regional business activities in Hong Kong.

It is our long term objective to reap the benefits of our integrated business platform to ensure a stable and sustainable growth of all our business segments. We are confident of further enhancing our market position as a premium developer in the property market in Hong Kong and beyond.

## **EMPLOYEES**

As at 31 December 2011, the Group had about 1,700 staff and workers. The Group offers comprehensive remuneration and benefit packages to its employees, which are structured according to the prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme to provide retirement benefits for all of its employees in Hong Kong. In addition, there is a defined contribution top-up scheme for qualifying employees of certain Hong Kong subsidiaries of the Group. The Group also operates a funded defined benefit pension scheme for certain overseas employees engaged prior to May 2001.

Employees, including directors, are eligible under the Company's share option scheme and share incentive scheme in which the share options and incentive shares are generally exercisable in stages within a period of ten years.

## **CORPORATE GOVERNANCE**

The Company has complied throughout the year ended 31 December 2011 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules except that the non-executive directors (including independent non-executive directors) were not appointed for specific terms but they are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Bye-laws of the Company and the internal policy adopted by the Company.

The Company's Bye-laws provide that any director appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for election at the meeting, and that one third or the number nearest one third of directors shall retire from office by rotation (save for Chairman or managing director) at each annual general meeting.

It is a policy of the Company that any director (including Chairman or managing director) who is not required by the Bye-laws of the Company to retire by rotation at the annual general meeting in the third year since his last election, will be reminded to retire from office voluntarily.

In light of the Company's Bye-laws and policy as aforesaid, all directors will retire at least once every three years.

## **REVIEW BY AUDIT COMMITTEE**

The Audit Committee has reviewed the Group's consolidated financial statements for the year

ended 31 December 2011, including the accounting principles and practices adopted by the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

## **ANNUAL REPORT**

The 2011 annual report containing all the financial and other related information of the Company required by the Listing Rules will be published on the website of the Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.wingtaiproperties.com](http://www.wingtaiproperties.com) and copies will be dispatched to shareholders of the Company on or about 17 April 2012.

## **CHANGE OF ADDRESS OF PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN BERMUDA**

The Company has been informed by its principal share registrar and transfer agent in Bermuda, Appleby Management (Bermuda) Ltd. ("Appleby"), that Appleby's address was changed to Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda with effect from 1 December 2011.

By Order of the Board

**WING TAI PROPERTIES LIMITED**

**Fung Ching Man, Janet**

*Company Secretary & Chief Financial Officer*

Hong Kong, 28 March 2012

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis, Chow Wai Wai, John and Au Hing Lun, Dennis

Non-Executive Directors:

Kwok Ping Luen, Raymond, Yung Wing Chung (also an alternate to Kwok Ping Luen, Raymond), Hong Pak Cheung, William, Loh Soo Eng and Ng Tak Wai, Frederick

Independent Non-Executive Directors:

Simon Murray, Fang Hung, Kenneth and Yeung Kit Shing, Jackson