

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Stock Code: 1036)

## Announcement of Unaudited Results for the six months ended 30 June 2011

### INTERIM RESULTS

The Board of Directors of Winsor Properties Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2011 (the “Period”) as follows:

#### Results Highlights

(In HK\$ million, unless specified otherwise)

	Unaudited		% Change
	30 June 2011	30 June 2010 (Restated) <sup>Note 1</sup>	
Revenue	229	177	+29%
Underlying profit <sup>Note 2</sup>	237	479	-51%
Statutory profit <sup>Note 3</sup>	1,741	1,105	+58%
Earnings per share			
– Based on underlying profit (HK\$)	0.91	1.84	-51%
– Based on statutory profit (HK\$)	6.70	4.25	+58%
Dividend per share (HK\$)	0.19	0.16	+19%
	Unaudited	Audited	%
	At 30 June 2011	At 31 December 2010	Change
Equity attributable to shareholders of the Company	10,805	9,443	+14%
Net assets value per share (HK\$)	41.61	36.36	+14%

#### Notes

1. The comparative figures have been restated as a result of the early adoption of HKAS 12 (Amendment) “Deferred Tax: Recovery of Underlying Assets” in the Group’s annual results for the year ended 31 December 2010.
2. Underlying profit is the consolidated profit attributable to shareholders of the Company before change in fair value of investment properties net of non-controlling interests, change in fair value of derivative financial instruments and gain on acquisition of an associated company.
3. Statutory profit is the consolidated profit attributable to shareholders of the Company.

## Condensed Consolidated Income Statement

For the six months ended 30 June 2011

	Note	Unaudited	
		30 June 2011	30 June 2010
		HK\$'000	HK\$'000 (Restated)
<b>Revenue</b>	3	<b>228,999</b>	177,359
Cost of sales		<b>(52,482)</b>	(50,085)
<b>Gross profit</b>		<b>176,517</b>	127,274
Other income	3	<b>13,578</b>	15,074
Leasing and marketing expenses		<b>(4,603)</b>	(10,004)
Administrative expenses		<b>(21,674)</b>	(19,253)
Increase in fair value of investment properties		<b>1,441,698</b>	628,951
Gains on disposals of investment properties		<b>1,312</b>	146,462
Other gains, net	4	<b>34,826</b>	2,129
Other operating expenses		<b>(192)</b>	(431)
Operating profit before finance income and costs		<b>1,641,462</b>	890,202
Finance income		<b>2,688</b>	17
Finance costs		<b>(35,446)</b>	(35,771)
<b>Operating profit</b>	5	<b>1,608,704</b>	854,448
Share of profits less losses of associated companies		<b>85,754</b>	250,489
Gain on bargain purchase	6	<b>69,387</b>	–
<b>Profit before taxation</b>		<b>1,763,845</b>	1,104,937
Taxation (charge)/credit	7	<b>(19,333)</b>	1,874
<b>Profit for the period</b>		<b>1,744,512</b>	1,106,811
<b>Attributable to:</b>			
Shareholders of the Company		<b>1,740,995</b>	1,104,816
Non-controlling interests		<b>3,517</b>	1,995
		<b>1,744,512</b>	1,106,811
		<b>HK\$</b>	HK\$ (Restated)
<b>Earnings per share</b>	8	<b>6.70</b>	4.25
		<b>HK\$'000</b>	HK\$'000
<b>Interim dividend</b>	9	<b>49,340</b>	41,550

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Unaudited	
	30 June 2011	30 June 2010
	HK\$'000	HK\$'000
		(Restated)
<b>Profit for the period</b>	<b>1,744,512</b>	1,106,811
<b>Other comprehensive income/(losses)</b>		
Exchange translation differences	10,658	(298)
Exchange differences released on repayment of loans from an associated company	(34,108)	-
Fair value gains/(losses) on available-for-sale financial assets	15,029	(1,610)
Cash flow hedges		
– Fair value losses	(23,565)	(50,412)
– Realised upon settlement	21,948	22,368
<b>Other comprehensive losses for the period, net of tax</b>	<b>(10,038)</b>	(29,952)
<b>Total comprehensive income for the period</b>	<b>1,734,474</b>	1,076,859
<b>Attributable to:</b>		
Shareholders of the Company	1,730,957	1,074,864
Non-controlling interests	3,517	1,995
	<b>1,734,474</b>	1,076,859

## Condensed Consolidated Balance Sheet

At 30 June 2011

		Unaudited At 30 June 2011	Audited At 31 December 2010
	Note	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		10,342	11,249
Investment properties		11,646,930	10,227,930
Interests in associated companies		753,923	500,676
Amounts and loans receivable from associated companies		165,428	357,525
Available-for-sale financial assets		446,123	431,094
Held-to-maturity investments		61,559	37,877
Deferred tax assets		4,820	13,653
Derivative financial instruments		10,000	16,000
		<u>13,099,125</u>	<u>11,596,004</u>
<b>Current assets</b>			
Inventories		385	58
Trade and other receivables	10	42,608	55,668
Bank balances and cash		345,984	595,167
		<u>388,977</u>	<u>650,893</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	11	274,983	310,908
Short-term bank loans, secured		203,455	136,250
Derivative financial instruments		43,429	42,865
Tax payable		43,178	40,301
		<u>565,045</u>	<u>530,324</u>
<b>Net current (liabilities)/assets</b>		<u>(176,068)</u>	<u>120,569</u>
<b>Total assets less current liabilities</b>		<u>12,923,057</u>	<u>11,716,573</u>
<b>Non-current liabilities</b>			
Long-term bank loans, secured		1,896,900	1,920,600
Other long-term loans		32,498	32,498
Amounts and loans payable to associated companies		27,843	166,789
Derivative financial instruments		71,526	71,621
Deferred tax liabilities		54,835	51,331
		<u>2,083,602</u>	<u>2,242,839</u>
<b>Net assets</b>		<u>10,839,455</u>	<u>9,473,734</u>
Share capital		2,596	2,596
Reserves		10,802,491	9,440,287
<b>Equity attributable to shareholders of the Company</b>		<u>10,805,087</u>	<u>9,442,883</u>
Non-controlling interests		34,368	30,851
<b>Total equity</b>		<u>10,839,455</u>	<u>9,473,734</u>

## Notes

### 1. General information

The Company is a limited liability company incorporated under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is P.O. Box 309, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands and the address of its principal office in Hong Kong is 8th Floor, AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong.

The Board of Directors of the Company considers that the Company's ultimate holding company is Wing Tai Properties Limited ("Wing Tai Properties"), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange.

The Group is principally engaged in property investment and management, warehousing and investment holding. The Group is also involved from time to time in property development activities.

The interim results for the six months ended 30 June 2011 are unaudited, but have been reviewed by PricewaterhouseCoopers, the external auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The interim results have also been reviewed by the Company's Audit Committee.

### 2. Basis of preparation and accounting policies

#### (a) Basis of preparation

The unaudited condensed consolidated interim financial information (the "interim financial information") has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA and in compliance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

During the year ended 31 December 2010, the Group had early adopted HKAS 12 (Amendment) "Deferred Tax: Recovery of Underlying Assets". This constituted a change in accounting policy and comparative amounts had been restated accordingly. The effects of this change on the results of the Group for the six months ended 30 June 2010 were an increase in profit attributable to shareholders of the Company of HK\$18,531,000, an increase in basic earnings per share of HK\$0.07 and an increase in net assets of HK\$836,119,000.

Except for the adoption of the revised standard, amendments and interpretations to existing standards as described below, the accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the Company's annual financial statements for the year ended 31 December 2010.

## Notes (continued)

### 2. Basis of preparation and accounting policies (continued)

#### (b) Adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

- (i) During the Period, the Group has adopted the following revised standard, amendments and interpretations to existing standards which are effective for the Period.

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HKFRSs (Amendments)	Third Improvements to HKFRSs 2010
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the revised standard, amendments and interpretations to existing standards has no significant impact on the Group’s results and financial position for the current or prior periods.

- (ii) The following new and revised standards and amendments have been issued but are not yet effective for the Period:

		<b>Effective for accounting periods beginning on or after</b>
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income	1 July 2012
HKAS 19 (Revised 2011)	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
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets	1 July 2011
HKFRS 9	Financial Instruments	1 January 2013
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 Measurement	1 January 2013

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

Notes (continued)

3. Revenue, other income and segment information

Revenue and other income recognised during the period are as follows:

	Six months ended	
	30 June 2011	30 June 2010
	HK\$'000	HK\$'000
Revenue		
Rental and property management	221,475	170,964
Warehousing	7,524	6,395
	<u>228,999</u>	<u>177,359</u>
Other income		
Dividend income from listed real estate investment trusts	8,492	9,550
Interest income on loans to associated companies	2,509	4,351
Others	2,577	1,173
	<u>13,578</u>	<u>15,074</u>
	<u>242,577</u>	<u>192,433</u>

The Group has determined the following operating segments for the purpose of assessing performance and allocating resources between segments:

- Rental and property management
- Warehousing
- Investment
- Others

Management assesses the performance of the operating segments primarily based on segment profit. Segment profit excludes the effects of the changes in fair value on derivative financial instruments, exchange differences released on repayment of loans from an associated company, unallocated income and expenses, finance income, finance costs, share of profits less losses of associated companies, gain on bargain purchase and taxation.

Notes (continued)

3. Revenue, other income and segment information (continued)

Operating segments

The segment results are as follows:

	Six months ended 30 June 2011				
	Rental and property management	Warehousing	Investment	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	221,475	7,524	–	–	228,999
Segment results before change in fair value and gains on disposals of investment properties	171,297	938	12,969	–	185,204
Increase in fair value of investment properties	1,441,698	–	–	–	1,441,698
Gains on disposals of investment properties	1,312	–	–	–	1,312
Segment results	1,614,307	938	12,969	–	1,628,214
Fair value gain/(loss) on derivative financial instruments	1,148	–	(6,000)	–	(4,852)
Exchange differences released on repayment of loans from an associated company					34,108
Unallocated income less expenses					(16,008)
Operating profit before finance income and costs					1,641,462
Finance income	2,583	–	105	–	2,688
Finance costs	(35,378)	–	(68)	–	(35,446)
Operating profit					1,608,704
Share of profits less losses of associated companies	211	(1,075)	–	86,618	85,754
Gain on bargain purchase	–	–	–	69,387	69,387
Profit before taxation					1,763,845
Taxation charge					(19,333)
Profit for the Period					1,744,512

Notes (continued)

3. Revenue, other income and segment information (continued)

Operating segments (continued)

	Six months ended 30 June 2010 (Restated)				
	Rental and property management	Warehousing	Investment	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	170,964	6,395	–	–	177,359
Segment results before change in fair value and gains on disposals of investment properties	114,861	171	12,980	–	128,012
Increase in fair value of investment properties	628,951	–	–	–	628,951
Gains on disposals of investment properties	146,462	–	–	–	146,462
Segment results	890,274	171	12,980	–	903,425
Fair value losses on derivative financial instruments	(1,479)	–	–	–	(1,479)
Unallocated income less expenses					(11,744)
Operating profit before finance income and costs					890,202
Finance income	14	–	3	–	17
Finance costs	(35,766)	–	(5)	–	(35,771)
Operating profit					854,448
Share of profits less losses of associated companies	79	26	–	250,384	250,489
Profit before taxation					1,104,937
Taxation credit					1,874
Profit for the period					1,106,811

Notes (continued)

3. Revenue, other income and segment information (continued)

Operating segments (continued)

The segment assets are as follows:

	At 30 June 2011				
	Rental and property management	Warehousing	Investment	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	12,031,688	12,950	519,293	–	12,563,931
Interests in associated companies	14,485	2,090	–	737,348	753,923
Amounts and loans receivable from associated companies	11,232	22,355	–	131,841	165,428
Other assets					4,820
Total assets					<u>13,488,102</u>

	At 31 December 2010				
	Rental and property management	Warehousing	Investment	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	10,872,247	12,103	490,693	–	11,375,043
Interests in associated companies	14,166	3,871	–	482,639	500,676
Amounts and loans receivable from associated companies	11,208	22,330	–	323,987	357,525
Other assets					13,653
Total assets					<u>12,246,897</u>

Geographical information

	Revenue		Non-current assets other than financial instruments and deferred tax assets		Total assets	
	Six months ended	Six months ended	At	At	At	At
	30 June 2011	30 June 2010	30 June 2011	31 December 2010	30 June 2011	31 December 2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	228,999	177,359	12,100,622	10,496,735	12,564,850	11,215,158
Singapore	–	–	430,444	553,417	877,695	984,511
Mainland China	–	–	45,557	47,228	45,557	47,228
	<u>228,999</u>	177,359	<u>12,576,623</u>	11,097,380	<u>13,488,102</u>	12,246,897

## Notes (continued)

### 4. Other gains, net

	Six months ended	
	30 June 2011	30 June 2010
	HK\$'000	HK\$'000
Amortised income from held-to-maturity investments	4,477	3,660
Net foreign exchange gain/(loss)	35,201	(52)
Fair value losses on derivative financial instruments	(4,852)	(1,479)
	<b>34,826</b>	<b>2,129</b>

### 5. Operating profit

Operating profit is stated after crediting and charging the following:

	Six months ended	
	30 June 2011	30 June 2010
	HK\$'000	HK\$'000
<b>Crediting:</b>		
Gross rental income from investment properties	<b>219,095</b>	168,662
<b>Charging:</b>		
Depreciation of property, plant and equipment	<b>1,238</b>	1,126
Staff costs (including Directors' emoluments)	<b>29,147</b>	16,867
Direct operating expenses arising from investment properties generating rental income	<b>46,141</b>	42,600
Direct operating expenses for generating warehousing income	<b>3,021</b>	2,611
Operating leases rentals in respect of land and buildings	<b>1,797</b>	2,033

### 6. Gain on bargain purchase

On 30 June 2011, the Group completed the acquisition of the entire issued share capital of Dragon Eye Holding Ltd. ("Dragon Eye") at a consideration of HK\$229,097,000. The only asset under Dragon Eye is the 40% equity interest in Fore Prosper Limited ("Fore Prosper"), which is the owner of a boutique hotel property situated in Hong Kong. Details of the net assets acquired by the Group and the gain on bargain purchase were as follows:

	HK\$'000
Purchase consideration in cash	<b>229,097</b>
Less: Fair value of net assets acquired	<b>298,484</b>
Gain on bargain purchase	<b>69,387</b>

The gain on bargain purchase, mainly attributable to the property owned by Fore Prosper, was recognised as an income in the condensed consolidated income statement.

Notes (continued)

7. Taxation (charge)/credit

	Six months ended	
	30 June 2011	30 June 2010
	HK\$'000	HK\$'000
		(Restated)
Current taxation		
Hong Kong profits tax	(8,800)	(16,330)
Overseas taxation	(94)	(104)
Over-provision in prior year	1,898	–
	<u>(6,996)</u>	<u>(16,434)</u>
Deferred taxation		
Other temporary differences	<u>(12,337)</u>	<u>18,308</u>
	<u>(19,333)</u>	<u>1,874</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the Period. Overseas taxation has been provided on the estimated assessable profits for the Period at rates prevailing in the countries in which the subsidiaries operate.

8. Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of the Company of HK\$1,740,995,000 (2010 (Restated): HK\$1,104,816,000) and 259,685,288 shares (2010: 259,685,288 shares) in issue during the Period.

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the Period (2010: Nil).

9. Interim dividend

	Six months ended	
	30 June 2011	30 June 2010
	HK\$'000	HK\$'000
Declared, of HK\$0.19 (2010: HK\$0.16) per share	<u>49,340</u>	<u>41,550</u>

At a meeting held on 30 August 2011, the Directors declared an interim dividend of HK\$0.19 per share for the year ending 31 December 2011. This interim dividend declared is not reflected as a dividend payable in the financial information, but will be reflected as an appropriation of reserves in the year ending 31 December 2011.

Notes (continued)

10. Trade and other receivables

	At 30 June 2011	At 31 December 2010
	HK\$'000	HK\$'000
Trade receivables (Note a)	7,954	8,688
Deferred rent receivables	17,094	18,627
Other receivables	3,598	13,877
Deposits	9,044	9,162
Prepayments	4,918	5,314
	<b>42,608</b>	<b>55,668</b>

- (a) Trade receivables represent mainly rent receivables from tenants of the Group's properties. The Group maintains a defined policy in respect of rent collection. The credit quality of a new lease or customer is assessed based on a defined policy set by the Group. Reminders are issued half-monthly when rents are overdue for 15 days, and legal actions will be taken when rents are overdue for two months. The ageing analysis of trade receivables is as follows:

	At 30 June 2011	At 31 December 2010
	HK\$'000	HK\$'000
Current to 30 days	4,196	2,480
31 to 90 days	2,239	5,416
Over 90 days	1,519	792
	<b>7,954</b>	<b>8,688</b>

The trade receivables of HK\$7,954,000 (31 December 2010: HK\$8,688,000) were past due but not impaired. These relate to a number of independent customers having good track records and there is no recent history of default, and the majority of the debts are covered by the rental deposits received as set out in note 11.

11. Trade and other payables and accruals

	At 30 June 2011	At 31 December 2010
	HK\$'000	HK\$'000
Trade payables	5,813	7,957
Other payables	148,671	169,433
Deposits received	111,924	109,123
Accruals	8,575	24,395
	<b>274,983</b>	<b>310,908</b>

The ageing analysis of trade payables is as follows:

	At 30 June 2011	At 31 December 2010
	HK\$'000	HK\$'000
Current to 30 days	3,171	4,016
31 to 90 days	1,229	3,620
Over 90 days	1,413	321
	<b>5,813</b>	<b>7,957</b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group's unaudited revenue for the Period was HK\$229 million, compared to HK\$177 million for the same period last year. The increase was mainly due to increase in average occupancy of Landmark East to approximately 90% during the Period.

The Group's unaudited profit attributable to shareholders for the Period was HK\$1,741 million (2010 (Restated): HK\$1,105 million). Excluding change in fair value of investment properties net of non-controlling interests, change in fair value of derivative financial instruments and gain on acquisition of interests in an associate, the Group's underlying profit for the Period was HK\$237 million (2010 (Restated): HK\$479 million). The decrease was mainly due to non-recurring gains on disposals of industrial properties and share of profit in associates in respect of development projects in the prior period.

#### **Rental and property management**

The Group's investment properties, comprising 1.5 million square feet of Grade A office buildings and 1.3 million square feet of industrial buildings in Hong Kong, were fair valued at HK\$11,647 million as at 30 June 2011. The appreciation in capital value of the Group's properties has resulted in a fair value gain, net of non-controlling interests, of HK\$1,439 million in the Period (2010: HK\$628 million). In the prior period, the Group entered into agreements to dispose of two industrial properties and recorded exceptional gains of HK\$146 million.

The Group's rental and property management businesses recorded revenue of HK\$221 million for the Period (2010: HK\$171 million). Excluding change in fair value of investment properties and gains on disposals of investment properties, the segment profit for the Period was HK\$171 million (2010: HK\$115 million).

Our Grade A office spaces in Hong Kong achieved satisfactory occupancy during the Period. Benefiting from the emergence of Kowloon East as a major non-core commercial hub, Landmark East attained an average occupancy of approximately 90% during the Period. Lease renewals in W Square have been encouraging. A majority of the leases expiring this year have been renewed at positive rental reversion. Average occupancy of the building was approximately 90% during the Period. These two properties in aggregate contributed revenue of HK\$156 million in the Period (2010: HK\$85 million).

Revenue from the Group's industrial properties for the Period was HK\$63 million (2010: HK\$61 million, excluding revenue of HK\$23 million from the properties being disposed of in the prior period). Average occupancy of the Group's industrial properties was approximately 90% during the Period.

The leasing of Landmark East towards its full occupancy has built up strong and recurring cashflows to the Group. The increase in operating profit in Landmark East, partly offset by the disposal effects of the two industrial properties in the prior period, has contributed to the growth in segment profit to HK\$171 million during the Period.

#### **Warehousing**

The Group's warehousing businesses in Hong Kong are operated through subsidiaries. These businesses in aggregate recorded revenue of HK\$8 million (2010: HK\$6 million) and a segment profit of HK\$0.9 million for the Period (2010: HK\$0.2 million).

The Group's cold storage business in Mainland China is operated through China Merchants International Cold Chain (Shenzhen) Company Limited ("CMCC"), in which the Group has a 30% interest. CMCC reported a net loss of RMB4.1 million (2010: RMB0.3 million) for the Period. The loss was mainly due to unsatisfactory performance of the new cold storage godown in the Qianhaiwan Bonded Port Zone since its opening in November 2010.

## **Investment**

The Group's investments comprised mainly available-for-sale financial assets in Singapore. These assets were fair valued at HK\$446 million as at 30 June 2011 (31 December 2010: HK\$431 million). The increase in fair value of HK\$15 million was taken up in "Investment Revaluation Reserve" in equity during the Period.

Profit from this segment, comprising mainly dividend income and amortised income from held-to-maturity investments, was HK\$13 million (2010: HK\$13 million) during the Period.

## **Finance income and finance costs**

Net finance costs amounted to HK\$33 million for the Period (2010: HK\$36 million). The decrease was mainly due to finance income of HK\$3 million (2010: Nil) from deposits placed with banks during the Period. The Group has surplus cash on hand following completion of the disposals of the two industrial properties in the fourth quarter of 2010.

The Group held interest rate swap contracts (the "IRS Contracts") to hedge its interest rate exposure. The outstanding notional principal amount of the IRS Contracts was HK\$1,000 million as at 30 June 2011. The IRS Contracts were fair valued at a loss of HK\$115 million as at 30 June 2011 (31 December 2010: HK\$114 million). The unrealised loss of HK\$24 million relating to the hedged portion was transferred to "Hedging Reserve" in equity whereas the realised loss of HK\$22 million relating to the cash settlement portion was transferred from "Hedging Reserve" to the income statement as finance costs during the Period.

## **Share of profits less losses of associated companies**

On 8 May 2011, the Company announced the acquisition of the entire issued share capital of Dragon Eye Holding Ltd. ("Dragon Eye") from an independent third party at a consideration of HK\$229 million. Dragon Eye holds 40% equity interest in Fore Prosper Limited ("Fore Prosper") and the remaining 60% in Fore Prosper is held by Wing Tai Properties. Fore Prosper owns the property at 133 Leighton Road, Causeway Bay, Hong Kong at which Lanson Place Hotel is situated. The acquisition constituted a discloseable and connected transaction to the Company under the Listing Rules and was approved by the independent shareholders of the Company at an extraordinary general meeting held on 23 June 2011. Completion of the acquisition took place on 30 June 2011 and, since then, Fore Prosper has become a 40% associate of the Company. A gain of HK\$69 million (the "Gain") arose from the acquisition, as the net assets of Fore Prosper were acquired at a discount to their fair value.

Excluding the Gain, the Group's share of net profit in associated companies amounted to HK\$86 million in the Period (2010: HK\$250 million). Profit in the associates came mainly from sale of units at Forfar and Belle Vue Residences during the Period. The drop in profit principally reflected the non-recurring nature of profit from development projects. In the prior period, there was a one-off recognition of profit on units pre-sold at Forfar and Belle Vue Residences upon issuance of occupation permit.

## **Taxation**

Taxation charge for the Period of HK\$19 million comprised mainly provision for current Hong Kong profits tax of HK\$7 million and deferred tax charge of HK\$12 million arising from accelerated depreciation and utilisation of previously recognised tax losses. Taxation credit in the prior period was mainly due to recognition of tax losses arising from operations.

## **PROJECT PROGRESS**

### **Forfar, Hong Kong**

The Group has a 20% interest in Forfar, which is a luxury residential project in Hong Kong co-developed with Wing Tai Properties. The project, with a total saleable area of about 108,000 square feet, was launched for pre-sale in July 2009. Occupation permit and certificate of compliance for the project were obtained in January and August 2010, respectively. Approximately 90% of the units were sold as at 30 June 2011.

### **Belle Vue Residences, Singapore**

The Group has a 30% interest in Belle Vue Residences, which is a luxury residential development in Singapore co-developed with Wing Tai Holdings Limited and an independent third party. The project, with a total saleable area of about 433,000 square feet, was launched for pre-sale in late 2008. Occupation permit and certificate of statutory completion for the project were obtained in May and October 2010, respectively. Approximately 80% of the units were sold as at 30 June 2011.

During the Period, certain shareholders' loans in Belle Vue Residences were repaid out of the project's cash surplus. A gain of HK\$34 million was transferred from "Exchange Fluctuation Account" in equity to the income statement as exchange gain during the Period.

## **EMPLOYEES**

The Group employed 263 employees as at 30 June 2011 (31 December 2010: 241 employees). The Group aligns its remuneration and benefit packages with pay levels and practices prevailing in the market and recognises individual responsibility and performances. All eligible employees in Hong Kong are enrolled to a defined contribution mandatory provident fund scheme. Other benefits are awarded at the discretion of the Group. Staff training is provided as and when required.

## **FINANCIAL REVIEW**

The Group's financing and treasury operations are centrally managed and controlled.

### **Gearing**

The Group's shareholders' equity as at 30 June 2011 was HK\$10,805 million (31 December 2010: HK\$9,443 million). The increase was mainly due to the profit attributable to shareholders for the Period of HK\$1,741 million, offset partly by dividend distributions of HK\$369 million. The Group's total equity, including non-controlling interests, was HK\$10,839 million as at 30 June 2011 (31 December 2010: HK\$9,474 million).

The Group's total bank borrowings as at 30 June 2011 were HK\$2,100 million (31 December 2010: HK\$2,057 million). After deducting the bank balances and cash of HK\$346 million (31 December 2010: HK\$595 million), the Group's net borrowings as at 30 June 2011 were HK\$1,754 million (31 December 2010: HK\$1,462 million).

As at 30 June 2011, the gearing ratio of the Group was 16% (31 December 2010: 15%), calculated based on the net borrowings of HK\$1,754 million (31 December 2010: HK\$1,462 million) and total equity of HK\$10,839 million (31 December 2010: HK\$9,474 million).

## Liquidity and debt maturity profile

The maturity profile of the Group's bank borrowings as at 30 June 2011 is set out as below.

	At 30 June 2011		At 31 December 2010	
	HK\$ million	%	HK\$ million	%
Within one year	203	10	136	7
In the second year	894	42	283	14
In the third to fifth years inclusive	1,003	48	1,638	79
	<b>2,100</b>	<b>100</b>	<b>2,057</b>	<b>100</b>

## Treasury policies

The Group principally operates in Hong Kong and, as a result, has minimal exposure to exchange rate fluctuation. The Group has certain investments in associated companies and financial assets which are denominated in Singapore dollars and Renminbi. No forward exchange contracts have been entered to hedge for these foreign currency assets, which exposure will continue to be monitored by the Group and, if considered appropriate, hedged to the extent desirable. The Group's bank borrowings are principally denominated in Hong Kong dollars and match with the underlying securities.

The Group manages its interest rate exposure closely. In previous years, the Group entered into the IRS Contracts to hedge its floating interest rate exposure. The purpose of the IRS Contracts was to maintain a balanced portfolio of fixed and floating rate debts so that the Group could guard against any unexpected interest rate hikes. The Group had outstanding IRS Contracts in the notional amount totaling HK\$1,000 million as at 30 June 2011. Against total bank borrowings of HK\$2,100 million which were all on a floating rate basis, the IRS Contracts converted about 48% of the Group's total bank borrowings at period end into fixed rate debts.

## Capital commitments

The Group had no significant capital commitments as at 30 June 2011.

## Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2011.

## Pledge of assets

Certain of the Group's assets with a carrying value of HK\$11,782 million as at 30 June 2011 were pledged to secure banking facilities of the Group.

## **OUTLOOK**

Hong Kong's economy has maintained stable growth on the back of solid economic development in the Mainland, despite uncertainties in the United States and Europe. With quality office space still in strong demand and expectation of a continued low interest rate environment, the Group remains optimistic about Hong Kong's property investment market in the second half of 2011.

Occupancy of the Group's investment properties is expected to remain strong. Reversionary rates are also expected to remain positive for the remainder of the year. As a result of these factors, together with a low interest rate environment, the capital value of the Group's property portfolio is expected to remain steady in the second half of 2011.

Sales of the luxury residential units at Forfar and Belle Vue Residences, in which the Group has respective interests of 20% and 30%, have been satisfactory. It is expected that the remaining units of these projects will continue to be sold subject to market conditions.

Looking ahead, the Group will continue to pursue its strategy of acquiring quality assets to strengthen our investment portfolio and income base when opportunity arises.

## **DIVIDEND AND CLOSE OF REGISTER**

The Directors have resolved to declare an interim dividend of HK\$0.19 per share for the six months ended 30 June 2011, payable on 29 September 2011 to the shareholders whose names appear on the Register of Members of the Company on 19 September 2011. The Register of Members and the Transfer Books of the Company will be closed from Friday, 16 September 2011 to Monday, 19 September 2011, both days inclusive. In order to qualify for the interim dividend for the six months ended 30 June 2011, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrars and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops No. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 15 September 2011.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has observed the principles and complied with all code provisions and, to the extent possible having regard to circumstances pertaining to the Company, the recommended best practices of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the Period.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions. The Company has made specific enquiry of all Directors and received confirmation from all Directors that they had complied with the required standard set out in the Model Code throughout the Period. The Company has also established written guidelines on no less exacting terms than the Model Code for relevant employees (as such term is defined in the CG Code) in respect of their dealings in the securities of the Company.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management and the auditor of the Company the accounting policies and practices adopted by the Group and discussed matters in relation to internal control and financial reporting including the review of the unaudited interim results of the Group for the six months ended 30 June 2011.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Period.

## **PUBLICATION OF RESULTS AND INTERIM REPORT**

This results announcement is published on the website of the Company at [www.winsorprop.com](http://www.winsorprop.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The interim report of the Company will be despatched to shareholders and published on the aforesaid websites in due course.

## **BOARD OF DIRECTORS**

As at the date of this Announcement, the Directors of the Company are:-

### **Executive Directors:**

Mr. Chow Wai Wai, John, Mrs. Chen Chou Mei Mei, Vivien, and Mr. Au Hing Lun, Dennis

### **Non-Executive Directors:**

Dr. Cheng Wai Chee, Christopher\* and Mr. Cheng Wai Sun, Edward\*

### **Independent Non-Executive Directors:**

Mr. Christopher Patrick Langley, Dr. Lo Ka Shui and Mr. Haider Hatam Tyebjee Barma

\* Alternate: Ms. Fung Ching Man, Janet

On behalf of the Board  
**Cheng Wai Chee, Christopher**  
Chairman

Hong Kong, 30 August 2011