WINSOR PROPERTIES HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability

南聯地產控股有限公司

開曼群島註冊成立之有限公司

(Stock Code: 1036)

Results Announcement for the year ended 31 December 2008

RESULTS

The Board of Directors of Winsor Properties Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Note	**Year ended 31/12/2008 HK$'000**	9 months ended 31/12/2007 HK$'000
Revenue	*3*	**232,645**	119,097
Cost of sales	*6*	**(68,480)**	(36,907)
Gross profit		**164,165**	82,190
Other income	*3*	**55,617**	32,524
Selling and marketing expenses	*6*	**(10,243)**	(1,226)
Administrative expenses	*6*	**(35,723)**	(27,768)
Increase in fair value of investment properties		**64,455**	608,240
Other (losses)/gains, net	*4*	**(60,996)**	111,291
Other operating expenses	*6*	**(1,340)**	(702)
Operating profit before finance income and costs		**175,935**	804,549
Finance income	*5*	**2,001**	22,204
Finance costs	*5*	**(47,672)**	(413)
Operating profit		**130,264**	826,340
Share of profits less losses of associated companies		**1,319**	48,142
Profit before taxation		**131,583**	874,482
Taxation credit/(charge)	*7*	**26,991**	(130,621)
Profit for the year/period		**158,574**	743,861
Attributable to:			
Shareholders of the Company		**155,688**	738,725
Minority interests		**2,886**	5,136
		158,574	743,861
		HK$	HK$
Earnings per share	*8*	**0.60**	2.84
		HK$'000	HK$'000
Dividends	*9*	**119,455**	88,293

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Note	At 31/12/2008 HK$'000	At 31/12/2007 HK$'000
Non-current assets			
Property, plant and equipment		**2,608**	32,194
Investment properties		**8,834,930**	6,660,890
Properties under development		—	921,717
Interests in associated companies		**185,732**	206,914
Amounts and loans receivable from associated companies		**315,370**	291,107
Available-for-sale financial assets		**216,607**	442,382
Held-to-maturity investments		**25,445**	—
Deferred tax assets		**5,794**	6,042
Goodwill		**57,807**	61,092
		9,644,293	8,622,338
Current assets			
Trade and other receivables	*10*	**57,091**	49,142
Available-for-sale financial assets		**2,948**	—
Financial assets at fair value through profit or loss		—	14,850
Derivative financial instruments		—	164
Bank balances and cash		**175,548**	146,864
		235,587	211,020
Current liabilities			
Trade and other payables and accruals	*11*	**288,345**	308,733
Derivative financial instruments		**40,354**	10,016
Bank loans and overdrafts		**447,443**	2,000
Tax payable		**58,110**	65,061
Interim dividend payable		—	31,162
		834,252	416,972
Net current liabilities		**(598,665)**	(205,952)
Total assets less current liabilities		**9,045,628**	8,416,386
Non-current liabilities			
Long term bank loans		**2,120,497**	1,341,700
Other long term loans		**32,498**	35,275
Amounts and loans payable to associated companies		**166,789**	165,373
Derivative financial instruments		**105,846**	31,760
Deferred tax liabilities		**852,675**	892,385
		3,278,305	2,466,493
Net assets		**5,767,323**	5,949,893
Share capital		**2,596**	2,596
Other reserves		**697,334**	1,068,500
Retained earnings		**4,958,228**	4,802,540
Proposed final dividend		**88,293**	57,131
Equity attributable to shareholders of the Company		**5,746,451**	5,930,767
Minority interests		**20,872**	19,126
Total equity		**5,767,323**	5,949,893

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, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands and the address of its principal office in Hong Kong is 8th Floor, One 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 USI Holdings Limited ("USI"), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange.

In order to align the financial year end of the Company with that of USI, the Directors resolved in July 2007 to change the financial year end of the Company from 31 March to 31 December. Accordingly, this set of consolidated financial statements covers the year from 1 January 2008 to 31 December 2008. The comparative amounts for the consolidated income statement and related notes cover the nine months period from 1 April 2007 to 31 December 2007 and, as such, may not be entirely comparable.

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.

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss, available-for-sale financial assets, derivative financial assets and liabilities.

The accounting policies are consistent with those as described in the Group's financial statements for the nine months ended 31 December 2007, except that the Group has adopted the following amendment and interpretations to existing standards which are mandatory for the Group's accounting periods beginning on and after 1 January 2008:

(i) The HKAS 39, 'Financial Instruments: Recognition and Measurement', amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, 'Financial instruments: Disclosures', introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group's financial statements, as the Group has not reclassified any financial assets.

(ii) HK(IFRIC) – Int 11, 'HKFRS 2 – Group and Treasury Share Transactions', provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Group's financial statements.

Notes:

(iii) HK(IFRIC) – Int 14, 'HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the Group's financial statements.

Where necessary, comparative figures have been reclassified or extended to conform with current year's presentation.

3. Revenue, other income and segment information

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

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Revenue		
Rental and property management	**211,223**	91,988
Warehousing	**20,342**	27,109
Sale of properties	**1,080**	—
	232,645	119,097
Other income		
Dividend income from		
– unlisted investments	**28,670**	8,921
– listed real estate investment trusts	**15,432**	10,603
Interest income on loans to associated companies	**10,591**	11,573
Others	**924**	1,427
	55,617	32,524

Notes:

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

Primary reporting format – business segments

	Rental and property management HK$'000	Warehousing HK$'000	Sale of properties HK$'000	Investment HK$'000	Total HK$'000
Year ended 31 December 2008					
Revenue	211,223	20,342	1,080	—	232,645
Segment results before change in fair value of investment properties	146,460	2,384	—	36,090	184,934
Increase in fair value of investment properties	64,455	—	—	—	64,455
Segment results	210,915	2,384	—	36,090	249,389
Gain on disposal of subsidiaries	—	6,588	—	—	6,588
Fair value losses on derivative financial instruments					(59,331)
Unallocated income less expenses					(20,711)
Operating profit before finance income and costs					175,935
Finance income					2,001
Finance costs					(47,672)
Operating profit					130,264
Share of profits less losses of associated companies	119	(137)	1,337	—	1,319
Profit before taxation					131,583
Taxation credit					26,991
Profit for the year					158,574
Capital expenditure	1,189,286	561	—	—	1,189,847
Depreciation	722	1,135	—	—	1,857
At 31 December 2008					
Segment assets	9,111,186	6,437	—	255,361	9,372,984
Interests in associated companies	13,749	2,947	169,036	—	185,732
Amounts and loans receivable from associated companies	11,205	22,330	281,835	—	315,370
Unallocated assets					5,794
Total assets					9,879,880
Segment liabilities	312,864	1,624	—	1,982	316,470
Amounts and loans payable to associated companies	—	—	166,789	—	166,789
Unallocated liabilities					3,629,298
Total liabilities					4,112,557

Notes:

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

Primary reporting format – business segments *(continued)*

	Rental and property management HK$'000	Warehousing HK$'000	Sale of properties HK$'000	Investment HK$'000	Total HK$'000
9 months ended 31 December 2007					
Revenue	91,988	27,109	—	—	119,097
Segment results before change in fair value of investment properties	70,712	6,236	—	132,939	209,887
Increase in fair value of investment properties	608,240	—	—	—	608,240
Segment results	678,952	6,236	—	132,939	818,127
Fair value losses on derivative financial instruments					(10,049)
Unallocated income less expenses					(3,529)
Operating profit before finance income and costs					804,549
Finance income					22,204
Finance costs					(413)
Operating profit					826,340
Share of profits less losses of associated companies	(331)	—	48,473	—	48,142
Profit before taxation					874,482
Taxation charge					(130,621)
Profit for the period					743,861
Capital expenditure	498,593	214	—	—	498,807
Depreciation	509	2,166	—	—	2,675
At 31 December 2007					
Segment assets	7,769,344	88,232	—	471,555	8,329,131
Interests in associated companies	12,726	—	194,188	—	206,914
Amounts and loans receivable from associated companies	10,950	—	280,157	—	291,107
Unallocated assets					6,206
Total assets					8,833,358
Segment liabilities	333,364	6,277	—	2,414	342,055
Amounts and loans payable to associated companies	—	—	165,373	—	165,373
Unallocated liabilities					2,376,037
Total liabilities					2,883,465

Notes:

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

Secondary reporting format – geographical segments

	Revenue		**Segment results**		**Total assets**	
	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000	**Year ended 31/12/2008 HK$'000**	9 months ended 31/12/2007 HK$'000	**Year ended 31/12/2008 HK$'000**	9 months ended 31/12/2007 HK$'000
Hong Kong	**226,796**	103,626	**205,739**	682,554	**9,154,816**	7,844,155
Singapore	**1,292**	2,738	**40,469**	126,290	**218,168**	403,093
Mainland China	**4,557**	12,733	**3,181**	9,283	**—**	81,883
	232,645	119,097	**249,389**	818,127	**9,372,984**	8,329,131
Gain on disposal of subsidiaries			**6,588**	—		
Fair value losses on derivative financial instruments			**(59,331)**	(10,049)		
Unallocated income less expenses			**(20,711)**	(3,529)		
Operating profit before finance income and costs			**175,935**	804,549		
Finance income			**2,001**	22,204		
Finance costs			**(47,672)**	(413)		
Operating profit			**130,264**	826,340		
Interests in associated companies					**185,732**	206,914
Amounts and loans receivable from associated companies					**315,370**	291,107
Unallocated assets					**5,794**	6,206
Total assets					**9,879,880**	8,833,358

Notes:

4. Other (losses)/gains, net

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Financial assets at fair value through profit or loss		
– realised losses	**(2,196)**	(1,727)
– fair value (losses)/gains	**(3,500)**	4,408
Available-for-sale financial assets		
– realised gains	**428**	111,349
– fair value losses	**(972)**	—
Amortised income from held-to-maturity investments	**987**	—
Net foreign exchange gain	**426**	7,287
Gain on disposal of subsidiaries	**6,588**	—
Fair value losses on derivative financial instruments	**(59,331)**	(10,049)
(Losses)/gains on disposal of plant and equipment	**(141)**	196
Impairment losses of goodwill	**(3,285)**	—
Others	**—**	(173)
	(60,996)	111,291

5. Finance income and costs

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Finance income		
Interest income on bank deposits and balances	**1,553**	19,124
Interest income on other financial assets	**448**	3,080
	2,001	22,204
Finance costs		
Interest expenses on bank loans and overdrafts	**(68,224)**	(5,910)
Less: amount capitalised in investment properties	**20,552**	5,497
	(47,672)	(413)
Finance (costs)/income, net	**(45,671)**	21,791

Notes:

6. Expenses by nature

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Cost of sale of properties included in cost of sales	**1,080**	—
Depreciation of property, plant and equipment	**1,857**	2,675
Direct operating expenses arising from investment properties generating rental income	**46,912**	15,343
Direct operating expenses for generating warehousing income	**7,638**	11,041
Operating lease rentals in respect of land and buildings	**7,158**	5,249
Staff costs (including Directors' emoluments)	**33,547**	25,120
Auditor's remuneration	**1,434**	838
Selling and marketing expenses	**10,243**	1,226
Other expenses	**5,917**	5,111
Total cost of sales, selling and marketing expenses, administrative expenses and other operating expenses	**115,786**	66,603

7. Taxation credit/(charge)

Hong Kong profits tax has been provided at the rate of 16.5% *(9 months ended 31/12/2007: 17.5%)* on the estimated assessable profits for the year. Overseas taxation has been provided on the estimated assessable profits at rates prevailing in the countries in which the subsidiaries operate.

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

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Current taxation		
Hong Kong profits tax	**(11,841)**	(6,197)
Overseas taxation	**(830)**	(20,694)
Over provisions in prior years	**200**	583
	(12,471)	(26,308)
Deferred taxation		
Change in fair value of investment properties	**(10,635)**	(106,442)
Other temporary differences	**(551)**	2,129
Effect of tax rate change	**50,648**	—
	39,462	(104,313)
Taxation credit/(charge)	**26,991**	(130,621)

The Group's share of taxation of associated companies for the year ended 31 December 2008 of HK$174,000 (*9 months ended 31/12/2007: HK$10,831,000*) has been netted off against the Group's share of profits less losses of associated companies as presented in the consolidated income statement.

Notes:

8. Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of the Company of HK$155,688,000 *(9 months ended 31/12/2007: HK$738,725,000)* and 259,685,288 shares *(31/12/2007: 259,685,288 shares)* in issue during the year.

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the year *(9 months ended 31/12/2007: Nil)*.

9. Dividends

	Year ended 31/12/2008 HK$'000	9 months ended 31/12/2007 HK$'000
Interim dividend, paid, of HK$0.12 per share *(9 months ended 31/12/2007: declared of HK$0.12 per share)*	**31,162**	31,162
Final dividend, proposed, of HK$0.34 per share *(9 months ended 31/12/2007: proposed of HK$0.22 per share)*	**88,293**	57,131
	119,455	88,293

At a meeting held on 17 April 2009, the Directors recommended a final dividend of HK$0.34 per share. This proposed dividend is not reflected as a dividend payable in the Group's financial statements until it has been approved by shareholders of the Company, and will be reflected as an appropriation of reserves in the year 2009.

10. Trade and other receivables

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 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 (net of provisions) is as follows:

	At 31/12/2008 HK$'000	At 31/12/2007 HK$'000
Current – 30 days	**1,885**	5,211
31 – 90 days	**9,230**	4,652
Over 90 days	**656**	1,279
Trade receivables net of provisions	**11,771**	11,142
Amount due from holding company	—	18,067
Other receivables, deposits and prepayments	**45,320**	19,933
	57,091	49,142

The trade receivables, net of provisions, of HK$11,771,000 *(31/12/2007: HK$11,142,000)* 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.

Notes:

11. Trade and other payables and accruals

The ageing analysis of trade payables is as follows:

	At 31/12/2008 HK$'000	At 31/12/2007 HK$'000
Trade payables		
Current – 30 days	**17,163**	152,965
31 – 90 days	**2,082**	931
Over 90 days	**940**	87
	20,185	153,983
Other payables, deposits received and accruals	**268,160**	154,750
	288,345	308,733

12. Scope of work of PricewaterhouseCoopers

The financial figures in respect of this results announcement for the year ended 31 December 2008 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 2008. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue for the year ended 31 December 2008 was HK$233 million, compared to HK$119 million for the nine months ended 31 December 2007. The increase in revenue was mainly due to the Group's enlarged portfolio of rental properties and the full-year effect on current results.

The Group's audited profit attributable to shareholders for the year ended 31 December 2008 was HK$156 million, compared to HK$739 million for the nine months ended 31 December 2007. Excluding the fair value gain on investment properties net of deferred tax of HK$54 million (9 months ended 31/12/07: HK$502 million), fair value loss of interest rate swap contracts of HK$59 million (9 months ended 31/12/07: HK$10 million) and the deferred tax credit of HK$51 million (9 months ended 31/12/07: Nil) arising from the change in Hong Kong profits tax rate, the Group's audited profit after tax for the year was HK$110 million (9 months ended 31/12/07: HK$247 million). The decrease was mainly due to drop in profit contribution from the Group's investment in Draycott 8 project. Profit from the Group's enlarged portfolio of rental properties has been offset by the increase in finance costs during the year.

Rental and property management
The acquisition of the entire Unimix Industrial Centre in San Po Kong, the entire Shui Hing Centre in Kowloon Bay and the remaining 70% interest in W Square in Wanchai (the "Newly Acquired Properties") was completed on 31 December 2007. The Group's premium office development in Kwun Tong known as Landmark East was completed with the issue of occupation permit in September 2008. The Newly Acquired Properties and Landmark East, in aggregate, contributed revenue of HK$82 million (9 months ended 31/12/07: Nil) in the year. The other rental properties, namely the Regent Centre in Kwai Chung, the Winner Godown Building in Tsuen Wan and the Lucky Industrial Building in Kwai Chung, recorded an increase in revenue to HK$123 million in the year (9 months ended 31/12/07: HK$87 million). Occupancy and rental rates for these properties were in the uptrend before the outbreak of the current financial crisis in the fourth quarter of the year. Together with other property management income, total revenue from rental and property management was HK$211 million (9 months ended 31/12/07: HK$92 million). Excluding the fair value gain of investment properties, segment profit for the rental and property management operation was HK$146 million (9 months ended 31/12/07: HK$71 million). The increase was mainly due to profit contribution of HK$54 million (9 months ended 31/12/07: Nil) from the Newly Acquired Properties and Landmark East during the year.

Located at 100 How Ming Street which is just minutes of walking distance from the Kwun Tong Mass Transit Railway Station, the twin office towers in Landmark East offer about 1.3 million square feet of Grade A office spaces and are ideal for corporations seeking quality office spaces at competitive rentals than those now prevailing in the traditional Central Business Districts in the Hong Kong Island. Leasing of Landmark East is in progress and has already attracted quality multinational and local corporations as tenants. The property is to be held as a long-term investment for rental purpose.

Renovation of W Square was completed in January 2008. In consistent with the Group's intention to hold the property for long-term investment and rental purpose, the property was transferred from "Properties under Development" to "Investment Properties" upon completion of renovation. Located at 314-324 Hennessy Road, W Square offers about 49,000 square feet of retail spaces at basement and lower floors and about 79,000 square feet of Grade A office spaces at upper floors. The property has been fully leased out in January 2009.

As at 31 December 2008, the Group held a rental property portfolio in Hong Kong with an aggregate gross floor area of about 3.5 million square feet, of which about 1.5 million square feet related to Grade A office and retail spaces and about 2.0 million square feet related to industrial spaces. Excluding Landmark East which was only completed in late 2008, the overall occupancy of the Group's rental properties as at 31 December 2008 was about 91%.

Warehousing
The combined results of the Group's warehousing operation in Hong Kong and the cold storage operation in Mainland China reported revenue of HK$20 million (9 months ended 31/12/2007: HK$27 million) and a segment profit of HK$2.4 million (9 months ended 31/12/2007: HK$6.2 million) for the year. The drop in revenue and profit was mainly due to the disposal of a 65% interest in the Group's cold storage operation to the China Merchants Group ("China Merchants") on 30 April 2008. The cold storage business is now a 30/70 joint venture between the Group and China Merchants.

Sale of properties
There was no significant sale of properties during the year (9 months ended 31/12/2007: Nil).

Investments
The Group's investment activities reported a segment profit of HK$36 million for the year (9 months ended 31/12/2007: HK$133 million). Profit from this segment mainly comprised dividend income and realised and unrealised gains less losses on the Group's investments.

The Group has a 15% interest in a prime residential project at Draycott 8, Singapore. Nearly all units in the development have been sold by May 2007. A profit before tax of HK$105 million was recognised by the Group in the prior period upon cash distribution by way of shareholders' loan repayment. During the year, the Group recognised a further profit of HK$28.7 million on its dividend entitlement in the project. After this dividend, it is expected that further contribution from this development will be minimal.

Valuation of investment properties
The portfolio of the Group's investment properties valued at HK$8,835 million as at 31 December 2008 (31 December 2007: HK$6,661 million). The increase was mainly due to the land premium and development costs incurred for Landmark East and the transfer of W Square to "Investment Properties" during the year.

Finance income and finance costs
The Group acquired the Newly Acquired Properties for a cash consideration of HK$1,106 million on 31 December 2007. As a result, the Group turned from a net cash surplus position to a net borrowing position during the year. Borrowing costs relating to Landmark East ceased to be capitalised upon completion of the development in September 2008. All these led to an increase in net finance costs to HK$46 million in the year (9 months ended 31/12/07: net finance income of HK$22 million).

The Group held interest rate swap contracts in the notional amount of HK$1,000 million (the "IRS Contracts") to hedge its interest rate exposure. The IRS Contracts were carried as "Derivative Financial Instruments" at fair value in the Group's financial statements. Due to the low interest rate environment now prevailing, the Group recorded a mark-to-market loss of HK$104 million on the IRS Contracts for the year. Based on the assessment of the effectiveness of the hedge instruments, HK$59 million of the fair value loss was charged to the income statement and the balance of HK$45 million was charged to "Hedging Reserve" in the Group's equity.

Share of profits less losses of associated companies
There was no significant sale of properties in the associated companies during the year (9 months ended 31/12/07: share of net profit of HK$48 million).

Taxation
Taxation for the year comprised mainly of provision for Hong Kong profits tax of HK$12 million, overseas taxation of HK$1 million, deferred tax charge of HK$11 million arising on fair value change of investment properties and write-back of deferred tax provision of HK$51 million as a result of the change in Hong Kong profits tax rate from 17.5% to 16.5% during the year. As a result, there was an overall tax credit of HK$27 million, versus a tax charge of HK$131 million in the prior period.

Change in Group structure
Winsor Health Godown Limited ("Winsor Health") was a 95% subsidiary of the Group. Its major subsidiary, South-China Cold Storage & Ice Co., Ltd., was engaged in the cold storage business in Mainland China. The Group disposed of a 65% interest in Winsor Health on 30 April 2008, which then became a 30% associated company of the Group. Apart from the foregoing, there was no change in corporate structure of the Group during the year.

PROJECT PROGRESS

The Forfar, Hong Kong

The Group has a 20% interest in this luxury residential development at 2 Forfar Road, Hong Kong which will provide about 100,000 square feet of saleable floor area upon its scheduled completion in late 2009. Superstructure construction works are in progress and it is expected that pre-sale approval for the project will soon be obtained in the second quarter of 2009. USI, its holding company, has the remaining 80% interest in the project.

Belle Vue Residences, Singapore

The Group has a 30% interest in this luxury residential development at 15-23 Oxley Walk, Singapore which will provide about 433,000 square feet of saleable floor area upon its scheduled completion in the first quarter of 2010. Superstructure construction works are in progress. Wing Tai Holdings Limited, a substantial shareholder of USI, and an independent third party have a respective interest of 60% and 10% in the project.

EMPLOYEES

As at 31 December 2008, the Group employed 179 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 financial and treasury operations are centrally managed and controlled.

Gearing

The Group's profit for the year attributable to shareholders of the Company was HK$156 million. The profit contribution has been offset by the fair value losses associated with the Group's available-for-sale financial assets and IRS Contracts charged against reserves and dividend payments during the year. As a result, the Group's shareholders' equity dropped to HK$5,746 million as at 31 December 2008 (31 December 2007: HK$5,931 million). The Group's total equity, including minority interests, was HK$5,767 million as at 31 December 2008 (31 December 2007: HK$5,950 million).

The Group's total bank borrowings as at 31 December 2008 were HK$2,568 million (31 December 2007: HK$1,344 million). The increase was mainly due to increase in bank borrowings to finance the development of Landmark East. After deducting the bank balances and cash of HK$176 million (31 December 2007: HK$147 million), the Group's net borrowings as at 31 December 2008 were HK$2,392 million (31 December 2007: HK$1,197 million).

The gearing ratio of the Group, as measured by the net bank borrowings of HK$2,392 million over the total equity of HK$5,767 million, was 41% as at 31 December 2008 (31 December 2007: 20%).

Liquidity and debt maturity profile

Out of the Group's total bank borrowings as at 31 December 2008, HK$447 million (about 17%) was repayable within one year, HK$631 million (about 25%) was repayable in the second year, HK$1,446 million (about 56%) was repayable in the third to fifth years inclusive and HK$44 million (about 2%) was repayable after the fifth year. Apart from an unsecured loan of HK$10 million outstanding as at 31 December 2008, the Group's bank borrowings were secured against the Group's investment properties and listed marketable securities. The loan-to-security ratio, calculated by reference to the amount of secured bank loans drawn against the value of the underlying securities both as at 31 December 2008, was 29%.

The Directors considered that the current market situation might provide an opportunity for the Company to enlarge its property portfolio at reasonable cost. In view of this and as well as a precautionary measure against any further market deterioration, the Group is in the process of obtaining additional secured banking facilities, renewing and extending its banking facilities due for maturity within one year on a committed and longer term basis.

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 IRS Contracts to hedge its floating interest rate exposure. The purpose of these 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 totalled HK$1,000 million as at 31 December 2008. Against total bank borrowings of HK$2,568 million which were all on a floating rate basis, the IRS Contracts converted about 39% of the Group's total bank borrowings at year end into fixed rate debts.

Capital commitments

The Group's capital commitments in respect of investments in associated companies aggregated HK$497 million as at 31 December 2008. Such amount was calculated as the Group's attributable share of the acquisition and construction costs committed by the relevant associated companies in relation to property development projects less amounts already contributed by the Group.

Contingent liabilities

Financial guarantees and completion undertakings given on a several basis and in proportion to the Group's respective equity interests to secure banking facilities granted to associated companies amounted to HK$537 million as at 31 December 2008. Apart from the financial guarantees and completion undertakings, the Group had no other significant contingent liabilities as at 31 December 2008.

Pledge of assets

At 31 December 2008, certain of the Group's investment properties and financial assets with a carrying value of HK$8,811 million and HK$90 million respectively were pledged to secure banking facilities of the Group.

OUTLOOK

The subprime crisis in the United States began to weigh on the global economy in the second half of 2008. Looking ahead to 2009, business environment will remain challenging as economic stimulus measures undertaken by different governments have yet to show its impact on the global economy. While Hong Kong can be of no exception to the financial storm, it is expected that the negative impact may be mitigated with Hong Kong's increasing integration with the Mainland which economy is being supported by a major stimulus package from the Central Government.

The acquisition of W Square in December 2007 and the completion of the development of Landmark East in September 2008 have greatly enhanced the Group's investment property portfolio by an addition of 1.5 million square feet of Grade A office and retail spaces. W Square has been substantially leased at relatively premium rates before the rental market deteriorated toward the end of last year. Having seen increased interest from diverse sectors, the Group remains optimistic on the leasing prospects of Landmark East despite the current slow take-up. The top-quality design and facilities of Landmark East as well as its close proximity to a major transportation hub offers an attractive alternative to corporations in meeting their office accommodation requirements. On the industrial property front, the Group will focus on maintaining occupancy at reasonable rentals.

Overall, the Group will manage its quality property investments to ensure a steady growth in revenue and profit, which shall place the Group in a much better position to withstand any severe downturn in the market. The Group will also look to build up additional financial resources to seize any growth opportunities when the market recovers.

DIVIDEND AND CLOSE OF REGISTER

The Directors have recommended a final dividend of HK$0.34 per share for the year ended 31 December 2008. Subject to approval of the Annual General Meeting to be held on 3 June 2009, total dividend for the year will be HK$0.46 per share, which is equivalent to the dividend payout in the prior period on an annualised basis. The final dividend will be payable on 15 June 2009 to all shareholders on register as at 3 June 2009. The Register of Members and the Transfer Books of the Company will be closed from 1 June 2009 to 3 June 2009, both days inclusive. In order to qualify for the final dividend for the year ended 31 December 2008, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 29 May 2009.

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 as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year ended 31 December 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors of the Company.

The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year ended 31 December 2008, and received confirmation from all Directors that they had fully complied with the required standard set out in the Model Code throughout the year ended 31 December 2008. 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 Code on Corporate Governance Practices) in respect of their dealings in the securities of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the Group's results for the year ended 31 December 2008, the accounting polices and practices adopted by the Group and discussed internal controls and financial reporting matters in respect of the annual report including a review of the consolidated financial statements of the Company for the year ended 31 December 2008.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year ended 31 December 2008. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year ended 31 December 2008.

PUBLICATION OF RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Company at www.winsorprop.com and the website of the Stock Exchange at www.hkexnews.hk. The annual report of the Company will be despatched to shareholders and will be 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, Mr. Chung Hon Sing, John, and Mr. Au Hing Lun, Dennis

Non-Executive Directors
Mr. Cheng Wai Chee, Christopher* and Mr. Cheng Wai Sun, Edward*

Independent Non-Executive Directors
Lord Sandberg, 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
Winsor Properties Holdings Limited
Cheng Wai Chee, Christopher
Chairman

Hong Kong, 17 April 2009