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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 2016 ANNUAL RESULTS, FINAL DIVIDEND, RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

CHAIRMAN'S STATEMENT

Dear Shareholders

I am pleased to report that the Group's consolidated net profit attributable to shareholders was HK\$1,147 million for the year ended 31 December 2016 and earnings per share was HK\$0.85. The Board of Directors has recommended a final dividend of HK13.8 cents per share. Together with the interim dividend of HK4.2 cents per share, total dividend for the full year will be HK18.0 cents per share, a 20% increase from 2015.

Supported by the pent-up demand in housing, the primary sales in Hong Kong's residential market continued to rebound in the second half of 2016. Building on this momentum, we re-launched Homantin Hillside upon obtaining the occupation permit in June and successfully sold all the remaining typical units and half of the car parking spaces at record-high prices. We also steadily sold the remaining units at The Pierre, The Warren, Providence Bay, Providence Peak and The Graces. In July, we disposed of the Shanghai Upper Riverside development on an en-bloc basis.

To replenish our residential land bank, we acquired through a government land sale tender in June another premium residential site at Castle Peak Road, which is adjacent to our low-density Siu Sau site. The Group is now holding three residential sites with a gross project size close to 720,000 square feet in Tuen Mun district, where various government infrastructure developments are underway, including the Hong Kong–Zhuhai–Macao Bridge offering a new transport linkage between Hong Kong and Pearl River West which will help enhance the economic and sustainable development of the three cities. With the continuous expansion of our development land bank, this will extend our development pipeline beyond 2022.

Amid signs of softening of the Hong Kong economy and concerns over Brexit in Europe, our investment property portfolio in Hong Kong and London continued to achieve steady rental income growth. This was mainly attributable to a well-built solid tenant profile and professional asset management. Landmark East, our flagship Grade A twin office towers in Kwun Tong, remains benefited from a stable demand for prime office spaces in Kowloon East, as a result of the expansion and relocation of companies from core CBDs which is reinforced by the government development initiatives for Kowloon East. Capitalising on the opportunity offered by the development of the Kowloon East CBD, we submitted a revitalisation plan in early 2016 to convert our Shui Hing industrial building in Kowloon Bay into office use with an aim to optimise our asset value and enhance recurring rental income.

In London, we currently have investments in five office properties, generating steady rental income. To further enhance the rental values and tenant profile, various asset upgrade programmes are in progress, including a complete modernisation of the newly acquired Cavendish Square office building which is scheduled for completion in 2018.

In 2016, our hospitality investment and management business has expanded the management contract portfolio. We signed up two additional management contracts for serviced residences in Mid-Levels in Hong Kong and in central Chengdu, and extended the management contract for seven more years for the luxury residences in Xintiandi in Shanghai.

Finally, I would like to extend my gratitude to our shareholders, board of directors, employees and business partners for their continued support.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 23 March 2017

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”) for the year ended 31 December 2016, together with comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
	Note	2016 HK\$'M	2015 HK\$'M
Revenue	3	1,103.3	1,009.2
Cost of sales		(279.1)	(264.3)
Gross profit		824.2	744.9
Other gains, net		30.1	71.2
Selling and distribution costs		(45.4)	(37.0)
Administrative expenses		(296.0)	(280.1)
Change in fair value of investment properties and financial instruments	4	709.6	704.7
Profit from operations	5	1,222.5	1,203.7
Finance costs		(65.1)	(106.5)
Finance income		22.0	14.7
Share of results of joint ventures		80.0	72.4
Share of results of associates		1.0	(2.0)
Profit before taxation		1,260.4	1,182.3
Taxation	6	(111.2)	(83.2)
Profit for the year		1,149.2	1,099.1
Profit attributable to:			
Equity holders of the Company		1,146.5	1,099.1
Non-controlling interests		2.7	-
		1,149.2	1,099.1
Earnings per share attributable to equity holders of the Company	7		
- Basic		HK\$0.85	HK\$0.82
- Diluted		HK\$0.85	HK\$0.82

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2016	2015
	HK\$'M	HK\$'M
Profit for the year	1,149.2	1,099.1
Other comprehensive income		
Items that have been/may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(91.3)	(84.5)
Exchange gain realised to profit or loss upon disposal of an associate	-	(8.5)
Exchange loss realised to profit or loss upon disposal of a joint venture	15.3	-
Net fair value gain/(loss) arising from revaluation of available-for-sale financial assets	14.4	(127.3)
Net (loss)/gain on net investment hedge	(15.6)	9.8
Net gain/(loss) on cash flow hedge		
- Fair value gains/(losses)	84.9	(51.5)
- Realised upon settlement	2.9	(0.4)
Share of other comprehensive income of a joint venture	(4.4)	-
	6.2	(262.4)
Other comprehensive income for the year, net of tax	6.2	(262.4)
Total comprehensive income for the year	1,155.4	836.7
Total comprehensive income attributable to:		
Equity holders of the Company	1,152.7	836.7
Non-controlling interests	2.7	-
	1,155.4	836.7

CONSOLIDATED BALANCE SHEET

		At 31 December	
	Note	2016 HK\$'M	2015 HK\$'M
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		21,972.1	21,448.8
Other properties, plant and equipment		55.0	55.9
Investments in joint ventures		562.4	490.0
Loans to joint ventures		1,775.7	1,649.7
Investments in associates		5.4	5.1
Loans to associates		14.8	14.8
Deposits and loan receivables		0.3	15.1
Other financial assets		372.6	358.3
Deferred tax assets		8.1	6.5
Derivative financial instruments		13.5	3.4
		<u>24,779.9</u>	<u>24,047.6</u>
Current assets			
Properties for sale	9	3,489.7	1,295.6
Trade and other receivables, deposits and prepayments	10	813.1	776.3
Derivative financial instruments		9.2	11.2
Sales proceeds held in stakeholders' accounts		0.9	-
Tax recoverable		0.5	1.4
Restricted bank deposits		-	14.6
Bank balances and cash		1,682.8	2,074.2
		<u>5,996.2</u>	<u>4,173.3</u>
Current liabilities			
Trade and other payables and accruals	11	633.5	435.7
Derivative financial instruments		18.3	19.0
Tax payable		30.6	48.6
Bank and other borrowings		477.1	439.6
		<u>1,159.5</u>	<u>942.9</u>

CONSOLIDATED BALANCE SHEET (Continued)

	At 31 December	
	2016	2015
	HK\$'M	HK\$'M
Non-current liabilities		
Bank and other borrowings	4,707.7	3,326.7
Other long-term liability	62.7	73.7
Derivative financial instruments	207.9	239.5
Deferred tax liabilities	326.2	290.8
	<u>5,304.5</u>	<u>3,930.7</u>
NET ASSETS	<u>24,312.1</u>	<u>23,347.3</u>
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	671.7	670.6
Reserves	23,636.9	22,675.7
	<u>24,308.6</u>	<u>23,346.3</u>
Non-controlling interests	3.5	1.0
TOTAL EQUITY	<u>24,312.1</u>	<u>23,347.3</u>

NOTES:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable 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 requirements of the Hong Kong Companies Ordinance Cap.622.

These consolidated financial statements are presented in millions of Hong Kong dollars (HK\$’M).

2. Significant accounting policies

(a) New standards, revised standards, amendments and improvements to standards effective for the current accounting period beginning on 1 January 2016 and relevant to the Group

Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 27(2011)	Equity method in separate financial statements
Amendments to HKFRS 10 and HKAS 28	Sales or contribution of asset between an investor and its associate or joint venture
Annual improvements 2014	

The adoption of the above new or revised standards, amendments and improvements to standards did not have any significant impact to the Group’s financial statements in the current and prior year.

(b) New standards, revised standards, amendments and improvements to standards that are not yet effective in 2016 and have not been early adopted by the Group

The following new standards, revised standards, amendments and improvements to standards that have been issued but are not yet effective for the year ended 31 December 2016:

		Effective for annual periods beginning on or after
Amendments to HKAS 7	Statement of cash flows	1 January 2017
Amendments to HKAS 12	Income taxes	1 January 2017
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019

The Group is in the process of making assessment of the impact of these new standards, revised standards, amendments and improvements to standards and is not yet in a position to state whether they would have a significant impact on the Group’s results and financial position.

3. Revenue and segment information

Revenue represents the amounts received and receivable from third parties net of value-added tax and discounts in connection with the following activities:

	2016 HK\$'M	2015 HK\$'M
Sale of properties and project management income	213.2	149.2
Rental income and property management income	867.9	838.1
Dividend income from available-for-sale financial assets	22.2	21.9
	<u>1,103.3</u>	<u>1,009.2</u>

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

Segment information are analysed on the basis of the Group's operating divisions. They are (i) Property Development, (ii) Property Investment and Management, (iii) Hospitality Investment and Management and (iv) Others. Others mainly represent investing activities and corporate activities including central management and administrative function.

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Elimination HK\$'M	Total HK\$'M
For the year ended 31 December 2016						
REVENUE						
External sales	213.2	737.2	130.7	22.2	-	1,103.3
Inter-segment sales	-	8.5	0.6	-	(9.1)	-
Total	<u>213.2</u>	<u>745.7</u>	<u>131.3</u>	<u>22.2</u>	<u>(9.1)</u>	<u>1,103.3</u>
RESULTS						
Profit/(loss) before change in fair value of investment properties and financial instruments, and gain on disposal of a joint venture	(26.0)	521.4	23.0	(40.7)	-	477.7
Change in fair value of investment properties and financial instruments	(9.5)	733.0	(24.7)	10.8	-	709.6
Gain on disposal of a joint venture	-	35.2	-	-	-	35.2
Profit/(loss) from operations	<u>(35.5)</u>	<u>1,289.6</u>	<u>(1.7)</u>	<u>(29.9)</u>	<u>-</u>	<u>1,222.5</u>
Finance costs	-	(57.2)	(12.1)	(32.0)	36.2	(65.1)
Finance income	-	2.4	6.1	49.7	(36.2)	22.0
Share of results of joint ventures	85.8	(10.5)	4.7	-	-	80.0
Share of results of associates	0.4	0.6	-	-	-	1.0
Profit/(loss) before taxation	<u>50.7</u>	<u>1,224.9</u>	<u>(3.0)</u>	<u>(12.2)</u>	<u>-</u>	<u>1,260.4</u>
Taxation						(111.2)
Profit for the year						<u>1,149.2</u>
Other items						
Depreciation and amortisation	-	1.7	0.1	2.4	-	4.2
Gain on disposal of other properties, plant and equipment	-	-	-	(0.5)	-	(0.5)

3. Revenue and segment information (Continued)

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Elimination HK\$'M	Total HK\$'M
For the year ended 31 December 2015						
REVENUE						
External sales	149.2	690.9	147.2	21.9	-	1,009.2
Inter-segment sales	-	8.1	0.6	-	(8.7)	-
Total	<u>149.2</u>	<u>699.0</u>	<u>147.8</u>	<u>21.9</u>	<u>(8.7)</u>	<u>1,009.2</u>
RESULTS						
Profit/(loss) before change in fair value of investment properties and financial instruments, and gain on disposal of an associate	(43.0)	480.0	47.4	(43.8)	-	440.6
Change in fair value of investment properties and financial instruments	(3.0)	791.2	(100.7)	17.2	-	704.7
Gain on disposal of an associate	-	-	58.4	-	-	58.4
Profit/(loss) from operations	<u>(46.0)</u>	<u>1,271.2</u>	<u>5.1</u>	<u>(26.6)</u>	<u>-</u>	<u>1,203.7</u>
Finance costs	-	(56.0)	(18.5)	(68.3)	36.3	(106.5)
Finance income	-	4.5	5.9	40.6	(36.3)	14.7
Share of results of joint ventures	90.0	(5.2)	(12.4)	-	-	72.4
Share of results of associates	0.2	-	(2.2)	-	-	(2.0)
Profit/(loss) before taxation	<u>44.2</u>	<u>1,214.5</u>	<u>(22.1)</u>	<u>(54.3)</u>	<u>-</u>	<u>1,182.3</u>
Taxation						<u>(83.2)</u>
Profit for the year						<u>1,099.1</u>
Other items						
Depreciation and amortisation	<u>-</u>	<u>2.0</u>	<u>0.1</u>	<u>2.9</u>	<u>-</u>	<u>5.0</u>

Inter-segment 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 2016 and 2015 and additions to non-current assets for the years then ended are as follows:

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Total HK\$'M
At 31 December 2016					
ASSETS					
Segment assets (Note a)	4,312.2	20,631.7	1,603.8	1,838.8	28,386.5
Investments in joint ventures and loans to joint ventures	2,030.3	193.0	114.8	-	2,338.1
Investments in associates and loans to associates	5.7	14.5	-	-	20.2
	<u>6,348.2</u>	<u>20,839.2</u>	<u>1,718.6</u>	<u>1,838.8</u>	<u>30,744.8</u>
Other assets					31.3
Consolidated total assets					<u>30,776.1</u>
LIABILITIES					
Segment liabilities (Note b)	(323.2)	(259.9)	(21.0)	(92.1)	(696.2)
Other liabilities					(5,767.8)
Consolidated total liabilities					<u>(6,464.0)</u>
Additions to non-current assets (Note d)	<u>-</u>	<u>5.3</u>	<u>3.0</u>	<u>2.7</u>	<u>11.0</u>
At 31 December 2015					
ASSETS					
Segment assets (Note a)	2,028.2	20,109.9	2,058.0	1,842.7	26,038.8
Investments in joint ventures and loans to joint ventures	1,412.6	630.5	96.6	-	2,139.7
Investments in associates and loans to associates	5.4	14.5	-	-	19.9
	<u>3,446.2</u>	<u>20,754.9</u>	<u>2,154.6</u>	<u>1,842.7</u>	<u>28,198.4</u>
Other assets					22.5
Consolidated total assets					<u>28,220.9</u>
LIABILITIES					
Segment liabilities (Note b)	(141.5)	(240.0)	(25.3)	(102.6)	(509.4)
Other liabilities					(4,364.2)
Consolidated total liabilities					<u>(4,873.6)</u>
Additions to non-current assets (Note d)	<u>-</u>	<u>252.7</u>	<u>4.5</u>	<u>1.2</u>	<u>258.4</u>

3. Revenue and segment information (Continued)

Notes:

- (a) Segment assets consist primarily of investment properties, other properties, plant and equipment, other financial assets, deposits and loan receivables, properties for sale, trade and other receivables, deposits and prepayments, sales proceeds held in stakeholders' accounts, restricted bank deposits and bank balances and cash. Other assets comprise mainly derivative financial instruments, tax recoverable and deferred tax assets.
- (b) Segment liabilities comprise operating liabilities. Other liabilities include tax payable, borrowings, deferred tax liabilities and derivative financial instruments.
- (c) Non-current assets include investment properties and other properties, plant and equipment.
- (d) Additions to non-current assets comprise additions to investment properties and other properties, plant and equipment.

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

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

	Year ended 31 December	
	2016 HK\$'M	2015 HK\$'M
Hong Kong	1,024.1	917.8
United Kingdom	30.5	26.3
Singapore	24.0	24.1
The PRC	21.5	37.7
Others	3.2	3.3
	<u>1,103.3</u>	<u>1,009.2</u>

The followings are analyses of the Group's total assets, non-current assets including investment properties and other properties, plant and equipment, and additions to non-current assets by geographical areas in which the assets are located.

	Total assets		Non-current assets (Note c)		Additions to non-current assets (Note d)	
	At 31 December		At 31 December		Year ended 31 December	
	2016 HK\$'M	2015 HK\$'M	2016 HK\$'M	2015 HK\$'M	2016 HK\$'M	2015 HK\$'M
Hong Kong	28,612.1	25,488.4	20,684.3	20,025.3	10.6	15.2
United Kingdom	1,110.4	1,291.5	835.2	996.7	0.4	243.2
The PRC	551.3	976.0	507.6	482.7	-	-
Singapore	384.6	365.3	-	-	-	-
Others	117.7	99.7	-	-	-	-
	<u>30,776.1</u>	<u>28,220.9</u>	<u>22,027.1</u>	<u>21,504.7</u>	<u>11.0</u>	<u>258.4</u>

4. Change in fair value of investment properties and financial instruments

	2016 HK\$'M	2015 HK\$'M
Change in fair value of investment properties	716.0	680.3
Net change in fair value of financial instruments		
- net fair value (loss)/gain on derivative financial instruments	(17.2)	6.8
- gain on financial liabilities at fair value through profit or loss classified under other long-term liability	10.8	17.6
	(6.4)	24.4
	709.6	704.7

5. Profit from operations

	2016 HK\$'M	2015 HK\$'M
Profit from operations has been arrived at after charging/(crediting) the following:		
Staff costs including directors' remuneration	241.3	227.9
Retirement benefits costs	10.6	7.9
Total staff costs (Note)	251.9	235.8
Share-based compensation expenses (Note)	11.1	11.7
Auditor's remuneration		
- Audit services	5.1	4.9
- Non-audit services	1.0	0.7
Cost of properties included in cost of sales	89.9	80.9
Depreciation of other properties, plant and equipment	4.2	5.0
Direct operating expenses arising from investment properties generating rental income	161.3	155.1
Gain on disposal of an associate	-	(58.4)
Gain on disposal of a joint venture	(35.2)	-
Gain on disposal of other properties, plant and equipment	(0.5)	-

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.

6. Taxation

Hong Kong profits tax has been calculated at 16.5% (2015: 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:

	2016 HK\$'M	2015 HK\$'M
Current taxation		
- Current tax on profits for the year	71.0	53.5
- Over-provision in prior years	(0.4)	(1.2)
	<u>70.6</u>	<u>52.3</u>
Deferred taxation		
- Change in fair value of investment properties	24.7	7.5
- Temporary differences on tax depreciation	14.4	16.4
- (Recognition)/utilisation of tax losses	(1.9)	7.2
- Other temporary differences	3.4	-
- Withholding tax	-	(0.2)
	<u>40.6</u>	<u>30.9</u>
Income tax expenses	<u>111.2</u>	<u>83.2</u>

7. 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.

	2016	2015
Profit attributable to equity holders of the Company (expressed in HK\$'M)	<u>1,146.5</u>	<u>1,099.1</u>
Weighted average number of ordinary shares in issue	<u>1,342,840,996</u>	<u>1,340,696,082</u>
Basic earnings per share	<u>HK\$0.85</u>	<u>HK\$0.82</u>

7. 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.

	2016	2015
Profit attributable to equity holders of the Company (expressed in HK\$'M)	<u>1,146.5</u>	<u>1,099.1</u>
Weighted average number of ordinary shares in issue	1,342,840,996	1,340,696,082
Effect of dilutive potential shares issuable under the Company's share option plan and share incentive scheme	<u>5,523,352</u>	<u>4,933,361</u>
Weighted average number of shares for the purpose of calculating diluted earnings per share	<u>1,348,364,348</u>	<u>1,345,629,443</u>
Diluted earnings per share	<u>HK\$0.85</u>	<u>HK\$0.82</u>

8. Dividends

	2016 HK\$'M	2015 HK\$'M
Interim dividend paid on 5 October 2016 of HK4.2 cents (2015: HK4.2 cents) per ordinary share	56.4	56.3
Proposed final dividend of HK13.8 cents (2015: HK10.8 cents) per ordinary share	<u>185.4</u>	<u>144.9</u>
	<u>241.8</u>	<u>201.2</u>

The final dividend is not accounted for as a dividend payable in these financial statements until it has been approved at the forthcoming annual general meeting of the Company.

9. Properties for sale

	2016 HK\$'M	2015 HK\$'M
Properties under development held for sale	3,426.9	1,134.0
Completed properties	62.8	161.6
	<u>3,489.7</u>	<u>1,295.6</u>

10. Trade and other receivables, deposits and prepayments

	2016 HK\$'M	2015 HK\$'M
Trade receivables	71.3	14.1
Deferred rent receivables	11.3	12.2
Amounts due from and loans to joint ventures	648.3	637.2
Other receivables, deposits and prepayments	82.2	87.8
Deposit paid for acquisition of land	-	25.0
	<u>813.1</u>	<u>776.3</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 invoice dates:

	2016 HK\$'M	2015 HK\$'M
0 - 30 days	65.9	8.3
31 - 90 days	3.7	5.1
Over 90 days	1.7	0.7
	<u>71.3</u>	<u>14.1</u>

11. Trade and other payables and accruals

	2016 HK\$'M	2015 HK\$'M
Trade payables	8.2	8.2
Properties sale deposits received	3.5	3.5
Rental deposits received	184.2	175.4
Construction costs payable	75.3	64.1
Amounts due to joint ventures	185.3	40.0
Provision for other costs arising from disposal of a joint venture and subsidiaries	20.2	4.0
Other creditors and accruals	156.8	140.5
	<u>633.5</u>	<u>435.7</u>

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

	2016 HK\$'M	2015 HK\$'M
0 - 30 days	7.1	7.0
31 - 90 days	0.6	1.1
Over 90 days	0.5	0.1
	<u>8.2</u>	<u>8.2</u>

12. Scope of work of PricewaterhouseCoopers

The financial figures in respect of this results announcement for the year ended 31 December 2016 have been agreed by the Group auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2016. 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 DIVIDEND, RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

FINAL DIVIDEND AND RECORD DATE

The Directors recommend the payment of a final dividend of HK13.8 cents (2015: HK10.8 cents) per share for the year ended 31 December 2016. Including the interim dividend of HK4.2 cents (2015: HK4.2 cents) per share distributed on 5 October 2016, the total dividend payout for the year ended 31 December 2016 shall be HK18.0 cents (2015: HK15.0 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 30 June 2017 to shareholders whose names appear on the register of members of the Company at the close of business on 15 June 2017 (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 Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 15 June 2017.

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 1 June 2017 to 2 June 2017 (both days inclusive), during which period the registration of transfers of shares will be suspended. 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 Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 31 May 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2016, the Group's revenue was HK\$1,103 million compared with HK\$1,009 million in 2015. Consolidated profit attributable to equity holders was HK\$1,147 million, an increase of HK\$48 million compared with HK\$1,099 million in 2015.

Property Development

The property development segment revenue was HK\$213 million in 2016 compared with HK\$149 million in 2015. Segment profit before taxation was HK\$51 million compared with HK\$44 million in 2015.

Wholly-owned projects

The Warren, located at 9 Warren Street, Causeway Bay, is a residential and commercial project with a saleable area of approximately 53,000 square feet for 103 residential units and 2 retail shops on the ground floor. In 2016, around 6% of residential units were sold. Cumulatively, as at 31 December 2016, around 96% of the residential units were sold and all retail shops were leased.

The Pierre, located at 1 Coronation Terrace, Mid-Levels West, is a residential project with a saleable area of approximately 29,000 square feet for 77 units. In 2016, around 4% of residential units were sold. Cumulatively, as at 31 December 2016, around 99% of the residential units were sold.

The site in Shau Kei Wan, a prime harbour-front residential site, has a gross floor area of approximately 46,000 square feet. Superstructure work has commenced and the project is scheduled for completion in 2018.

The site in Siu Sau, Castle Peak Road, Tuen Mun, a low-density residential site, has a gross floor area of approximately 159,000 square feet. Foundation work and site formation work are in progress and the project is scheduled for completion by 2019.

The site on So Kwun Wat Road, Tuen Mun, a medium-density residential site, has a gross floor area of approximately 264,000 square feet. Ground investigation work has completed and tender for foundation work is in progress. The project is scheduled for completion in 2021.

Majority-owned project

In June 2016, the Group won a government tender for a medium-density residential site located at Castle Peak Road – Tai Lam, Tuen Mun with a gross floor area of approximately 294,000 square feet. The project, in which the Group has a 70% interest, has kicked off ground investigation work and is scheduled for completion in 2022.

Joint venture projects

The Group has a 15% interest in each of Providence Bay, Providence Peak and The Graces located at Pak Shek Kok, Tai Po. In 2016, around 9%, 6% and 4% of the residential units of Providence Bay, Providence Peak and The Graces were sold respectively. Cumulatively, as at 31 December 2016, around 94%, 97% and 99% of the residential units of Providence Bay, Providence Peak and The Graces were sold respectively.

The Group has a 50% interest in Homantin Hillside, located at Hung Hom, which is in close proximity to the Ho Man Tin MTR station of the Kwun Tong Line Extension and the Shatin to Central Link. The project has a saleable area of approximately 128,000 square feet for 173 residential units. In 2016, around 47% of the residential units were sold. Cumulatively, as at 31 December 2016, around 92% of the residential units were sold. The occupation permit and certificate of compliance were obtained in June and September 2016 respectively. Around 96% of the sold residential units were handed over to the buyers. The Group is the lead project manager and lead sales and marketing manager for this project.

The Group has a 35% interest in two low-density residential projects in Kau To, Shatin – newly named as Le Cap and La Vetta – offering a combined gross floor area of approximately 460,000 square feet. The Group is the joint project manager and lead sales and marketing manager for both projects. Superstructure work is in progress and the projects are scheduled for completion in 2017.

Property Investment and Management

The property investment and management segment revenue was HK\$737 million in 2016, an increase of HK\$46 million compared with HK\$691 million in 2015. Segment profit before taxation (including fair value changes) was HK\$1,225 million, compared with HK\$1,215 million in 2015. Excluding fair value changes in investment properties and financial instruments and a one-off disposal gain of HK\$35 million on investment in a joint venture in 2016, segment profit before taxation was HK\$457 million in 2016, an increase of HK\$33 million compared with HK\$424 million in 2015 due to continued growth in rental rates.

Wholly-owned properties in Hong Kong

As at 31 December 2016, 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, had an aggregate fair market valuation of around HK\$19,000 million.

Landmark East is the Group's flagship property located in Kowloon East. This property is a Grade A office complex comprising twin towers of 36 floors and 34 floors respectively with a total gross floor area of approximately 1,338,000 square feet and 454 car parking spaces. As at 31 December 2016, the property achieved an occupancy of approximately 93%. An average rental upward reversion of approximately 30% was achieved for the leases renewed in 2016. Around 21% of leases will expire in 2017 and will be subject to renewal on prevailing market terms.

Located at Hennessy Road in the heart of Wan Chai, W Square offers a gross floor area of approximately 129,000 square feet of office and retail space. As at 31 December 2016, the property achieved full occupancy.

The Group has two industrial buildings, Winner Godown Building in Tsuen Wan and Shui Hing Centre in Kowloon Bay, with a combined gross floor area of approximately 684,000 square feet. As at 31 December 2016, the two properties achieved an average occupancy of approximately 86%.

Wholly-owned properties in London, the United Kingdom

The commercial property located at Savile Row/ Vigo Street, West End, has a net internal area of approximately 14,000 square feet of Grade A office and retail space.

The high-end commercial property located at Brook Street, West End, offers easy access to the upcoming Bond Street Station of London Crossrail and has a net internal area of approximately 19,000 square feet of Grade A office and retail space.

The commercial property located at Berkeley Square, West End, has a net internal area of approximately 7,900 square feet of Grade A office space.

As at 31 December 2016, the above three wholly-owned properties achieved an average occupancy of approximately 94%.

Joint venture properties in London, the United Kingdom

The Group has a 25% interest in a commercial property located at Fleet Place, the City. The property has a net internal area of approximately 186,000 square feet of Grade A office and retail space. As at 31 December 2016, the property achieved full occupancy.

In January 2016, the Group acquired a 33% interest in a 6-storey commercial property located at Cavendish Square, London. The property has a net internal area of approximately 11,000 square feet of Grade A office space. The property is currently vacant under refurbishment and expansion works which are scheduled for completion in the first half of 2018.

Joint venture project in China

In July 2016, the Group disposed of its entire 50% interest in Upper Riverside, a luxury apartment building located at Lujiazui, Pudong, Shanghai. The disposal was completed in August 2016 with an estimated gain on disposal of approximately HK\$35 million.

Hospitality Investment and Management

The hospitality investment and management segment revenue was HK\$131 million in 2016 compared with HK\$147 million in 2015. Segment loss before taxation (including fair value changes) was HK\$3 million in 2016, a decrease of HK\$19 million compared with HK\$22 million in 2015. Excluding fair value changes in investment properties and financial instruments, as well as a one-off disposal gain of HK\$58 million on investment in an associate in 2015 only, segment profit before taxation was HK\$22 million in 2016, compared with HK\$20 million in 2015.

Lanson Place Hotel in Hong Kong recorded a stable occupancy but average rental rates were under pressure in line with the continued softening hotel market.

The Group has a 50% interest in Lanson Place Bukit Ceylon Serviced Residences in Kuala Lumpur, which recorded growing occupancy as well as average rental rates.

Upon the expiry of an 8-year management contract in June 2016, Lanson Place Central Park Serviced Residences in Beijing ceased its serviced residences operation.

In February 2016, a 10-year management contract was signed to manage a serviced residence project of 213 units at Two MacDonnell Road, Mid-Levels, Hong Kong. The management period commenced from March 2016.

Lanson Place currently manages 5 serviced residences in Shanghai. In July 2016, the contract for managing Lanson Place Jinlin Tiandi Serviced Residences in Puxi, Shanghai, was extended for another 7 years.

In August 2016, an 8-year management contract was signed to manage a serviced residence project of 162 units situated in the main financial district of Luomashi, Chengdu. The project is targeted to open in the first half of 2017.

Lanson Place Hospitality Management and the properties under the brand continue to be well recognised by travellers. Lanson Place Bukit Ceylon Serviced Residences in Kuala Lumpur garnered the “Country Winner in Luxury Serviced Apartments” title at the World Luxury Hotel Awards 2016. Furthermore, four of our properties in Shanghai were named the “Outstanding Apartments” at the 2016 Luxury Homes of China Awards by City Weekend magazine.

Others

This segment represents investing activities and unallocated corporate expenses including central management and administrative function. Segment revenue was HK\$22 million in 2016, staying at the same level as 2015. Segment loss before taxation (including fair value changes) was HK\$12 million in 2016, a decrease of HK\$42 million compared with HK\$54 million in 2015. Excluding fair value change in financial instruments, segment loss before taxation was HK\$23 million in 2016, a decrease of HK\$49 million compared with HK\$72 million in 2015 due to an absorption of more corporate expenses by various business segments in 2016.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group’s net assets totalled HK\$24,312 million as at 31 December 2016 (2015: HK\$23,347 million). The increase of HK\$965 million is mainly resulted from the profit for the year of HK\$1,149 million and a net fair value gain arising from the revaluation of available-for-sale financial assets of HK\$14 million, offset by the distribution of the 2015 final dividend and 2016 interim dividend of HK\$202 million.

As at 31 December 2016, the Group’s bank and other borrowings totalled HK\$5,185 million (2015: HK\$3,766 million). The maturity profile of the Group’s bank and other borrowings is set out below:

	31 December 2016		31 December 2015	
	HK\$ million	%	HK\$ million	%
Repayable:				
Within one year	477	9%	440	12%
Between one and two years	712	14%	490	13%
Between two and five years	1,725	33%	983	26%
After five years	2,271	44%	1,853	49%
	<u>5,185</u>	<u>100%</u>	<u>3,766</u>	<u>100%</u>

As at 31 December 2016, the Group's net borrowings (bank and other borrowings less bank balances and cash) were HK\$3,502 million (2015: HK\$1,692 million), representing 14.4% of the Group's net assets (2015: 7.2%). The increase in gearing ratio is mainly due to the settlement for acquisitions of land plots in 2016, resulting in an increase in bank and other borrowings and a decrease in bank balances and cash. Interest for the Group's bank borrowings is mainly on a floating rate basis while interest for the Group's bonds is on a fixed rate basis. The Group will closely monitor the exposure to interest rate fluctuations and, if appropriate, hedge by interest rate swap contracts to the extent desirable.

The Group's bank balances and cash as well as unutilised revolving loan facilities are set out as follows:

	31 December 2016	31 December 2015
	HK\$ million	HK\$ million
Bank balances and cash	1,683	2,074
Unutilised revolving loan facilities	2,193	2,194
	<u>3,876</u>	<u>4,268</u>

Foreign Currencies

The Group principally operates in Hong Kong, and as a result, has immaterial exposure to exchange rate fluctuations. The Group conducts its business mainly in Hong Kong dollars, and to a lesser extent Renminbi, UK pounds, Singapore dollars and Malaysia Ringgits. For transactions in foreign currencies, the Group will closely monitor the exposure and, if appropriate, hedge by local currency financing and other financial instruments to the extent desirable. In particular, exposure to investments in foreign operations in the United Kingdom is substantially covered by local currency financing and forward exchange contracts.

Contingent Liabilities

As at 31 December 2016, the Group had contingent liabilities of HK\$2,497 million (2015: HK\$3,135 million) in respect of guarantees given by the Company for banking facilities granted to certain joint ventures. The guarantees were given severally and in proportion to the Group's equity interests in the joint ventures.

Pledge of Assets

As at 31 December 2016, the Group's advances to joint ventures of HK\$1,171 million (2015: HK\$1,693 million) were subordinated to the loan facilities of joint ventures and assigned. The shares in these joint ventures beneficially owned by the Group are pledged to the financial institutions.

As at 31 December 2016, several of the Group's investment properties, properties for sale and other financial assets with carrying values of HK\$5,187 million, HK\$3,427 million and HK\$257 million, respectively, were pledged to secure credit facilities for the Group.

PROSPECTS

In 2017, Hong Kong's economy is set to be affected by the upcoming Chief Executive election in the territory and by global uncertainties following the Brexit vote and the new Trump Administration in the US. Any substantial step-up in the US interest rate hikes and tightening of capital outflows by the Beijing authorities may slow the current robust primary residential market, even though we expect the market can sustain itself in the near term with mortgage interest rates being at their lows and domestic pent-up demand remaining strong.

In 2017, we are committed to completing and launching our two luxury residential projects at the peak of Kau To Shan – Le Cap and La Vetta – which offer a mix of well-designed houses and apartments. We will also capture the right market windows to sell the remaining units of existing completed projects.

Despite an increase in office supply in Kowloon East in 2017, Landmark East will continue to enjoy positive rental growth upon rent review or lease renewals. Upon completion of the Shui Hing revitalisation (pending approval) and Cavendish Square modernisation work, our recurring rental income and capital value will be further enhanced after 2018.

Recent public tenders in Hong Kong have resulted in record highs for the number of participating developers and winning prices, due to the keen competition from mainland China developers. As always, we will adopt a proactive yet cautious approach to the acquisition of residential and commercial sites or properties for expansion in Hong Kong. We will continue to look for investment opportunities in London and other gateway cities.

With a solid and healthy balance sheet, we will continue to exercise prudent financial management to optimise our resource allocation for expansion and enhancement of our balanced asset portfolio to grow our development pipeline and recurring rental income base.

KEY RISKS AND UNCERTAINTIES

The Group's business, financial conditions or results of operations are affected by a number of key risks and uncertainties outlined below. There may be other risks or uncertainties, including those which are not known to the Group or which the Group currently deems to be immaterial but may affect the Group in future.

Business Risks

Property development

A majority of the Group's assets are located in, and a majority of the Group's revenue is derived from Hong Kong. As a result, the general state of Hong Kong and the property market, the interest rate changes and the political and legal situations in Hong Kong may have a significant impact on the Group's operating results and financial condition.

The Group's activities on its development properties are also subject to various laws and regulations of Hong Kong. Developing properties, refurbishment and other re-development projects require government permits. The government may introduce property cooling measures from time to time which may have a significant impact on the property market and may adversely affect the Group's property sales performance and financial condition.

Property investment and hospitality investment business

Financial performance may be materially and adversely affected in the event of a decline in rental or occupancy levels, or difficulties in securing lease renewals or obtaining new tenants. The Group cannot be assured that existing tenants will renew their leases upon expiration or that the Group will be able to find replacement tenants at rental rates equal to or above the current rental rates for tenancies.

CORPORATE SOCIAL RESPONSIBILITY

Employees

As at 31 December 2016, the Group had approximately 520 employees. The Group offers comprehensive remuneration and benefit packages to its employees, which are structured according to prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme and an occupational retirement scheme to provide retirement benefits to all employees in Hong Kong.

Employees, including directors, are eligible for the Company's share option plan where the options are generally exercisable by phases within ten years.

Communities

The Group takes pride in being an outstanding member of the communities in which it operates. As such, the Group has introduced a number of initiatives under its Corporate Social Responsibility mission and shall continue to seek innovative and meaningful ways to engage its employees and associates in building stronger and more vibrant communities.

The Group's 2016 activities covered the followings:

- Ronald McDonald House Visit
- Blood Donation Day
- Art Therapy Workshop
- Elderly Home Visit
- Heifer Race to Feed

Environment

This year the Group also signed up as a member of “Friends of the Earth”. As an Earth Partner, we are committed to supporting and contributing to environment protection by going “Green” at the workplace.

Compliance with Laws and Regulations

The Group is committed to complying with all relevant rules and regulations issued by the Government of the Hong Kong Special Administrative Region in relation to construction of properties, sales of properties, property management and employees, etc. The Group also holds relevant required licences for the provision of hospitality services. Relevant employees are trained to any changes in the applicable laws, rules and regulations from time to time.

Relationship with Suppliers

The selection of major suppliers or contractors is conducted through tendering process in all the Group’s segments. The Internal Audit Department of the Group regularly reviews the procurement and tendering procedures to ensure that the processes are conducted in an open and fair manner.

Relationship with Customers

For our residential development projects, the Group has comprehensive hand-over procedures to ensure delivery of quality products to our customers.

For our commercial and residential estate management and hospitality management, the Group obtains regular feedback from customers in order to enhance quality of services.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with regulatory requirements, including the requirements under the Listing Rules.

The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the year 31 December 2016.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended 31 December 2016, 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 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

ANNUAL REPORT

The 2016 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 and the website of the Company at www.wingtaiproperties.com and copies thereof will be dispatched to shareholders of the Company on or about 20 April 2017.

By Order of the Board
WING TAI PROPERTIES LIMITED
Chung Siu Wah, Henry
Company Secretary & Group Legal Counsel

Hong Kong, 23 March 2017

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 Ng Kar Wai, Kenneth

Non-Executive Directors:

Kwok Ping Luen, Raymond (Kwok Ho Lai, Edward as his alternate), Hong Pak Cheung, William, Ng Tak Wai, Frederick and Chen Chou Mei Mei, Vivien

Independent Non-Executive Directors:

Simon Murray, Fang Hung, Kenneth, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma and Cheng Hoi Chuen, Vincent