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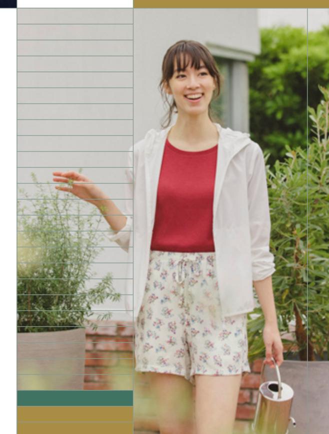
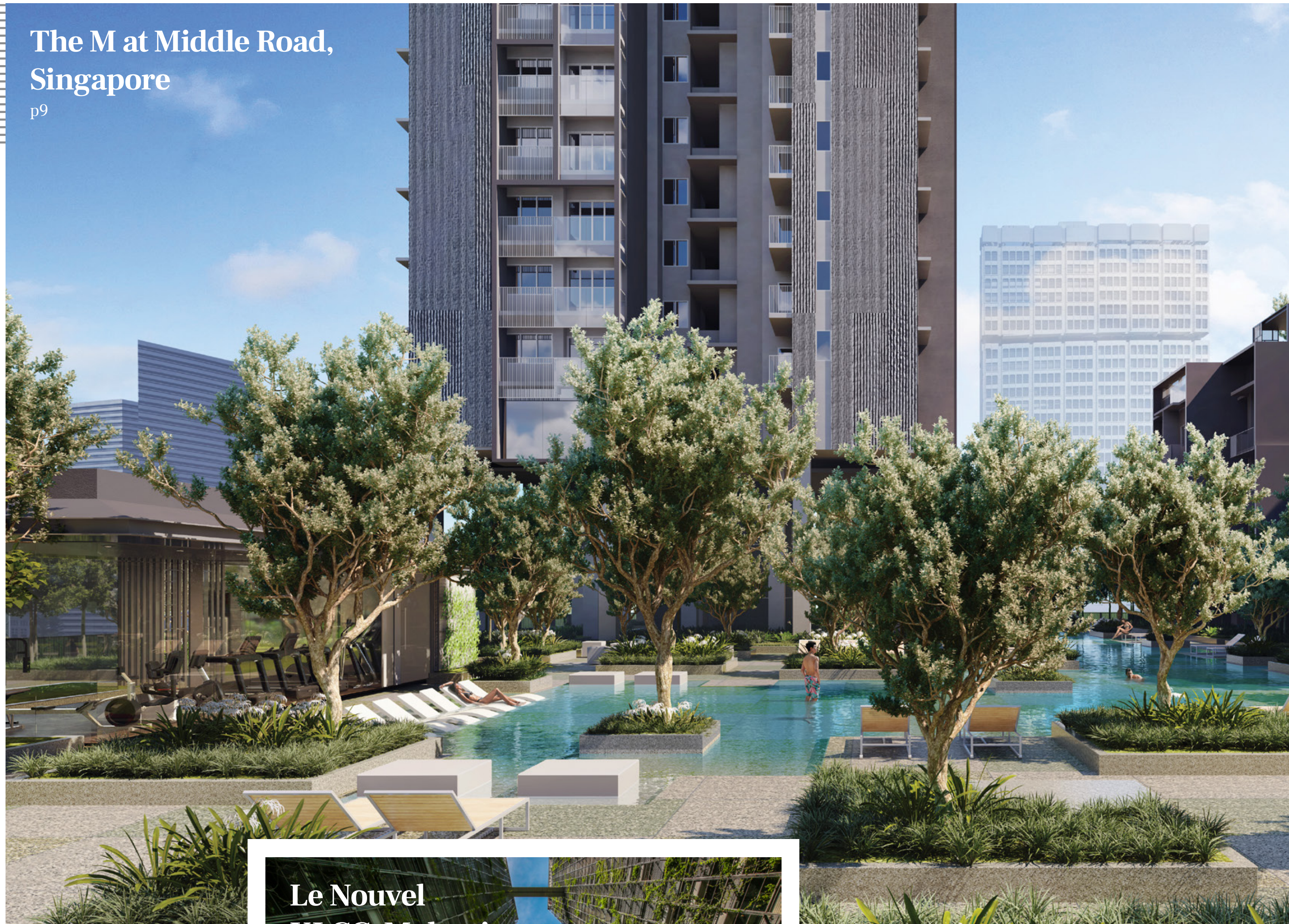


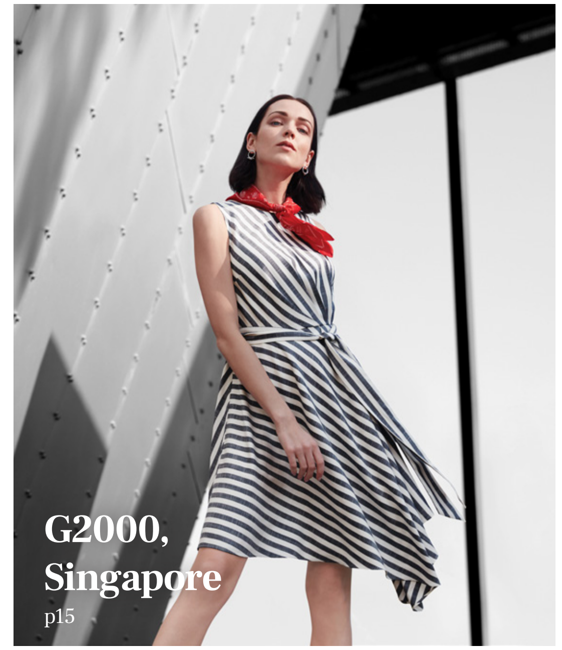
Embracing Change, Building Resilience

Wing Tai Holdings Limited
Annual Report 2020

WingTai Asia



The M at Middle Road, Singapore
p9



G2000, Singapore
p15

Le Nouvel KLCC, Malaysia
p11

Contents

On the front cover

The front cover is inspired by the technical drawing of the façade of The M at Middle Road, showcasing its vibrant work-live-play attributes. Photos featured from top to bottom: G2000, Uniqlo, facilities at The M at Middle Road - Jacuzzi Pool at the Sky Terrace and Club M.

Chairman's Message

Overview

Singapore's economy expanded by 0.7% in 2019, slower than the 3.4% growth in 2018. In the second quarter of 2020, the Ministry of Trade and Industry reported a decline of 13.2% on a year-on-year basis; the projected economic forecast is -7% to -5% in 2020.

The Property Price Index (PPI) increased by 1.3% in the third quarter of 2019 to 152.8 and rose 0.5% to 153.6 by the end of 2019. The PPI declined 1% to 152.1 in the first quarter of 2020 before rebounding by 0.3% to 152.6 in the second quarter of 2020. The total number of new residential units sold in Singapore in 2019 increased by 12.7% to 9,912 units compared to 8,795 units sold in 2018. In the first half of 2020, developers sold 3,862 new homes, 7.8% lower than the first half of 2019.

> The Group's focus during this challenging time has been the safety of our people, customers, tenants, and the communities we operate in.

Group Performance

For the financial year ended 30 June 2020, the Group recorded a total revenue of S$371.0 million. This represents a 15% increase from the S$322.6 million revenue recorded in the previous year. This increase is mainly due to the higher contribution from development properties. The current year revenue from development properties was largely attributable to the additional units sold in Le Nouvel Ardmore and the progressive sales recognised from The M at Middle Road in Singapore.

The Group recorded higher operating profit of S$45.0 million in the current year as compared to S$24.6 million in the previous year. This increase is mainly due to the higher contribution from Le Nouvel Ardmore, partially offset by the S$15.4 million fair value losses on the Group's investment properties which were affected by the COVID-19 pandemic.

The Group's share of profits of associated and joint venture companies decreased by 77% to S$12.1 million in the current year. This decrease is primarily due to the share of fair value losses on the investment properties of Wing Tai Properties Limited in Hong Kong.

In the current year, the Group's net profit attributable to shareholders was S$16.0 million as compared to S$46.8 million in the previous year. Excluding the fair value changes on investment properties, the underlying net profit of the Group is S$69.6 million in the current year, which is 85% higher than the S$37.6 million recorded in the previous year.

The Group's net asset value per share as at 30 June 2020 was S$4.18. It was S$4.19 as at 30 June 2019. The Group's net gearing ratio decreased to 0.05 times as at 30 June 2020 from 0.12 times as at 30 June 2019.

Dividend

The Board recommended a first and final dividend of 3 cents per share for the current year.

Embracing Change, Building Resilience

Addressing Global Challenges

While 2019 was a challenging year, 2020 is turning out to be unprecedented with the COVID-19 pandemic. Its impact is felt all over the world and will be long drawn. The Group's focus during this challenging time has been the safety of our people, customers, tenants, and the communities we operate in. Our staff have responded admirably, rising up to adapt to the new operating environment. They have enhanced our infrastructure and processes to cater for safe management and social distancing requirements to minimise disruption to our stakeholders.

On the retail front, we continued to face headwinds due to weakened sentiments which have been exacerbated by the pandemic. Our principals in the UK have been facing difficulties; this has created uncertainty for some of our brands in Singapore and Malaysia. The Group is consolidating its retail business to stay relevant and focus on brands that yield positive returns. We launched individual e-commerce sites for our portfolio of brands. Uniqlo, our joint venture with Fast Retailing, continues to experience healthy sales.

Despite the uncertain economic climate, the Group's latest project in Singapore, The M at Middle Road was well received. More than 70% of the 522-unit development has been sold as at 30 June 2020. In September 2019, the Group added a third data centre in Melbourne to its portfolio, providing a stable yield and recurring income.

Looking Forward

As a Group, we will proactively manage our business and adapt our strategies in response to changes in this uncertain climate. With a strong balance sheet with low net gearing, we are poised to take advantage of opportunities arising in the region. We will continue on our digitalisation journey to enhance efficiency and performance. While the road ahead will no doubt be challenging, the resilience, teamwork and discipline of our people will tide us through.

Corporate Citizenry

The Group gives back to the community through corporate citizenry programmes under the Wing Tai Foundation. During the year, we support the needy elderly and underprivileged young through financial aid programmes. Our staff contributed their time and resources, working together to improve the lives of people in our communities.

Board Movement

In January this year, Mr Boey Tak Hap stepped down from the Board, having been with the Company since 1997; my colleagues and I greatly appreciate his invaluable guidance and unstinting support to the Company over the years. Mr Eric Ang joined the Board as an Independent Non-Executive Director on 1 July 2020, and we welcome him.

Appreciation

On behalf of the Board, I thank our shareholders, customers, tenants, bankers and business associates for their unwavering support and confidence in the Group, that we may continue to build on our winning partnerships through the years.

To our directors, I thank them for their astute leadership and invaluable insights in steering the Group ahead. I thank our staff for their hard work and dedication during this challenging time. I appreciate the management team for their courage and conviction to strengthen and grow the business despite the complex and volatile environments we operate in.

Cheng Wai Keung
Chairman
Wing Tai Holdings Limited
22 September 2020

Board of Directors

Cheng Wai Keung, 70

Chairman and Managing Director

Date of first appointment as director
17 April 1973

Date of last re-appointment as director
26 October 2018

Board committee(s) served on
Nominating Committee *(Stepped down as a Member on 30 June 2020)*

Academic and professional qualification(s)
Bachelor of Science, Indiana University, USA
Master of Business Administration, University of Chicago, USA

Current directorships in other listed companies and other principal commitments

Other listed companies
Nil

Other principal commitments
Temasek Holdings (Private) Limited (Deputy Chairman)
Singapore-Suzhou Township Development Pte Ltd (Vice Chairman)
Singapore Health Services Pte Ltd (Director)
Kidney Dialysis Foundation Limited (Director)

Past directorships in other listed companies held over preceding three years
Wing Tai Malaysia Berhad *(now known as Wing Tai Malaysia Sdn. Bhd.)*

Edmund Cheng Wai Wing, 68

Deputy Chairman and Deputy Managing Director

Date of first appointment as director
11 May 1981

Date of last re-appointment as director
23 October 2019

Board committee(s) served on
Nil

Academic and professional qualification(s)
Bachelor of Engineering (Civil Engineering), Northwestern University, USA
Master of Architecture, Carnegie Mellon University, USA

Current directorships in other listed companies and other principal commitments

Other listed companies
Nil

Other principal commitments
Mapletree Investments Pte Ltd (Chairman)
Civil Aviation Authority of Singapore (Chairman)
Singapore Art Museum (Chairman)
Yellow Ribbon Fund Main Committee (Chairman)

Past directorships in other listed companies held over preceding three years
SATS Ltd.
Wing Tai Malaysia Berhad *(now known as Wing Tai Malaysia Sdn. Bhd.)*

Cheng Man Tak, 60

Non-Executive Director

Date of first appointment as director

11 May 1981

Date of last re-appointment as director

26 October 2018

Board committee(s) served on

Nil

Academic and professional qualification(s)

Bachelor of Science, University of Southern California, USA

Master of Business Administration, Pepperdine University, USA

Current directorships in other listed companies and other principal commitments

Other listed companies

Kato (Hong Kong) Holdings Ltd. *(Listed on the Stock Exchange of Hong Kong)*

Other principal commitments

Federation of Hong Kong Industries – Group 24 (Woven Garments and other Woven Made-Up Goods) (Chairman)

Chamber of Commerce of Guangzhou Foreign Investment Enterprises (Vice President)

Federation of Hong Kong Garment Manufacturers (President)

Hong Kong Commerce and Industry Association (Director)

Clothing Industry Training Authority (Chairman)

Yunnan Provincial Federation of Industry and Commerce of Macau (Honorary President)

Yunnan Friendship and Fraternity Association of Macau (Honorary President)

Hong Kong Asia Youth Association (Honorary President)

Past directorships in other listed companies held over preceding three years

Nil

Christopher Lau Loke Sam, 73

Independent Non-Executive Director

Date of first appointment as director

28 October 2013

Date of last re-appointment as director

23 October 2019

Board committee(s) served on

Remuneration Committee (Chairman)

Audit & Risk Committee (Member)

Academic and professional qualification(s)

Barrister-at-Law, Gray's Inn, England

Current directorships in other listed companies and other principal commitments

Other listed companies

Nil

Other principal commitments

Independent Arbitrator

Mediator

Vice President LCIA Court

Past directorships in other listed companies held over preceding three years

Nil

Paul Hon To Tong, 75

Lead Independent Director

Date of first appointment as director

16 August 2007

Date of last re-appointment as director

23 October 2019

Board committee(s) served on

Audit & Risk Committee (Chairman)

Nominating Committee (Member)

Academic and professional qualification(s)

Barrister-at-Law, Middle Temple, England

Bachelor of Science (Economics) (Honours), University of London, England

Certificate of Management Studies, University of Oxford, England

Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants

Associate Member of The Institute of Chartered Secretaries and Administrators

Current directorships in other listed companies and other principal commitments

Other listed companies

Chinney Investments Limited *(Listed on the Stock Exchange of Hong Kong)*

Other principal commitments

Nil

Past directorships in other listed companies held over preceding three years

Nil

Guy Daniel Harvey-Samuel, 63

Independent Non-Executive Director

Date of first appointment as director

2 January 2018

Date of last re-appointment as director

26 October 2018

Board committee(s) served on

Nominating Committee (Chairman)

Remuneration Committee (Member)

Academic and professional qualification(s)

An associate of the Chartered Institute of Bankers (Accountancy Law Relating to Banking Services Monetary Economics Nature of Management)

Qualified Marshall Goldsmith Leadership Coach

Executive Diploma in Directorship, Singapore Management University

Current directorships in other listed companies and other principal commitments

Other listed companies

Mapletree Industrial Trust Management Ltd

Other principal commitments

Capella Hotel Group Pte Ltd (Chairman)

M1 Limited (Director)

Surbana Jurong Private Limited (Director)

JTC Corporation (Director)

Board of Trustees of the National Youth Achievement Award Advisory Board (Chairman)

National Parks Board (Member)

Past directorships in other listed companies held over preceding three years

M1 Limited *(Delisted from the Official List of the Singapore Exchange on 24 April 2019)*

Tan Sri Dr Zulkurnain Bin Hj. Awang, 70

Independent Non-Executive Director

Date of first appointment as director
2 January 2018

Date of last re-appointment as director
26 October 2018

Board committee(s) served on
Nil

Academic and professional qualification(s)
Bachelor of Economics (Honours), University of Malaya, Malaysia
Master of Arts in International Affairs Management, Ohio University, USA
Master of Arts in Political Science, Ohio University, USA
Certificate in Public Administration, Ohio University, USA
PhD, University of Leeds, England
Harvard Advanced Management Program, Harvard Business School, Boston, USA

Current directorships in other listed companies and other principal commitments
Other listed companies
Nil

Other principal commitments
Wing Tai Malaysia Sdn. Bhd. (Chairman)
Asia Metropolitan University Sdn Bhd (Chairman)

Past directorships in other listed companies held over preceding three years
Wing Tai Malaysia Berhad *(now known as Wing Tai Malaysia Sdn. Bhd.)*

Sim Beng Mei Mildred (Mrs Mildred Tan), 62

Independent Non-Executive Director

Date of first appointment as director
2 January 2019

Date of last re-appointment as director
23 October 2019

Board committee(s) served on
Audit & Risk Committee (Member)
Remuneration Committee *(Appointed as a Member on 1 September 2020)*

Academic and professional qualification(s)
Bachelor of Arts (Honours), Middlesex University, UK
Master in Education, University of Sheffield, UK
HR Executive Program, Cornell University, USA
Harvard Executive Leadership Program, Harvard Business School, Boston, USA
Graduate Member of the British Psychological Society

Current directorships in other listed companies and other principal commitments
Other listed companies
Nil

Other principal commitments
National Volunteer and Philanthropy Centre (Chairman)
Council for Board Diversity (Co-Chair)
Gardens by the Bay (Director)
Council of Presidential Advisors (Alternate Member)
AIA Singapore Pte Ltd (Director)

Past directorships in other listed companies held over preceding three years
Nil

Eric Ang Teik Lim, 67

Independent Non-Executive Director

Date of first appointment as director
1 July 2020

Date of last re-appointment as director
N.A.

Board committee(s) served on
Nominating Committee (Member)
Remuneration Committee (Member)

Academic and professional qualification(s)
Bachelor of Business Administration (Honours), National University of Singapore

Current directorships in other listed companies and other principal commitments
Other listed companies
Sembcorp Marine Ltd
Raffles Medical Group Ltd

Other principal commitments
Changi Airport Group (Singapore) Pte Ltd (Director)
Surbana Jurong Private Limited (Director)
NetLink NBN Management Pte Ltd (Trustee of NetLink NBN Trust) (Director)
SGX Listings Disciplinary Committee (Co-Chairman)

Past directorships in other listed companies held over preceding three years
Hwang Capital (Malaysia) Bhd *(Delisted from the Official List of the Bursa Malaysia Securities Berhad on 28 November 2017)*

Tan Hwee Bin, 57

Executive Director

Date of first appointment as director
5 December 2008

Date of last re-appointment as director
26 October 2018

Board committee(s) served on
Nil

Academic and professional qualification(s)
Bachelor of Accountancy, National University of Singapore
Chartered Accountant of Singapore
Harvard Advanced Management Program, Harvard Business School, Boston, USA

Current directorships in other listed companies and other principal commitments
Other listed companies
Nil

Other principal commitments
Singapore Labour Foundation (Director)
NTUC Enterprise Co-operative Limited (Director)
NTUC FairPrice Co-operative Limited (Director)
Singapore National Employers Federation (Deputy Honorary Treasurer)

Past directorships in other listed companies held over preceding three years
Nil

Key Management

Wing Tai Holdings Limited

Ng Kim Huat
Group Chief Financial Officer

- Oversees financial reporting and controls, treasury and tax functions
- More than 10 years' auditing experience with an international public accounting firm in Singapore
- Bachelor of Accountancy (Honours), National University of Singapore
- Chartered Accountant of Singapore

Karine Lim
Group Chief Human Resource Officer

- More than 20 years' human resource management experience in retail, property and public transport industries
- Bachelor of Arts (Honours), National University of Singapore
- Diploma in Human Resource Management, Singapore Human Resource Institute

Wing Tai Property Management Pte Ltd

Helen Chow
Director

- Held various positions in Company since 1975
- Responsible for marketing and sales functions in property division; develops and implements strategies to achieve optimal marketing mix for property products; manages sales operations across geographies to achieve revenue goals
- Bachelor of Arts, Mills College, Oakland, California, USA

Stacey Ow Yeong
Head, Marketing

- Responsible for sales and marketing of Company's portfolio of residential properties in Singapore, Malaysia and China
- Over 30 years of Marketing and Sales experience, including 15 years in residential and integrated properties industry in Asia and Middle East
- Bachelor of Arts, National University of Singapore

Wing Tai Retail Pte. Ltd.

Helen Khoo
Executive Director

- Drives growth and expansion of Company's portfolio of retail brands
- Conferred Miflora M. Gatchalian Medal for Women Global Quality Leadership in 2013; Achievers & Leaders Award (Business Leadership) 2012
- Member of ITE's Business & Services Academic Advisory Committee
- Honorary Secretary of Singapore Retailers Association
- Honorary Secretary of Orchard Road Business Association
- Bachelor of Arts (Honours), University of Hong Kong

Corporate Data

Board of Directors

Executive

Cheng Wai Keung
Chairman/
Managing Director

Edmund Cheng Wai Wing
Deputy Chairman/
Deputy Managing Director

Tan Hwee Bin
Executive Director

Non-Executive

Cheng Man Tak

Christopher Lau Loke Sam
Independent Director

Paul Hon To Tong
Lead Independent Director

Guy Daniel Harvey-Samuel
Independent Director

Tan Sri Dr Zulkurnain Bin Hj. Awang
Independent Director

Sim Beng Mei Mildred (Mrs Mildred Tan)
Independent Director

Eric Ang Teik Lim
Independent Director

Audit & Risk Committee

Paul Hon To Tong
Chairman

Christopher Lau Loke Sam

Sim Beng Mei Mildred (Mrs Mildred Tan)

Nominating Committee

Guy Daniel Harvey-Samuel
Chairman

Paul Hon To Tong

Eric Ang Teik Lim

Remuneration Committee

Christopher Lau Loke Sam
Chairman

Guy Daniel Harvey-Samuel

Eric Ang Teik Lim

Sim Beng Mei Mildred (Mrs Mildred Tan)

Company Secretary

Gabrielle Tan

Registered Office

3 Killiney Road
#10-01 Winsland House I
Singapore 239519
Tel: 6280 9111
www.wingtaiasia.com.sg

Share Registrar

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

Auditors

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
7 Straits View
Marina One East Tower
Level 12
Singapore 018936
Audit Partner: Theresa Sim
(Year of Appointment: 2016)

Principal Bankers

DBS Bank Limited
12 Marina Boulevard
DBS Asia Central @
Marina Bay Financial Centre
Tower 3
Singapore 018982

The Hongkong and Shanghai Banking Corporation Limited
10 Marina Boulevard
#48-01 Marina Bay Financial Centre Tower 2
Singapore 018983

Malayan Banking Berhad
2 Battery Road
Maybank Tower
Singapore 049907

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

Sumitomo Mitsui Banking Corporation
3 Temasek Avenue
#06-01 Centennial Tower
Singapore 039190

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Property

The M at Middle Road comprises three 20-storey residential towers and one block of 6-storey residences atop a row of commercial units

Singapore

In the year under review, the Group's residential properties continued to generate buyer interest. Its 99-year leasehold development, The M at Middle Road, commenced public sales preview in February 2020. More than 70% of the 522-unit development was sold as at 30 June 2020. The M at Middle Road comprises three 20-storey residential towers and one block of 6-storey residences atop a row of commercial units. Offering units ranging from studio apartments to 3-bedroom dual-key units, the project broke ground in March 2020 and has started piling works.

Surrounded by lush greenery, the 50m lap pool at Le Nouvel Ardmore is the perfect place for residents to relax and unwind

The Garden Residences is a 99-year leasehold joint venture development with Keppel Land. The 613-unit development was 50% sold as at 30 June 2020. Majority of its PPVC modules were completed and external works are in progress.

The exclusive 43-unit freehold development at Ardmore Park, the Le Nouvel Ardmore designed by Pritzker Prize laureate Jean Nouvel was around 70% sold as at 30 June 2020. Marketing and sales activities for this luxury development are ongoing.

The Crest, designed by Pritzker Prize winner Toyo Ito, is a 99-year leasehold development at Prince Charles Crescent in the Tanglin precinct. It comprises 469 units over three 23-storey towers and four 5-storey island villas. It was about 95% sold as at 30 June 2020 and marketing and sales of the remaining units are ongoing.

The Group's investment properties Winsland House I and Winsland House II achieved over 90% average occupancy as at 30 June 2020.

The Lanson Place Winsland Serviced Suites in Singapore was around 55% occupied as at 30 June 2020, affected by the COVID-19 pandemic.

The Garden Residences offer serene views of Serangoon Gardens estate

The Garden Villas provide spacious balconies and outdoor terraces for residents to enjoy its beautiful surroundings

Malaysia

The Group's property business activities in Malaysia are conducted through its subsidiary company, Wing Tai Malaysia Sdn. Bhd.

In Kuala Lumpur, the dual-tower Le Nouvel KLCC also designed by Jean Nouvel, is a 195-unit freehold development on a prime site at Jalan Ampang, facing the Petronas Twin Towers and Suria KLCC. As at 30 June 2020, around 50% of 30 units previewed were sold and more than 75% of 120 units selected for leasing have been leased.

Another development in the Malaysian capital, Nobleton Crest was over 70% sold as at 30 June 2020. This is a 25-unit freehold development with three blocks of 5-storey residential units in the prestigious Jalan U-Thant neighbourhood.

In Penang, Phase 4A of Taman Bukit Minyak Utama, comprising 66 units of 3-storey semi-detached houses, was completed and around 80% sold as at 30 June 2020; Phase 5, comprising 97 units of 2-storey terrace houses and 2-storey semi-detached houses, was completed and over 95% sold.

Phase 2 of Jesselton Hills comprising 2-storey terrace houses, was completed and more than 95% sold as at 30 June 2020. Phase 4A of Jesselton Hills, also known as Garden Villas was launched in November 2019. The project comprises 58 units of double-storey, semi-detached houses and was around 30% sold as at 30 June 2020.

Impiana Commercial Hub, comprising 2 and 3-storey shop offices along Jalan Rozhan, was completed and over 90% sold.

Mahkota Impian is a mixed development of over seven acres comprising three high-rise blocks of 360 serviced suites, 23 units of 3½-storey shop offices and a 5-storey shop office at Bukit Mertajam. As at 30 June 2020, almost all the apartments and over 65% of the shop offices were sold.

Garden Terraces is a low-density residential development which sprawls across 7.2 acres of land in Machang Bubok, Bukit Mertajam. It comprises 84 units of double-storey terrace houses, nestled in a well-established neighbourhood in Machang Bubok. Launched in June 2019, the project was around 65% sold as at 30 June 2020.

Lanson Place Bukit Ceylon Serviced Residences in Kuala Lumpur was around 40% occupied as at 30 June 2020, affected by the COVID-19 pandemic.

In Shanghai, Malaren Gardens... was about 95% sold as at 30 June 2020.

Malaren Gardens is a low-density residential estate located in the historical and culture-rich Baoshan district

China

The Group's property business activities in China are conducted through Wing Tai China Pte. Ltd. and Suzhou Property Development Pte Ltd. In Shanghai, Malaren Gardens which comprises 301 units of terraced houses, duplexes and apartments is a low-density residential estate located in Luodian New Town of Baoshan District. It was about 95% sold as at 30 June 2020. In Suzhou, Phase 2 of The Lakeside comprising 24 units of terraced houses has obtained the planning approval to commence work on site.

Japan

The Group made its first investment in Japan with the acquisition of Red Planet Hotel Asakusa Tokyo last year. The 134-room hotel is in Tokyo's Asakusa district, in close proximity to the Sensō-ji Temple.

Red Planet Tokyo Asakusa provides stylish and comfortable rooms for middle class travellers

Australia

The Group's property business activities in Australia are conducted through its investment arm. The Group acquired its third data centre in Melbourne in September 2019. The freehold property is located within Tally Ho Business Park and is wholly leased to a subsidiary of a NYSE-listed IT services company. Its portfolio of properties in Australia includes a freehold commercial building on Flinders Street, a 50% stake in a freehold 8-storey office building within the St Kilda office precinct in Melbourne, a data centre in Sydney and two data centres in Melbourne. Most properties continued to achieve high occupancy rates of close to 100%, while its property at St Kilda Road was over 85% occupied as at 30 June 2020.

The Group acquired its third data centre in Melbourne in September 2019. The freehold property is located within Tally Ho Business Park.

The data centre is wholly leased to a subsidiary of a NYSE-listed IT services company

Located at Tuen Mun, OMA OMA features a 40m infinity pool and outdoor terrace with sunbeds overlooking abundant greenery

Hong Kong

The Group's property interest in Hong Kong are represented by its associated company, Wing Tai Properties Limited.

In Kau To Shan, Shatin, Le Cap and La Vetta, two low-density, high-end residential projects were around 30% sold as at 30 June 2020. In Tuen Mun, The Carmel, a low-density residential site located at Siu Sau, Tai Lam, was completed in December 2019 and around 90% sold as at 30 June 2020. OMA OMA, a medium-density residential site located at So Kwun Wat Road, was launched for sale in June 2019. As at 30 June 2020, around 80% of units was pre-sold. The project is scheduled for completion in 2021. OMA by the Sea, a medium-density residential site located at Castle Peak Road in Tai Lam, was launched for sale in May 2020, with around 60% of units pre-sold as at 30 June 2020 and scheduled to complete in 2022.

In Central, a mixed-use commercial complex comprising a Grade A office tower, hotel, retail units and public green space will form an integral part of a mega redevelopment of the Hong Kong Central Business District, an initiative of the Urban Renewal Authority. The project is scheduled for completion in 2024. The commercial investment property, Landmark East in Kowloon East, continued to achieve healthy occupancy rate of around 90% as at 30 June 2020.

Its 9-storey commercial property located at 30 Gresham Street, London acquired through a joint venture with an independent third party achieved full occupancy as at 30 June 2020. The property comprises Grade A office, retail space and ancillary accommodation.

The Group's branded chain of Lanson Place hotels and serviced apartments has been affected by the COVID-19 pandemic in the first half of 2020 and continued to see occupancy rates decline with curtailed travel and booking cancellations. The management contracts of Lanson Place Jinqiao Serviced Residence and Lanson Place Jinlin Tiandi Serviced Residences have ended in May and June 2020 respectively. The occupancy rates of Lanson Place Hotel, and Two MacDonnell Road in Hong Kong eased to around 20% and 25% respectively. Waterfront Suites, the wholly owned prime harbourfront project managed by Lanson Place, in Shau Kei Wan, Hong Kong Island East was opened for leasing in April 2019. Focusing on long-term business stays, it has been building up its occupancy rate to above 60% as at 30 June 2020.

Lanson Place currently has 11 management contracts across Singapore, Malaysia, Philippines, China, Hong Kong and Australia.

Retail

Cath Kidston is known for its colourful retro-themed patterns. The brand is available online in Singapore and Malaysia

The Group's retail business continued to face challenges in Singapore and Malaysia. To cater to evolving consumer preferences and needs, individual brand sites were rolled out for its portfolio of existing brands. Its joint venture brand Uniqlo continues to be the staple brand in both markets, operating 27 stores in Singapore and 49 stores in Malaysia.

In Malaysia, the Group opened three Cath Kidston stores and one Furla store. Topshop and Topman also partnered with Kloth Cares, a fabric recycling movement which sponsors fabric bins to collect unwanted clothing for recycling.

Weakened consumer sentiments and difficulties faced by its UK principals continued to pose challenges to the Group's retail division. The temporary closure of physical stores in Singapore and Malaysia due to pandemic measures impacted business volume. As the Group reopened retail stores and increased distribution center activity, the wellbeing of customers and staff remains a priority, and proactive steps were taken to ensure a safe environment for all. The Group will continue to review its retail strategy and brands portfolio to keep up with changing consumer preferences.

Year in Brief

July 2019

Organised food drive in support of needy elderly patients at Kwong Wai Shiu Hospital, Singapore

August 2019

Released full-year results for year ended 30 June 2019, Singapore

September 2019

Acquired its third data centre in Tally Ho Business Park, Melbourne, Australia

October 2019

Signed a pledge with WWF-Singapore under the PACT (Plastic ACTion) initiative, to raise consumer awareness and reduce single-use plastic bags, Singapore

Lanson Place Hotel awarded "Hong Kong's Leading Boutique Hotel 2019" at the World Travel Awards 2019, Hong Kong

Lanson Place Bukit Ceylon Serviced Residences won "Malaysia's Leading Serviced Apartments" three years in a row at the World Travel Awards 2019, Malaysia

November 2019

Winsland Serviced Suites by Lanson Place was awarded "Best Serviced Apartment Company" Silver category at the HR Vendors of the Year 2019, Singapore

Launched Garden Villas @ Jesselton Hills, Malaysia

December 2019

Wing Tai-Boys' Brigade Share-A-Gift project supported needy members in the community, Singapore

January 2020

Launched CathKidston.com.sg, Singapore

February 2020

Launched sales preview of its latest development The M at Middle Road, Singapore

March 2020

Groundbreaking ceremony for The M at Middle Road, Singapore

Participated in Earth Hour to support environmental sustainability, Singapore, Malaysia, China and Australia

Launched Sg.DorothyPerkins.com, Singapore

April 2020

Uniqlo ranked number one in the Best Employers 2020 survey conducted by The Straits Times and market research firm Statista, Singapore

Donated brand new clothes from its retail brands for affected migrant workers living in community care facilities, Singapore

Rolled out conversion of F3 membership points to Malaysian ringgit to support Mercy Relief COVID-19 Pandemic Fund, Malaysia

May 2020

Launched Sg.TopShop.com, Singapore

June 2020

Launched CathKidston.com.my, Malaysia

Launched Furla flagship store on Lazada MY, Malaysia

Organised blood donation drive in support of needy patients, Malaysia

Corporate Social Responsibility

Staff helping out in food donation drive for distribution to the needy elderly

Wing Tai Foundation

The Group is committed to fulfilling its corporate social responsibility (CSR) through the Wing Tai Foundation which extends assistance to the community through financial aid and donations to needy elderly and underprivileged young. Through this, the Group recognises the contributions of the elderly in Singapore's nation-building and progress, and supports the basic needs of underprivileged young.

As a Group, we strongly believe in giving back and caring for the society.

In the year under review, the Group supported the basic needs of underprivileged children in their growing years through the Community Foundation of Singapore. Senior needy patients benefitted from enhanced healthcare through the Group's contribution to the Kidney Dialysis Foundation and the Community Chest and its beneficiaries.

We also committed resources to support communities impacted by COVID-19. We donated clothing and garment hangers to migrant workers who had to undergo mass virus testing and temporary relocation from their existing dormitories.

As a Group, we strongly believe in giving back and caring for the society. The Wing Tai Foundation matches dollar-for-dollar staff donations to charities that support the needy elderly and underprivileged young in Singapore.

Under the Wing Tai-Boys' Brigade Share-A-Gift project, our staff collected donations of food and daily necessities and delivered them to beneficiary households.

Through the Wing Tai Foundation, the Group remains committed to its corporate citizenry role and actively encourages staff to give back to the community.

Corporate Governance Report

The Company is committed towards good corporate governance and it has adopted a comprehensive corporate governance framework that meets best practice principles.

Outlined herein are the policies, processes and practices adopted by the Company in compliance with the principles and provisions of the Code of Corporate Governance 2018 (the "Code"). Where there is any deviation from the Code, appropriate explanations are provided in this report on each area of non-compliance and how the Company's practices are consistent with the intent and philosophy of the principle in question.

Board Matters

Principle 1: The Board's Conduct of its Affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The board of directors (the "Board" or "Directors") is responsible for the overall management of the Company, and the Directors objectively make important decisions in the best interests of the Company.

The principal functions of the Board include:-

- providing overall strategy and direction for the Company and its subsidiaries (the "Group");
- reviewing the corporate policies and financial performance of the Group;
- reviewing Management's performance;
- establishing an enterprise risk management framework of prudent and effective controls to assess and manage risks;
- considering sustainability issues including environmental and social factors, as part of its strategic formulation;
- identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation; and
- setting the Company's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met.

Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors facing conflict of interests recuse themselves from discussions and decisions involving the issues of conflict *(Provision 1.1)*.

The Board conducts regular meetings on a quarterly basis, and following the amendments to Rule 705 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual (which came into effect on 7 February 2020), on a half-yearly basis and whenever necessary as circumstances arise. A total of four Board meetings were held in the financial year ended 30 June 2020 ("FY2020"). To assist the Board in discharging its duties and functions, the Board has delegated authorities to the Board Committees, namely the Audit & Risk Committee ("ARC"), Remuneration Committee ("RC") and Nominating Committee ("NC"). Each of the ARC, RC and NC has been constituted with terms of reference setting out their composition, authorities and duties approved by the Board and may recommend and/or decide on matters within its terms of reference. The Board reviews the composition of the membership of the Board Committees whenever there are changes to the Board membership. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in this Annual Report *(Provision 1.4)*.

The details of the Directors' attendance at the Board and Board Committee meetings and Annual General Meeting ("AGM") for the year are set out in the table below *(Provision 1.5)*.

When a Director serves on multiple boards of different companies, that Director ensures that sufficient time and attention are allocated to the affairs of each company with assistance from the Management, which provides relevant and complete information to that Director on a regular basis for the effective discharge of his/her duties.

To address the competing time commitments that a Director may face in holding multiple board appointments, the internal guideline recommended by the NC provides that the maximum number of listed company board representations which any Director may hold at any one point in time is five directorships. The NC is satisfied that for FY2020, each of the Directors has given sufficient time and attention in discharging his/her responsibilities as Director by providing invaluable guidance, advice and support to the Group *(Provision 1.5)*.

Directors' Attendance at AGM, Board and Board Committee Meetings for FY2020

	Board	Audit & Risk Committee	Remuneration Committee	Nominating Committee	AGM
	Meetings Held: **4***	Meetings Held: **4**	Meetings Held: **2**	Meeting Held: **1**	Meeting Held: **1**
Name	Meetings Attended	Meetings Attended	Meetings Attended	Meeting Attended	Meeting Attended
Cheng Wai Keung [(a)]	4	–	–	1	1
Edmund Cheng Wai Wing	4	–	–	–	1
Boey Tak Hap [(b)]	3	2	2	–	1
Cheng Man Tak	4	–	–	–	1
Christopher Lau Loke Sam	4	4	2	–	1
Paul Hon To Tong	4	4	–	1	1
Tan Hwee Bin	4	–	–	–	1
Guy Daniel Harvey-Samuel	4	–	2	1	1
Tan Sri Dr Zulkurnain Bin Hj. Awang	4	–	–	–	1
Mrs Mildred Tan [(c)]	4	4	–	–	1
Eric Ang Teik Lim [(d)]	–	–	–	–	–

(a) Mr Cheng Wai Keung stepped down as a member of the NC on 30 June 2020.
(b) Mr Boey Tak Hap retired from the Board and relinquished all Board Committee appointments on 2 January 2020.
(c) Mrs Mildred Tan was appointed as a member of the RC on 1 September 2020.
(d) Mr Eric Ang Teik Lim was appointed as an independent non-executive Director and a member of the RC and the NC on 1 July 2020.

* Following the change from quarterly to half-yearly reporting pursuant to the amendments to Rule 705 of the SGX-ST Listing Manual which came into effect on 7 February 2020, no Board meeting was held for the third quarter ended 31 March 2020.

The Constitution of the Company ("Constitution") allows the Directors to participate in Board and Board Committee meetings by way of telephone, video conference or other similar means of communication equipment whereby all persons participating in the meetings are able to hear each other, without requiring their physical presence at the meetings. In this regard, alternative means of participation by way of telephone and video conference have been adopted in the Board and Board Committee meetings, whenever necessary.

As the Chairman has a deciding vote in the event of any matter, there is no presence of board interlock within the Company.

Matters which require the Board's approval include, *inter alia*, those involving material acquisition and disposal of assets of the Company, annual budget, financial results announcements, annual report and financial statements, distribution of dividends and other returns to shareholders, fund raising exercises, corporate and financial restructuring, and interested person transactions of a material nature *(Provision 1.3)*.

Upon appointment of each Director, the Company will provide a formal letter to the Director, setting out clearly the Director's duties and obligations. Newly appointed Directors are given orientation briefings by the Management including site visits to the Company's assets to ensure that they are familiar with the Group's businesses, directions and policies. The Board is regularly updated on the latest amendments to the law as well as changes to regulations and accounting standards. Every Director will receive from time to time further relevant training or briefings by professionals, particularly on the enactment of relevant new laws and regulations as well as on new and evolving or emerging commercial risks. The Company Secretary readily keeps the Directors informed as and when there are appropriate courses, conferences and seminars such as those conducted by the Accounting and Corporate Regulatory Authority ("ACRA"), the SGX-ST and the Singapore Institute of Directors ("SID") *(Provision 1.2)*.

The Directors are encouraged to regularly attend such training which are funded by the Company. During FY2020, the Directors attended a number of courses and seminars, namely, "Key Changes to SGX Listing Rules implemented on 7 February 2020 & Other Regulatory Developments", "ACRA-SGX-SID Audit Committee Seminar 2020" and "LED: Audit Committee Essentials", conducted by external counsels and professionals to update the Board on, *inter alia*, changes to the SGX-ST Listing Manual and regulatory developments.

A Director's contribution may extend beyond the confines of formal Board meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

Prior to each meeting and whenever the need arises, the Board is furnished with complete and adequate information in a timely manner to enable full deliberation of the issues to be considered. To ensure that the Board is able to fulfil its responsibilities, the Management readily provides the Board with board papers and related materials, background or explanatory information and copies of disclosure documents, management reports, forecasts, budgets, financial statements and other relevant information of the Group on a quarterly basis, and following the amendments to Rule 705 of the SGX-ST Listing Manual (which came into effect on 7 February 2020), on a half-yearly basis prior to meetings, and on an on-going basis whenever necessary *(Provision 1.6)*.

The Board has separate and independent access to the Management and the Company Secretary at all times. Directors are entitled to request from and are provided by the Management, in a timely manner, with such additional information as may be needed to make informed decisions. The Board also seeks independent professional advice at the Company's expense as and when necessary to enable the Directors (whether individually or as a group) to discharge their responsibilities effectively.

The Company Secretary attends all Board meetings and ensures that Board procedures are strictly adhered to. The Company Secretary, together with the Management, also ensure that the Company complies with all applicable statutory and regulatory rules. In addition, the Company Secretary ensures that there is good information flow within the Board and the Board Committees, and between Management and non-executive Directors. The Company Secretary facilitates orientation and assists with professional development of the Directors as may be required. The appointment and removal of the Company Secretary is subject to the approval of the Board *(Provision 1.7)*.

Principle 2:
Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board currently comprises a majority of non-executive Directors, with more than one-half of the Board being made up of independent Directors as the Chairman of the Board is also the Managing Director *(Provisions 2.2 & 2.3)*.

The NC reviews the independence of each Director annually based on the definition of "independence" as prescribed in the SGX-ST Listing Manual and also in the Code to ensure that there is a strong element of independence and autonomy on the Board. Pursuant to the Code, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company *(Provision 2.1)*. There is no existence of a relationship as stated in the Code that would otherwise deem any independent Director to be non-independent.

Mr Boey Tak Hap retired from the Board on 2 January 2020 and Mr Eric Ang Teik Lim was appointed on 1 July 2020 as an independent non-executive Director. There are currently ten members on the Board, three of whom are executive Directors and six of whom are independent non-executive Directors *(Provisions 2.2 & 2.3)*.

To further enhance the independence of the Board and the Board Committees, it is the Company's policy that no Director or independent Director sits on all three Committees, the ARC, RC and NC.

Although the independent Director, Mr Paul Hon To Tong, has served on the Board for more than nine years, the Board has, with the NC's recommendation, reviewed his appointment and considers him to be independent, having satisfied itself on the more important inquiry as to whether the Director has truly demonstrated integrity, independent judgement, objectivity in the discharge of his duties, and professionalism and that there is no conflict of interests in dealings with the Company, rather than simply imposing a maximum number of years that he should serve on the Board, which can be arbitrary. In this regard, the Board is fully satisfied as to the performance and continued independent judgement of this Director. Further, the Board does not consider it to be in the best interests of the Company or shareholders to require this Director who has served on the Board for more than nine years to retire, but rather, to continue to build on the Company's acquired experience and expertise by preserving continuity and stability within the Company through orderly succession. There is no relationship or circumstance that is likely to affect the judgement of this Director.

The Company has a policy to appoint members of the Board from diverse and varied skills, experience, gender and knowledge and has ensured that there is at least one independent Director on the Board who has experience in the industry in which the Company operates. The Board will examine its size and composition whenever circumstances require *(Provision 2.4)*. The Company adopts the principle of collective decision process and hence, no individual or smaller group of individuals will dominate the Board's decision-making process.

Given the present scope and nature of the Company's operations, the Board considers its current size and profile of its members, whose core competencies, qualifications, skills and experience are diverse, extensive and complementary, to be appropriate.

Non-executive Directors and/or independent Directors, led by an independent Director, will meet periodically without the presence of Management. The chairman of such meetings will provide feedback to the Board and/or the Chairman as appropriate *(Provision 2.5)*.

The profiles of the Directors are set out on pages 4 to 6 of this Annual Report.

Principle 3:
Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Chairman of the Board, Mr Cheng Wai Keung, is also the Managing Director ("MD") of the Group and has overall responsibility for the management and operations of the Group.

In order to address the issue of independence given that the Chairman and the MD are the same person, the Board has formally appointed Mr Paul Hon To Tong as Lead Independent Director to serve as a sounding board for the Chairman and also as an intermediary between the non-executive Directors and the Chairman to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making. In addition, Mr Paul Hon To Tong is available to the shareholders whenever they have any concerns which cannot be resolved or which may not be appropriate to be raised through normal contact channels of the MD or the chief financial officer ("CFO") *(Provisions 3.1 & 3.3)*.

Mr Cheng Wai Keung's primary role as Chairman of the Board is to lead the Board in developing sound policies and strategies for the Company and ensuring that they are implemented effectively, as well as to promote high standards of corporate governance. Mr Cheng Wai Keung also provides leadership to the Board, and ensures that Board meetings are held whenever necessary to promote a culture of openness and debate at the Board and that Board members are provided with complete, adequate and timely information. As the MD, Mr Cheng Wai Keung makes key decisions on the management and operations of the Group and is responsible for the conduct of the business and affairs of the Group, supported by the key management. The continued growth of the Company under Mr Cheng Wai Keung's leadership over the years clearly demonstrates his ability to discharge the responsibilities of both his roles as Chairman and MD effectively *(Provision 3.2)*.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

To assist the Board in the discharge of its responsibilities and to enhance the Company's corporate governance framework, the Board, without abdicating its responsibility, delegates specific functions to the various Board Committees, namely, the ARC, the RC and the NC. Each of these Board Committees has its own terms of reference and reports its activities regularly to the Board.

The NC comprises three members, namely, Mr Guy Daniel Harvey-Samuel – Chairman of the NC, Mr Paul Hon To Tong, Lead Independent Director and Mr Eric Ang Teik Lim (who was appointed as a member of the NC in place of Mr Cheng Wai Keung, on 1 July 2020) *(Provision 4.2)*.

The NC has adopted its own specific written terms of reference. The principal functions of the NC are to make recommendations to the Board for succession plans for Directors, the appointment and re-appointment of Directors to the Board and to review the independence of each Director annually and as and when circumstances require. The NC also recommends to the Board the process and criteria for evaluation of the performance of the Board, the Board Committees and the individual Directors. In addition, the NC reviews the training and professional development programmes for the Board and its Directors *(Provision 4.1)*.

Pursuant to the Company's Constitution and in compliance with Rule 720(5) of the SGX-ST Listing Manual, one-third of the Directors are required to submit themselves for re-nomination and re-election at least once every three years. The Directors to retire every year at the AGM shall be those who have been longest in office since their last re-election, and as between persons who became Directors on the same day, those to retire shall be determined by lot. A newly appointed Director will hold office until the next AGM following his/her appointment and he/she will be eligible for re-election. The Company has no alternate Directors.

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, additional information on the Directors seeking re-election has been set out in the section titled "Additional Information on Directors Seeking Re-Election at the Annual General Meeting" which is appended to the Notice of AGM.

The NC will review and make recommendations on board succession plans for Directors and the composition of the Board from time to time, and search for and identify suitable candidates with the right qualifications, expertise and experience to be appointed as Directors. Each candidate will be evaluated based on his/her ability to enhance the Board's capabilities through his/her contributions in his/her area of expertise and to improve the Group's business strategies, controls and/or corporate governance *(Provision 4.3)*.

All Directors and members of the Board are appointed following a comprehensive and extensive external search based on their credentials and qualities.

When considering the independence of Directors, the NC also reviews the annual declaration by the independent non-executive Directors regarding their independence and the Directors' disclosures of interests in transactions *(Provision 4.4)*.

For first-time directors, the Company provides training in areas such as accounting, legal or such other industry-specific knowledge, where appropriate. As mentioned before, upon appointment of each Director, the Company will provide a formal letter to the Director, setting out clearly the Director's duties and obligations to ensure that the new Director is aware of his/her duties and obligations *(Provision 4.5)*.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

With the assistance of KPMG Services Pte Ltd ("KPMG"), the Company's objective performance criteria and process for the evaluation of the effectiveness of the Board was developed, established and approved for use to ascertain the effectiveness of the Board as a whole, its Board Committees and each Director. This framework is reviewed and refined annually or when required, to incorporate better practices to enable an effective and relevant assessment process *(Provision 5.1)*.

The NC's assessment of the effectiveness and performance of the Board as a whole and its Board Committees is conducted on an annual basis (by circulating the evaluation forms for Board and Board Committees amongst the Directors) taking into account the level of participation and contribution of each individual Director towards the Board's effectiveness and competencies, as well as the strategic insight, financial literacy, business judgement, integrity and relevant industry knowledge rendered for the benefit of the Group. The aim of the assessment is to assess whether each Director is able to and continues to contribute effectively and demonstrate commitment to his/her role. Individual evaluation and self-assessment of each Director are also conducted on an annual basis. Additional performance criteria based on the Code has also been incorporated. These performance criteria allow for comparison with industry peers and go towards enhancing long-term shareholder value. Based on the results of the evaluation, the Board has met its performance objectives *(Provision 5.2)*.

The Chairman of the Board will act on the results of the evaluation and, in consultation with the NC, may propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

Remuneration Matters

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises four members, all of whom, including the Chairman of the RC, are independent non-executive Directors. The RC members are Mr Christopher Lau Loke Sam – Chairman of the RC, Mr Guy Daniel Harvey-Samuel, Mr Eric Ang Teik Lim (who was appointed as a RC member on 1 July 2020) and Mrs Mildred Tan (who was appointed as a RC member on 1 September 2020) *(Provision 6.2)*. Former RC member, Mr Boey Tak Hap, retired from the Board on 2 January 2020.

The RC has adopted its own specific written terms of reference. The principal functions of the RC are to review and recommend to the Board a general framework for remuneration within the Company and the specific remuneration packages for each Director as well as for the key management personnel of the Group *(Provision 6.1)*. As and when required, the RC obtains independent and professional advice on remuneration matters (including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits-in-kind) from human resource advisers and an external management consultancy firm specialising in people-pay-performance management strategies, Carrots Consulting Pte Ltd ("Carrots"). Other than its professional appointment, Carrots has no affiliation or relationship with the Company or any of its Directors that will affect the independence and objectivity of its performance *(Provision 6.4)*. The RC reviews the structure of the remuneration packages for the Directors and key management personnel to ensure that they are competitive and sufficient to attract, retain and motivate key executives. No Director is involved in deciding his/her own remuneration.

The RC reviews the Company's obligations arising in relation to termination of the executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable terms of termination which are industry norm and not overly generous, onerous or adverse to the Company. There are no termination, retirement or post-employment benefits granted to the executive Directors and key management personnel *(Provision 6.3)*.

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Company's remuneration framework for executive Directors and key management personnel comprises a fixed component (in the form of a base salary, annual wage supplement, fixed allowances where applicable, together with other benefits-in-kind in accordance with the Company's prevailing human resource policies), and a variable component in the form of variable bonuses, as well as share plans, where applicable. The remuneration packages take into account the individual's performance, the Group's overall performance, as well as acceptable market practices and employment conditions within the industry. Such performance-related remuneration takes into account the risk policies of the Company, is symmetric to risk outcomes and is sensitive to the time horizon of risks. In assessing the performance of the executive Directors and key management personnel, the RC takes into account the financial and operational performance of the Group. Carrots undertakes a benchmarking exercise on the remuneration packages of the executive Directors and key management personnel of the Group on an annual basis.

The Company seeks to remunerate all employees based on their individual performances and contributions towards the Company. To this end, the Company has in place a robust performance management system with which to appraise employees' performance against a set of key performance indicators on an annual basis *(Provision 7.1)*.

Non-executive Directors are paid a fixed fee appropriate to their level of contribution, taking into account factors such as effort, time spent, and responsibilities. Directors who participate in Board Committees receive higher fees for the additional responsibilities they take on. The Company recognises that non-executive Directors should not be over-compensated to the extent that their independence may be compromised. All Directors' fees are approved by shareholders at the AGM of the Company before they are paid (*Provision 7.2*).

The Company uses the Wing Tai Performance Share Plan ("Wing Tai PSP") and the Wing Tai Restricted Share Plan ("Wing Tai RSP") to incentivise both employees and Directors to promote the long-term success of the Company. The performance conditions which the Wing Tai PSP seeks to promote are broader targets aimed at sustaining more extensive and longer-term growth, and they are set over a three-year performance period. On the other hand, the performance conditions prescribed under the Wing Tai RSP are shorter-term targets aimed at encouraging continued service, and the shares have a vesting schedule of three years. Other than the Wing Tai RSP and Wing Tai PSP (collectively "Share Plan Shares") granted to the Executive Director, Ms Tan Hwee Bin, no Share Plan Shares was granted to the other Directors during the financial year *(Provision 7.3)*.

The RC has the discretion not to award variable incentive in any year if an executive Director or a key management personnel is involved in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Company currently has contractual provisions to allow the Company to reclaim incentive components of remuneration from executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

Principle 8: Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration packages of Directors and key management personnel are a competitive advantage of the Group. The Company uses both short-term and long-term incentives such as variable bonus and share plans, to motivate its executive Directors and employees to deliver greater performance for the Company. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus and share plans that are linked to the performance of the Group and each individual's performance, which is based on the criteria of the respective key performance indicators allocated to the individual. The key performance indicators include the Company's profitability and other financial and operational indicators as determined by the Board. Staff appraisals are conducted once a year. The executive Directors do not receive Directors' fees.

Provision 8.1 of the Code recommends that companies fully disclose the remuneration of each individual director and their CEO, and that they should name and disclose the remuneration of at least their top five key management personnel (who are not directors or the CEO) in bands no wider than $250,000, including the aggregate remuneration paid to these top five key management personnel. Provision 8.3 of the Code also recommends that companies disclose all forms of remuneration and other payments and benefits as well as details of employee share schemes.

The Company has chosen to make disclosures in bands of $250,000 with a breakdown in percentage terms of fees, base salary, bonus, share awards and other benefits for all the Directors, including the MD, executive Directors, and key management personnel. The Company is of the view that Principle 8 of the Code was met, as the remuneration policies, the procedure for setting remuneration for the MD, executive Directors and key management personnel as well as the level and mix of remuneration are disclosed below and taking into account the confidential and sensitive nature of such information, specific disclosure would otherwise place the Group in a competitively disadvantageous position.

The breakdown (in percentage terms) of the Directors' remuneration paid in FY2020 is as follows *(Provisions 8.1(a) & 8.3)*:-

Remuneration Bands	Fees (%)	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)	Shares granted during the year
$2,500,001 to $2,750,000						
Cheng Wai Keung	–	53	36	11	100	–
$2,250,001 to $2,500,000						
Edmund Cheng Wai Wing	–	51	35	14	100	–
$1,500,001 to $1,750,000						
Tan Hwee Bin	–	42	33	25^	100	203,000
Below $250,000						
Boey Tak Hap*	100	–	–	–	100	–
Cheng Man Tak	100	–	–	–	100	–
Christopher Lau Loke Sam	100	–	–	–	100	–
Paul Hon To Tong	100	–	–	–	100	–
Guy Daniel Harvey-Samuel	100	–	–	–	100	–
Tan Sri Dr Zulkurnain Bin Hj. Awang	100	–	–	–	100	–
Mrs Mildred Tan	100	–	–	–	100	–
Eric Ang Teik Lim+	–	–	–	–	–	–

^ Includes the fair value of restricted shares and performance shares
* Retired on 2 January 2020
\+ Appointed on 1 July 2020

The breakdown (in percentage terms) of the remuneration of the top five key management personnel in bands of $250,000 paid in FY2020 is set out below. The total remuneration paid to the five key management personnel for FY2020 amounted to $4.7 million *(Provisions 8.1(b) & 8.3)*.

Remuneration Bands	Salary (%)	Bonus (%)	Other Benefits (%)	Share Awards^ (%)	Total (%)
$1,250,001 to $1,500,000					
Helen Chow	52	38	10	–	100
$750,001 to $1,000,000					
Helen Khoo	52	28	6	14	100
Ng Kim Huat	46	35	5	14	100
Karine Lim	42	39	5	14	100
$500,001 to $750,000					
Stacey Ow Yeong	51	31	6	12	100

^ Includes the fair value of restricted shares and performance shares (where applicable)

Ms Helen Chow is the spouse of the MD, Mr Cheng Wai Keung and also one of the five key management personnel whose remuneration is disclosed in bands of $250,000. Mrs Kit Cheng, who is the spouse of the Deputy Managing Director, Mr Edmund Cheng Wai Wing, received remuneration that is between $200,000 and $300,000 during FY2020 *(Provision 8.2)*.

Provision 8.2 of the Code provides, *inter alia*, that the company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds $100,000 during the year, in bands no wider than $100,000. The Company has disclosed the remuneration of Ms Helen Chow in bands of $250,000. The Company is of the view that the intent of Principle 8 of the Code was met, as the remuneration policies, the procedure for setting remuneration applicable to the key management personnel of the Company, and the level and mix of remuneration are disclosed in the table on the previous page. Moreover, Ms Helen Chow is in a senior position and is considered as key management personnel, hence the disclosure made in bands of $250,000 would be meaningful to investors as to the level of remuneration paid to these employees as well as serving the Company's purpose in retaining and nurturing the Group's talent pool across all key management personnel, regardless of their relationship with the controlling shareholder or director.

Having consulted Carrots as well as the Company's Human Resource department, there is assurance from the Board and/or the RC that the level and structure of remuneration are aligned with the long-term interests and risk management policies of the Company. The Company is of the view that the disclosures herein would provide adequate information on the remuneration policies and practices for Directors and key management personnel.

Accountability and Audit

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board places great importance in having adequate and effective internal controls and risk management practices within the Company in order to achieve good corporate governance. The Group's internal controls provide reasonable assurance that the Group's assets are safeguarded, proper accounting records are well-maintained, financial information are reliable and applicable laws and regulations are properly complied with. The Board ensures that the Management maintains an adequate and effective system of internal controls and risk management which addresses key material risks including those posed in financial, operational, compliance and information technology domains. The Board requires the ARC to fully review and report annually on the adequacy and effectiveness of the internal controls and risk management as well as to assist in its risk management oversight.

The Company has established and maintains, on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits, as required under Rule 719(3) of the SGX-ST Listing Manual.

The Group has in place an enterprise risk management ("ERM") framework to provide the Board with a Group-wide view of the risks in the respective business units. The ERM framework enables the identification, assessment, management and monitoring of key risks to the Group's business. It also sets out the risk tolerance and describes the tolerance for various classes of risk by the Board based on the percentage of the Company's net tangible asset (NTA). As part of this framework, risk registers are set up to document the identified key material risks and mitigating controls/actions. The policies and procedures within the ERM framework allow the Group to regularly review the significance of its key material risks, and to consider the adequacy and effectiveness of the Group's system of internal controls to limit, mitigate and monitor the identified key material risks and the implementation of further action plans to manage strategic business risks, especially financial, operational, compliance and information technology risks.

As part of its continuing efforts to improve the risk management policies and systems, the Board, with the assistance of KPMG, reviews the Group's existing internal controls and the risk registers annually. Risk workshops are carried out with the risk owners to identify, assess and prioritise these risks. Mitigating actions in managing the key risks, as well as action plans to address the gaps, are considered and documented. Risk tolerance limits are set up to align with the Group's risk appetite and are subject to annual reviews. Operating within risk tolerance limits provides the Management with greater assurance that the Group operates within its risk appetite *(Provision 9.1)*.

The Board has received assurance from the MD and the CFO that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Group's framework of risk management and internal controls is adequate and effective in addressing the key material risks relating to financial, operational, compliance and information technology controls, which the Company may face in the day-to-day operation of its businesses *(Provision 9.2)*.

Based on the internal controls established, the assurance received from the MD and the CFO regarding financial records, risk management and internal controls established and maintained by the Group, the work performed by the internal and external auditors and the existing management controls in place, the Board, with the concurrence of the ARC, is of the opinion that there are adequate and effective internal controls and risk management systems in place within the Group addressing the key material risks relating to financial, operational, compliance and information technology controls, to meet the needs of the Group in its current business environment as at 30 June 2020.

The system of risk management and internal controls which has been established by the Group provides reasonable assurance that the Group will not be adversely affected by events that can be reasonably foreseen as it strives to achieve its business objectives. The Board, however, notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision-making, human error, losses, fraud or other irregularities. The Board, together with the ARC and the Management, will continue to enhance and improve the existing risk management and internal controls framework to identify and mitigate these risks.

Principle 10:
Audit & Risk Committee

The Board has an ARC which discharges its duties objectively.

The ARC comprises three members, all of whom are independent non-executive Directors. The ARC members are Mr Paul Hon To Tong – Chairman of the ARC, Mr Christopher Lau Loke Sam and Mrs Mildred Tan. A former ARC member, Mr Boey Tak Hap retired from the Board on 2 January 2020.

The Board considers the members of the ARC appropriately qualified to discharge the roles and responsibilities of the ARC. The members of the ARC have sufficient accounting and financial management expertise and experience *(Provision 10.2)*. The ARC held four meetings in FY2020. The ARC met with the internal and external auditors without the presence of the Management during FY2020 *(Provision 10.5)*.

The ARC is guided by its own written terms of reference setting out its authority and duties. The ARC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management, complete discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions effectively and properly. The ARC maintains a high standard of corporate governance by reviewing, *inter alia*, the significant financial reporting issues and judgements, annual audit plan, internal audit processes and the adequacy and effectiveness of risk management and internal controls, including financial, operational, compliance and information technology controls within the Company as well as any interested person transactions which may arise during the course of the Company's businesses. During the financial year, the ARC reviewed the first two quarters, and following the amendments to Rule 705 of the SGX-ST Listing Manual (which came into effect on 7 February 2020), the year-end financial statements of the Group. In addition, the ARC has received and reviewed the formal assurance from the MD and the CFO on the financial records and financial statements before submitting the same to the Board for its approval. Any changes to existing accounting standards and issues which have a direct impact on financial statements are raised and discussed at the ARC meetings *(Provision 10.1)*. The ARC also reviews the procedures for detecting fraud and whistle-blowing, and ensures that arrangements are in place by which staff of the Company and any other persons may, in confidence raise concerns about possible improprieties in matters of financial reporting, financial control, or any other matters.

In presenting the annual financial statements and announcement of financial results to the shareholders, the Board aims to provide shareholders with a fair, balanced and complete assessment of the Company's performance, financial position and prospects on a quarterly basis, and following the amendments to Rule 705 of the SGX-ST Listing Manual (which came into effect on 7 February 2020), on a half-yearly basis, as well as other price-sensitive public reports, and reports to regulators, where required. The Management furnishes the Board with the first two quarters and year-end management reports which present an independent and accurate appraisal of the Company and its businesses, and all other information that will enable the Board to make a balanced and well-informed assessment of the Company's performance, position and prospects, as the Board may require from time to time. The Board has also put in place adequate steps to ensure compliance with legislative and regulatory requirements.

In the review of the financial statements for FY2020, the ARC has discussed with the Management and the external auditors on the accounting principles that were applied and their judgement of issues that might affect the integrity of the financial statements. The following are key audit matters reported by the external auditors for FY2020:-

Key Audit Matters	How these issues were addressed by the ARC
Valuation of development properties	The ARC has considered the approach and methodology applied to the valuation of development properties, focusing on development properties with slower-than-expected sales, low or negative margins. The ARC was periodically briefed by the Management on the development of key projects, the market trends and the strategies to sell the development properties. The ARC also considered the work performed by the external auditors on their assessment of the reasonableness of the assumptions used in the valuation of development properties. The ARC was satisfied with the valuation process, the methodologies used, and the consideration of the potential financial impact of the COVID-19 pandemic in the basis of the valuation for the development properties as adopted and disclosed in the financial statements.
Valuation of investment properties	The ARC considered and discussed with Management on the approach and methodology applied to the valuation of investment properties. The ARC also considered the work performed by the external auditors on their assessment of the appropriateness of the valuation techniques, the reasonableness of the critical assumptions made for the key inputs used in the valuation techniques and how the impact of the COVID-19 pandemic and market uncertainty has been considered by the independent property valuers in determining the valuation of investment properties. The ARC was satisfied with the valuation process, the methodologies used and the basis of the valuation for the investment properties as adopted and disclosed in the financial statements. The ARC noted certain reports from the independent property valuers have highlighted the heightened uncertainty of the COVID-19 outbreak, and Management will monitor the situation and will perform periodic review of the property values as and when deemed necessary.

The ARC also takes steps to keep itself abreast of new developments in and changes to accounting standards and issues which have a material impact on financial statements by participating in training conducted, and regular updates provided, by professionals or external auditors and consultants.

The ARC meets on a periodic basis to perform, *inter alia*, the following:

- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's performance;
- review and report to the Board at least annually the adequacy and effectiveness of the Company's risk management and internal controls, including financial, operational, compliance and information technology controls;
- recommend the appointment, re-appointment and removal of the external auditors;
- review the scope, results and cost effectiveness of the audit exercise;
- evaluate the independence and objectivity of the external auditors; and
- review the adequacy and effectiveness of the internal audit function *(Provisions 10.1(a)-(e))*.

The ARC makes recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors. Having reviewed the value of the non-audit services provided by the external auditors to the Group, the ARC is satisfied that the nature and extent of such services do not prejudice the independence and objectivity of the external auditors when carrying out its audit function of the Company. The external auditors have also provided confirmation of their independence to the ARC. The aggregate amount of fees paid by the Company, broken down into audit and non-audit services rendered to the Company for FY2020 is disclosed on page 73 of this Annual Report.

The ARC is primarily responsible for proposing to the Board, the appointment and removal of the external auditors. The ARC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation *(Provision 10.3)*. The external auditors are a completely independent function. No Director or senior managers have an employment relationship with the current external auditors. The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the appointment of its external auditors.

The ARC is the body which approves the appointment, removal, evaluation and compensation of the internal audit function in the Group. The ARC ensures that the internal audit function is independent, effective, adequately resourced and has appropriate standing within the Company. The internal audit function is outsourced to KPMG, which is a reputable accounting and auditing firm staffed by qualified professionals with the relevant qualifications and experience. The audit methodology is in conformance with the *International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors*. These standards cover attributes as well as performance and implementation principles. KPMG reports to the Chairman of the ARC and has unfettered access to all of the Group's documents, records, properties and personnel, including unrestricted access to the ARC. On an annual basis, the ARC reviews the adequacy and effectiveness of the internal audit function. For the financial year, the ARC concludes that the internal audit function is adequate (including adequately resourced), effective and independent *(Provision 10.4 / SGX Listing Rule 1207(10C))*.

The Company also adopts a set of internal controls which sets out approval limits for expenditure, monetary withdrawals, investments and divestments and cheque signatory arrangements within the Company. KPMG assists the ARC in its functions by reporting its audit findings to the ARC and the senior management. The scope of KPMG's role is to perform detailed work to assist the ARC and the Board in their evaluation of internal controls and risk management in the Company's day-to-day operations. Wherever required, KPMG submits its plans and recommendations to the ARC for approval.

Whistle-blowing Policy

The Company has put in place a policy on whistle-blowing to facilitate the reporting of activities or practices which are in violation of the Group's work ethics and rules. Key details are published on the corporate website and anonymous reporting is allowed. The Group encourages employees or any other parties to report unlawful, unethical or fraudulent activities or practices in strict confidence. All whistle-blowing reports are submitted either to the internal auditors ("IA") or the Chairman of the ARC so that independent investigation and appropriate follow-up action can be carried out under strict confidentiality. The ARC has the responsibility of overseeing this whistle-blowing policy, which is administered with the assistance of the IA. The process of raising concerns about possible improprieties in matters of financial reporting or other matters has been properly communicated to all employees in the Company and the whistle-blowing hotline is disclosed to all other persons on the Company's website. It is believed that this will not only encourage openness and promote transparency but also act as a form of check and balance against the internal controls and risk management practices of the Group *(Provision 10.1(f))*. There were no whistle-blowing reports received by the ARC in the financial year under review.

Interested Person Transactions

The Company has an established internal policy when dealing with interested person transactions ("IPT") which sets out clear procedures for their review and approval. The Company did not have to obtain any shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual.

The Company has established clear policies that require Directors of the Board to refrain from participation in Board discussions and decision-making process on a particular agenda when they have conflict of interests. The Company also takes steps to ensure that IPTs are conducted fairly and on arm's length basis.

Particulars of IPT for FY2020 as required under Rule 907 of the SGX-ST Listing Manual are as follows:-

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) ($'000)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than $100,000) ($'000)
Management and other related fees		
Lanson Place Hospitality Management (Singapore) Pte Ltd#	535	N.A.
Lanson Place Hospitality Management (Malaysia) Limited#	407	N.A.

The Group has a 33.1% interest in the company

Shareholder Rights and Engagement

Principle 11: Shareholder Rights and Conduct of General Meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

In line with the disclosure obligations under the SGX-ST Listing Manual and the Companies Act (Cap. 50), and to facilitate the exercise of ownership rights by the shareholders, the Company promptly informs its shareholders of all developments that materially impact the Group. Shareholders are updated on the businesses and affairs of the Company through the release of the Company's results on a quarterly basis, and following the amendments to Rule 705 of the SGX-ST Listing Manual (which came into effect on 7 February 2020), on a half-yearly basis. Material and price-sensitive information is publicly released by the Company via the Singapore Exchange Network ("SGXNET") on an immediate basis where required by the SGX-ST. The Company does not practise selective disclosure of information. Timely and detailed disclosure of pertinent corporate information is communicated via SGXNET and the Company's website.

Shareholders are given the opportunity to raise questions and communicate their views to the Company at general meetings and minutes of these general meetings (including questions raised by shareholders and answers thereto) will be posted on the Company's website. Shareholders are also given the opportunity, presented through the general meeting agenda, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increase in remuneration for the non-executive Directors. The Board of Directors are required to be present at all general meetings of shareholders to address shareholders' queries at these meetings, except in the case of exigencies. The Chairman and Board of Directors were present at the latest AGM to address any questions that the shareholders may have. The external auditors of the Company were also present to assist the Board in addressing any queries posed by the shareholders about the conduct of audit and the preparation and content of the auditors' report *(Provision 11.3)*.

The Company passes separate resolutions at general meetings on each distinct issue placed before it *(Provision 11.2)*. A shareholder can vote in person or by way of proxy at general meetings. All resolutions at the general meetings are put to the vote by way of poll and the detailed results of the voting for each of the resolutions are announced on the SGXNET and the Company's website. The Company's Constitution provides that a registered shareholder who is not a relevant intermediary (as defined in the Companies Act) and who is unable to attend may choose to appoint up to two proxies to attend and vote on his/her behalf, while relevant intermediaries may appoint more than two proxies to attend and participate in general meetings. Voting in absentia by mail, facsimile or email is currently not permitted so as to ensure proper authentication of the identity of shareholders and their voting intent *(Provision 11.4)*.

Voting and vote tabulation procedures used are disclosed before the general meetings proceed with appointed independent scrutineer to validate the voting process and procedures. Currently, the Company has appointed TS Tay Public Accounting Corporation as an independent scrutineer to count and validate the votes at the AGM *(Provision 11.1)*.

The Company has a dividend policy of around 30% payout ratio based on underlying net profits, taking into consideration the Company's financial position, capital needs, plans for expansion and other factors as the Board may deem appropriate. Currently, the Company pays dividend(s) to all its shareholders within 30 days after the shareholders' approval of the dividend(s) at the shareholders general meetings *(Provision 11.6)*.

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

In line with the Company's sustainability practices and efforts, the Company has discontinued the CD-ROM version of the annual report to shareholders since 2018. Shareholders can access the annual reports and circulars of the Company from the Company's website. The notices of the Company's AGMs and the Company's results are published via SGXNET and on the Company's website. To facilitate the participation of shareholders at the AGMs, the notices of the Company's AGMs contain details and, where necessary, explanatory notes, of each agenda item for the AGM. In order to address its shareholders' concerns, the Company shares on SGXNET as well as the Company's website, a set of corporate presentation slides on its full-year results and to provide updates on the Group's businesses.

In view of the current COVID-19 situation, the forthcoming AGM for FY2020 will be held via electronic means. The Company will put in place alternative arrangements relating to attendance at the AGM (via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the meeting in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the meeting as proxy at the AGM.

A Corporate Finance team carries out established investor relations policies in order to ensure regular and effective conveyance of pertinent information to shareholders. The Company makes timely disclosure of material and price-sensitive information to help investors make informed decisions. Shareholders, investors and analysts are kept informed with updated information, including financial statements and presentation slides via announcements, press releases, annual general meetings and briefing sessions, where appropriate *(Provision 12.2)*.

If shareholders have any feedback or query, they may submit feedback and raise questions through the Company's website www.wingtaiasia.com.sg *(Provision 12.3)*.

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company's engagement with all stakeholders will be set out in detail in the Sustainability Report to be published annually on the Company's corporate website.

The Company takes its corporate social responsibility seriously and it is not involved in nor does it have any legal violation pertaining to labour, employment, consumer, insolvency, commercial, competition or environmental issues.

The Company's latest financial results, annual reports and Code of Conduct are available on the Company's website at www.wingtaiasia.com.sg *(Provision 13.3)*.

Dealings in Securities

The Company has adopted and implemented an internal guideline on share dealings in the Company's securities in compliance with Rule 1207(19)(c) of the SGX-ST Listing Manual. All officers of the Company are prohibited from dealing in securities of the Company whilst in possession of price-sensitive information. They are also precluded from dealing in securities of the Company during the closed period, which is two weeks before the date of announcement of the Company's results for each of the first two quarters of FY2020 (prior to the Company's adoption of half-yearly reporting of results following the amendments to Rule 705 of the SGX-ST Listing Manual which came into effect on 7 February 2020) and one month before the date of announcement of the full-year financial results. In addition, officers of the Company are also strongly discouraged from dealing in the Company's securities on short-term considerations.

Professional Conduct and Discipline

The Company has established various policies on employees' conduct, confidentiality, conflict of interests, intellectual property, software use, and internet usage. The Company continues to remind all employees that they are required to conduct and carry themselves in a professional manner while at work, and undertake to observe and adhere to all prevailing policies.

Financial Reports

for the Financial Year 2020

Five-Year Financial Summary

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Revenue	**371,026**	322,616	360,428	263,203	544,531
Property	**272,067**	177,502	215,262	111,462	367,234
Retail	**91,509**	134,465	136,126	143,948	169,640
Investment and others	**7,450**	10,649	9,040	7,793	7,657
Earnings before interest and tax	**54,192**	66,835	270,706	54,744	78,893
Profit before income tax	**26,827**	46,278	245,897	19,679	41,373
Total profit	**15,708**	48,757	227,317	26,399	15,661
Profit attributable to equity holders of the Company	**15,972**	46,771	225,166	20,119	7,079
Equity attributable to ordinary shareholders of the Company	**3,214,039**	3,213,041	3,289,130	3,108,877	3,122,709
Total assets	**4,650,812**	4,359,643	4,499,204	4,581,947	4,977,483
Total liabilities, perpetual securities and non-controlling interests	**1,436,773**	1,146,602	1,210,074	1,473,070	1,854,774
Earnings per share[1] (cents)	**0.40**	5.21	28.29	2.59	0.91
Net tangible assets per share[1] ($)	**4.18**	4.19	4.26	4.02	4.04
Cash dividends per share (cents)	**3.00**	5.00	8.00	6.00	6.00

Note:

1. The weighted average number of ordinary shares used for this purpose is as follows:

	'000
2020	**768,792**
2019	767,544
2018	774,165
2017	773,526
2016	777,271

Directors' Statement

For the Financial Year Ended 30 June 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2020 and the statement of financial position of the Company as at 30 June 2020.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 44 to 127 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

Cheng Wai Keung *(Chairman and Managing Director)*
Edmund Cheng Wai Wing *(Deputy Chairman and Deputy Managing Director)*
Cheng Man Tak
Christopher Lau Loke Sam
Paul Hon To Tong
Guy Daniel Harvey-Samuel
Tan Sri Dr Zulkurnain bin Hj. Awang
Sim Beng Mei Mildred (Mrs Mildred Tan)
Eric Ang Teik Lim *(Appointed on 1 July 2020)*
Tan Hwee Bin

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in the "Share Plans" sections of this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) The interests of the directors holding office at the end of the financial year in the shares and share plans of the Company and related corporations according to the register of the directors' shareholdings were as follows:

	Holdings registered in the name of director		**Holdings in which director is deemed to have interest**	
Name of director	**As at 01.07.2019**	**As at 30.06.2020**	**As at 01.07.2019**	**As at 30.06.2020**
The Company				
Ordinary Shares				
Cheng Wai Keung	-	**214,400**	395,038,656	**405,838,656**
Edmund Cheng Wai Wing	-	**-**	318,021,664	**328,821,664**
Tan Hwee Bin	1,774,335	**2,027,135**	**-**	-
Performance Share Plan *				
Tan Hwee Bin	458,000	**431,000**	**-**	-
Restricted Share Plan				
Tan Hwee Bin	176,700	**141,800**	**-**	-

* Shares awarded are contingent upon achievement of threshold targets.

Except for the above, none of the directors of the Company at the end of the financial year had any interest in the shares or debentures of the Company or any other related corporations. There was no change in any of the above-mentioned directors' interests in the Company between the end of the financial year and 21 July 2020.

Directors' Statement

For the Financial Year Ended 30 June 2020

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES *(continued)*

(b) By virtue of Section 7 of the Singapore Companies Act, Cheng Wai Keung and Edmund Cheng Wai Wing, who by virtue of their interest of not less than 20% in the issued capital of the Company, are also deemed to have an interest in the shares of the various subsidiary companies held by the Company.

SHARE PLANS

The Wing Tai Performance Share Plan ("Wing Tai PSP") and the Wing Tai Restricted Share Plan ("Wing Tai RSP")
The Wing Tai PSP and the Wing Tai RSP (collectively referred to as the "Wing Tai New Share Plans") were adopted by the members of the Company at an AGM held on 26 October 2018. The Wing Tai Share Plans are administered by a committee (the "Committee") comprising two directors, namely Cheng Wai Keung and Tan Hwee Bin.

(a) *Wing Tai PSP*
One of the primary objectives of the Wing Tai PSP is to increase the Company's flexibility and effectiveness in its continuous efforts to reward, retain and motivate key management staff. The Wing Tai PSP is primarily targeted at executives in key positions who are able to drive the growth of the Company through innovation, creativity and superior performance.

Full-time executives (including executive directors) of the Company, its subsidiary companies or associated companies who hold such rank as may be designated by the Committee from time to time are eligible to participate in the Wing Tai PSP.

Under the Wing Tai PSP, performance conditions are set over a three-year performance period. A specified number of shares will be released by the Committee to the participants at the end of the performance period, provided the threshold targets are achieved. The total number of shares released varies depending on the achievement of pre-set performance targets over the performance period. The achievement factor ranges from 0% to 200%.

Details of the movement in the awards of the Company during the year were as follows:

Date of grant	As at 01.07.2019	Number of shares granted	Adjustment of shares awarded arising from targets achieved	Number of shares released	As at 30.06.2020
21.09.2016	323,000	-	(25,100)	(297,900)	-
25.09.2017	333,000	-	-	-	**333,000**
26.09.2018	315,000	-	-	-	**315,000**
08.10.2019	-	285,000	-	-	**285,000**
Total	**971,000**	**285,000**	**(25,100)**	**(297,900)**	**933,000**

SHARE PLANS *(continued)*

The Wing Tai Performance Share Plan ("Wing Tai PSP") and the Wing Tai Restricted Share Plan ("Wing Tai RSP") *(continued)*

(b) *Wing Tai RSP*
The objective of the Wing Tai RSP is to serve as an additional motivational tool to recruit and retain employees.

Full-time executives (including executive directors) of the Company, its subsidiary companies or associated companies who hold such rank as may be designated by the Committee from time to time and non-executive directors are eligible to participate in the Wing Tai RSP.

Under the Wing Tai RSP, performance conditions are set over a one-year performance period. A specified number of shares will be awarded to eligible participants at the end of the performance period depending on the extent of achievement of the performance conditions established. These shares have a vesting schedule of three tranches. The participant will receive fully paid shares, without any cash consideration payable by the participant.

Details of the movement in the awards of the Company during the year were as follows:

Date of grant	As at 01.07.2019	Number of shares granted	Number of shares released	Number of shares forfeited	As at 30.06.2020
21.09.2016	188,800	-	(188,800)	-	**-**
25.09.2017	480,200	-	(205,800)	(14,000)	**260,400**
26.09.2018	887,600	-	(380,400)	(39,200)	**468,000**
08.10.2019	-	878,000	(263,400)	(35,000)	**579,600**
Total	**1,556,600**	**878,000**	**(1,038,400)**	**(88,200)**	**1,308,000**

The information on a director of the Company participating in the Wing Tai PSP and Wing Tai RSP is as follows:

Name of director	Awards granted during the year	Aggregate awards granted since commencement of plans to the end of the year	Aggregate awards released since commencement of plans to the end of the year	Aggregate awards outstanding as at the end of the year
Tan Hwee Bin				
Wing Tai PSP	129,000	1,015,000	453,300	431,000
Wing Tai RSP	74,000	1,596,000	1,454,200	141,800

Directors' Statement

For the Financial Year Ended 30 June 2020

AUDIT & RISK COMMITTEE

The Audit & Risk Committee consists of three independent non-executive directors. The members of the Committee at the date of this report are as follows:

Paul Hon To Tong *(Chairman)*
Christopher Lau Loke Sam
Sim Beng Mei Mildred (Mrs Mildred Tan)

The Audit and Risk Committee reviewed the Group's accounting policies and system of internal controls on behalf of the Board of Directors and performed the functions specified in Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

(a) the audit plans of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(b) the scope and results of internal audit procedures with the internal auditor;

(c) the assistance given by the Company's management to the independent auditor; and

(d) the half yearly results and the full year consolidated financial statements of the Group for the financial year ended 30 June 2020 before their submission to the Board of Directors for approval and the Independent Auditor's Report on these financial statements.

The Audit & Risk Committee also assists the Board of Directors with risk governance and overseeing the Company's risk management framework and policies.

The Audit & Risk Committee has nominated PricewaterhouseCoopers LLP for re-appointment as auditor of the Company at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

CHENG WAI KEUNG
Director
22 September 2020

EDMUND CHENG WAI WING
Director

Independent Auditor's Report to the Members of Wing Tai Holdings Limited

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Wing Tai Holdings Limited ("the Company") and its subsidiary companies ("the Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the financial year ended 30 June 2020;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the statements of financial position of the Group and of the Company as at 30 June 2020;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Wing Tai Holdings Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of development properties	
As at 30 June 2020, the carrying amount of the Group's development properties of S$993.6 million accounted for 21% of the Group's total assets. No allowance for foreseeable loss has been charged to profit or loss for development properties held by the Group for the financial year ended 30 June 2020. The disclosures relating to these development properties are included in Note 14 to the financial statements. In addition, valuation of development properties held by the Group's associated and joint venture companies affects the carrying value of the Group's investments (including loans) and the share of profits of associated company and joint venture companies. The disclosures relating to investments in associated and joint venture companies (including loans) are in Notes 16 and 17 to the financial statements. The determination of valuation of development properties, and whether to recognise or write back any allowance for foreseeable losses on development properties, involves significant management judgement as this is highly dependent on the Group's estimated selling prices, taking into consideration market demand for private residential units, prevailing local government policies and regulatory restrictions. The Coronavirus Disease 2019 ("COVID-19") pandemic has resulted in significant economic uncertainty in the current and future economic environment and there is heightened uncertainty inherent in estimating the impact of the pandemic to future selling prices of the development properties.	In assessing the valuation of development properties held by the Group, we focused on development properties with slower-than-expected sales, low or negative margins. Our audit procedures to assess the adequacy of management's estimated development costs and the reasonableness of the assumptions used, where applicable, included the following: • compared actual costs incurred against underlying contracts with vendors and supporting documents; • assessed the reasonableness of costs-to-complete by substantiating costs that have been committed to quotations from and/or contracts with suppliers; • discussed with the project managers and management on the status of the development properties and the basis for the estimated costs to complete and challenged the underlying assumptions by benchmarking against the Group's past projects; and • assessed the competency, capabilities and objectivity of the quantity surveyors used by management for the certification of proportion of construction costs to date. We also evaluated management's key assumptions relating to estimated selling prices to, where available, recently transacted prices based on sales achieved to date and/or prices of comparable properties located in the same vicinity as the development projects, comparable market data and market price trends and understood how they have considered the impact of the COVID-19 pandemic and market uncertainty in their estimates. For the Group's interest in associated and joint venture companies accounted for under the equity method of accounting, we have ensured that the work performed by the respective in-scope auditors on valuation of development properties with slower-than-expected sales, low or negative margins is in accordance with our instructions to them and consistent with the audit procedures as described above. The evidence we obtained from performing our procedures indicated that management's estimates and assumptions were reasonable.

Independent Auditor's Report to the Members of Wing Tai Holdings Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
As at 30 June 2020, the carrying amount of the Group's investment properties of S$792.3 million accounted for 17.0% of the Group's total assets. The Group recognised fair value losses on investment properties of S$15.4 million for the financial year ended 30 June 2020. The disclosures relating to these investment properties are included in Notes 19 and 33(e) to the financial statements. In addition, valuation of investment properties held by the Group's significant associated company, Wing Tai Properties Limited ("WTP") affects the carrying value of the Group's investment and the share of profits of the associated company. The disclosures relating to the investment in associated company are in Note 17 to the financial statements. Valuation by independent property valuers is used to support the determination of the fair value of the investment properties. The valuations of the investment properties are highly judgmental due to the use of estimates in the valuation techniques based on key assumptions. The key inputs include market values per square metre / per room, estimated monthly rental rate per square metre / per bay, capitalisation rates and discount rates. Furthermore, the valuation reports obtained from independent property valuers for certain investment properties have highlighted the heightened uncertainty of the COVID-19 outbreak.	Our audit procedures included the following: • assessed the competence, capabilities and objectivity of the independent property valuers engaged by the Group; • obtained an understanding of the valuation techniques used by the independent property valuers in determining the valuation of individual investment properties to assess the applicability of the valuation techniques for the property type; • discussed with independent property valuers the critical assumptions made for the key inputs used in the valuation techniques and understood how they have considered the impact of the COVID-19 pandemic and market uncertainty in their valuations; • tested the integrity of key inputs, as well as underlying lease and financial information provided by management to the independent property valuers; and • assessed the reasonableness of market values per square metre / per room, estimated monthly rental rates per square metre / per bay, capitalisation rates and discount rates used, by benchmarking against those of comparable properties based on information available as at 30 June 2020 and/or prior year inputs. For the Group's interest in WTP, accounted for under the equity method of accounting, we have ensured that the work performed by the auditor of WTP on valuation of investment properties is in accordance with our instructions to them and consistent with the audit procedures as described above. We found the independent property valuers to be members of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the Group's investment properties and the key inputs used were within the range of market data. We also assessed the adequacy of the disclosures relating to the significant judgement involved in the valuation of investment properties and found them to be appropriate.

Independent Auditor’s Report to the Members of Wing Tai Holdings Limited

Other Information

Management is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor’s Report to the Members of Wing Tai Holdings Limited

Auditor’s Responsibilities for the Audit of the Financial Statements *(continued)*

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor’s report is Sim May Ling Theresa.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 22 September 2020

Consolidated Income Statement

For the Financial Year Ended 30 June 2020

	Note	Group 2020 $'000	Group 2019 $'000
Revenue	3	**371,026**	322,616
Cost of sales		**(190,753)**	(174,801)
Gross profit		**180,273**	147,815
Other (losses)/gains – net	4	**(104)**	27,125
Expenses			
– Distribution		**(53,141)**	(62,764)
– Administrative and other		**(82,055)**	(87,547)
Operating profit		**44,973**	24,629
Finance costs	7	**(30,288)**	(30,849)
Associated and joint venture companies			
– Share of profits	17	**5,772**	52,498
– Reversal of impairment loss (net)	16	**6,370**	-
Profit before income tax		**26,827**	46,278
Income tax (expense)/credit	8(a)	**(11,119)**	2,479
Total profit		**15,708**	48,757
Attributable to:			
Equity holders of the Company		**15,972**	46,771
Non-controlling interests		**(264)**	1,986
		15,708	48,757
Earnings per share attributable to ordinary shareholders of the Company (cents):			
Basic	9(a)	**0.40**	5.21
Diluted	9(b)	**0.40**	5.19

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 30 June 2020

	Note	Group 2020 $'000	Group 2019 $'000
Total profit		**15,708**	48,757
Other comprehensive (expense)/income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges		**(1,633)**	(3,401)
Currency translation differences		**43,889**	(33,646)
Share of other comprehensive income/(expense) of associated and joint venture companies		**760**	(5,290)
		43,016	(42,337)
Items that will not be reclassified subsequently to profit or loss:			
Fair value losses on financial assets at fair value through other comprehensive income ("FVOCI")		**(8,949)**	(3,951)
Currency translation differences		**1,966**	(837)
Share of other comprehensive income of associated and joint venture companies		**2**	5
		(6,981)	(4,783)
Other comprehensive income/(expense), net of tax	8(a)	**36,035**	(47,120)
Total comprehensive income		**51,743**	1,637
Attributable to:			
Equity holders of the Company		**50,039**	483
Non-controlling interests		**1,704**	1,154
		51,743	1,637

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 30 June 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**605,480**	217,332	**283,891**	68,770
Trade and other receivables	12	**111,590**	24,104	**244,796**	423,469
Inventories	13	**14,679**	19,592	**-**	-
Development properties	14	**993,584**	1,092,108	**-**	-
Tax recoverable		**5,579**	5,678	**-**	-
Other assets	22	**11,448**	25,302	**1,541**	1,109
Assets held for sale	15	**68,062**	-	**-**	-
		1,810,422	1,384,116	**530,228**	493,348
Non-current assets					
Trade and other receivables	16	**134,673**	278,558	**1,160,397**	1,162,002
Investments in associated and joint venture companies	17	**1,764,891**	1,734,660	**-**	-
Investments in subsidiary companies	18	**-**	-	**282,063**	282,063
Investment properties	19	**792,346**	792,663	**-**	-
Property, plant and equipment	20	**91,608**	112,441	**12,948**	13,015
Deferred income tax assets	8(b)	**8,087**	8,783	**-**	-
Other assets	22	**48,785**	48,422	**20,811**	10,825
		2,840,390	2,975,527	**1,476,219**	1,467,905
Total assets		**4,650,812**	4,359,643	**2,006,447**	1,961,253
LIABILITIES					
Current liabilities					
Trade and other payables	23	**57,842**	61,919	**11,195**	9,883
Current income tax liabilities		**33,418**	22,426	**221**	1,179
Other liabilities	26	**117,395**	11,390	**345**	-
		208,655	95,735	**11,761**	11,062
Non-current liabilities					
Borrowings	24	**787,740**	627,128	**567,537**	467,271
Deferred income tax liabilities	8(b)	**33,719**	36,046	**-**	-
Other liabilities	26	**35,353**	18,091	**19,322**	10,073
		856,812	681,265	**586,859**	477,344
Total liabilities		**1,065,467**	777,000	**598,620**	488,406
NET ASSETS		**3,585,345**	3,582,643	**1,407,827**	1,472,847
EQUITY					
Capital and reserves attributable to ordinary shareholders of the Company					
Share capital	27	**838,250**	838,250	**838,250**	838,250
Other reserves	29	**7,904**	(27,577)	**(38,575)**	(40,758)
Retained earnings	30	**2,367,885**	2,402,368	**311,777**	378,980
		3,214,039	3,213,041	**1,111,452**	1,176,472
Perpetual securities	28	**296,375**	296,375	**296,375**	296,375
Non-controlling interests	18	**74,931**	73,227	**-**	-
TOTAL EQUITY		**3,585,345**	3,582,643	**1,407,827**	1,472,847

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2020

	Note	Attributable to ordinary shareholders of the Company						
	Note	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Perpetual securities $'000	Non-controlling interests $'000	Total equity $'000
2020								
Balance at 1 July 2019, as previously reported		838,250	(27,577)	2,402,368	3,213,041	296,375	73,227	3,582,643
Effect of adoption of SFRS(I) 16		-	-	(1,328)	(1,328)	-	-	(1,328)
Balance at 1 July 2019, as adjusted		838,250	(27,577)	2,401,040	3,211,713	296,375	73,227	3,581,315
Total comprehensive income		-	34,067	15,972	50,039	-	1,704	51,743
Share of transfer of reserves of associated company	29(c)		(769)	769	-	-	-	-
Cost of share-based payment		-	2,135	-	2,135	-	-	2,135
Reissuance of treasury shares		-	48	(48)	-	-	-	-
Accrued perpetual securities distribution	28	-	-	(12,875)	(12,875)	12,875	-	-
Ordinary and special dividends paid	25	-	-	(38,453)	(38,453)	-	-	(38,453)
Perpetual securities distribution paid		-	-	-	-	(12,875)	-	(12,875)
Tax credit arising from perpetual securities distribution		-		1,480	1,480	-	-	1,480
End of financial year		**838,250**	**7,904**	**2,367,885**	**3,214,039**	**296,375**	**74,931**	**3,585,345**
2019								
Balance at 1 July 2018, as previously reported		838,250	(23,203)	2,514,733	3,329,780	147,778	72,514	3,550,072
Effects of transition to SFRS(I)s and adoptions of SFRS(I) 15 & 1-23		-	62,002	(102,652)	(40,650)	-	(161)	(40,811)
Balance at 1 July 2018, as adjusted		838,250	38,799	2,412,081	3,289,130	147,778	72,353	3,509,261
Effect of adoption of SFRS(I) 9		-	(11,549)	11,549	-	-	-	-
Balance at 1 July 2018, as reported		838,250	27,250	2,423,630	3,289,130	147,778	72,353	3,509,261
Total comprehensive (expense)/income		-	(46,288)	46,771	483	-	1,154	1,637
Issuance of perpetual securities, net of transaction costs		-	-	-	-	147,897	-	147,897
Cost of share-based payment		-	2,384	-	2,384	-	-	2,384
Reissuance of treasury shares		-	(205)	205	-	-	-	-
Purchase of treasury shares		-	(10,716)	-	(10,716)	-	-	(10,716)
Accrued perpetual securities distribution	28	-	-	(6,820)	(6,820)	6,820	-	-
Ordinary and special dividends paid	25	-	-	(61,418)	(61,418)	-	-	(61,418)
Perpetual securities distribution paid		-	-	-	-	(6,120)	-	(6,120)
Dividends paid by a subsidiary company to non-controlling interests		-	-	-	-	-	(280)	(280)
Liquidation of subsidiary companies		-	(2)	-	(2)	-	-	(2)
End of financial year		838,250	(27,577)	2,402,368	3,213,041	296,375	73,227	3,582,643

An analysis of the movement in each category within "Other reserves" is presented in Note 29.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2020

		Group	
		2020	**2019**
	Note	**$'000**	**$'000**
Cash flows from operating activities			
Total profit		**15,708**	48,757
Adjustments for:			
Income tax expense/(credit)		**11,119**	(2,479)
Depreciation of property, plant and equipment		**25,599**	8,063
Dividend income		**(1,680)**	(1,407)
Fair value losses/(gains) on investment properties		**15,361**	(9,502)
Fair value gains on financial assets at fair value through profit or loss ("FVPL")		**(9,789)**	(7,636)
Fair value gains on derivative financial instruments		**(80)**	(4)
(Write-back)/Allowance for stock obsolescence		**(124)**	799
Impairment loss on property, plant and equipment		**2,842**	121
Dilution loss on interest in an associated company		**2,421**	4,263
Loss on disposal of investment property		**9**	-
Gain on disposal of property, plant and equipment		**(110)**	(2,213)
Write-off of property, plant and equipment		**201**	70
Gain on liquidation of subsidiary companies		**-**	(2)
Settlement of derivative financial instruments		**51**	(1,127)
Interest income		**(2,923)**	(10,292)
Finance costs		**30,288**	30,849
Share of profits of associated and joint venture companies		**(5,772)**	(52,498)
Reversal of impairment loss of joint venture companies (net)		**(6,370)**	-
Share-based payment		**2,135**	2,384
Currency translation differences		**(2,416)**	2,459
Operating cash flow before working capital changes		**76,470**	10,605
Changes in operating assets and liabilities:			
Balances with associated and joint venture companies		**1,067**	(195)
Development properties		**97,411**	(471,033)
Inventories		**5,018**	3,010
Trade and other receivables and other current assets		**9,237**	39,525
Trade and other payables and other current liabilities		**88,296**	(28,480)
Cash used in operations		**277,499**	(446,568)
Income tax paid		**(230)**	(13,488)
Net cash generated from/(used) in operating activities		**277,269**	(460,056)

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2020

	Note	Group 2020 $'000	2019 $'000
Cash flows from investing activities			
Additional interests in a joint venture company		**(1,480)**	-
Additions to investment properties		**(49,947)**	(53,523)
Additions to property, plant and equipment		**(3,049)**	(9,512)
Purchase of financial assets at FVOCI		**-**	(11,343)
Disposal of investment property		**421**	-
Disposal of property, plant and equipment		**493**	4,486
Proceeds from settlement of derivative financial instruments relating to net investment hedges		**-**	8,179
Repayment of loans by associated companies and joint venture companies		**92,800**	-
Advancement of loans to associated companies and joint venture companies		**(2,640)**	-
Advancement of the loans to non-controlling interests		**4,584**	(852)
Dividends received		**6,608**	52,698
Interest received		**3,028**	10,024
Net cash generated from investing activities		**50,818**	157
Cash flows from financing activities			
Issuance of perpetual securities, net of transaction costs		**-**	147,897
Purchase of treasury shares		**-**	(10,716)
Proceeds from bank borrowings		**155,254**	-
Repayment of borrowings		**-**	(150,700)
Principal payment of lease liability		**(18,563)**	-
Ordinary and special dividends paid		**(38,453)**	(61,418)
Perpetual securities distribution paid		**(12,875)**	(6,120)
Dividends paid to non-controlling interests		**-**	(280)
Interest paid		**(26,616)**	(28,324)
Net cash generated from/(used in) financing activities		**58,747**	(109,661)
Net increase/(decrease) in cash and cash equivalents		**386,834**	(569,560)
Cash and cash equivalents at beginning of financial year		**217,332**	792,151
Effects of currency translation on cash and cash equivalents		**1,314**	(5,259)
Cash and cash equivalents at end of financial year	10	**605,480**	217,332

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Wing Tai Holdings Limited (the "Company") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its registered office is 3 Killiney Road, #10-01 Winsland House I, Singapore 239519.

The principal activity of the Company is that of an investment holding company. The principal activities of the Company's subsidiary companies are shown in Note 36.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"), under the historical cost convention, except as disclosed in the accounting policies below.

The Coronavirus Disease 2019 ("COVID-19") pandemic has brought about disruption to the operations of many companies including the Group. It has also led to an unprecedented level of market volatilities and economic uncertainties. These events and conditions have been considered in the preparation of the financial statements as at balance sheet date.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Notes 8, 14, 17, 19 and 33(e).

Other than the above, the Group has also considered the following in its financial statements for the financial year ended 30 June 2020:

(a) Certain countries in which the Group operate in have COVID-19 relief schemes and assistance packages to help alleviate pressure on businesses. The impact of these rebates to the Group is disclosed in Notes 5 and 6.
(b) The carrying amounts of the Group's non-financial and financial assets are assessed to determine whether there is any objective evidence or indication that these assets may be impaired, taking into consideration the conditions existing at the balance sheet date including and the impact of the COVID-19 pandemic. The financial impact arising from the assessments carried out are disclosed in Notes 16 and 20.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 30 June 2021.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Adoption of New and Revised Standards

The Group has applied the following new or amended SFRS(I) and interpretations SFRS (I) "INT SFRS(I)", that are relevant to the Group for the annual period beginning on 1 July 2019:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty Over Income Tax Treatments
- Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures
- Amendments to SFRS(I) 3 and 11 Previously held interest in a joint operation
- Amendments to SFRS(I) 1-12 Income tax consequences of payments on financial instruments classified as equity

Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in respective SFRS(I)s and INT SFRS (I).

The application of the above new or amended SFRS(I)s and INT SFRS (I) did not have any significant impact on the financial statements of the Group except for the adoption of SFRS(I) 16 *Leases*:

Adoption of SFRS(I) 16 *Leases*

(a) *When the Group is the lessee*

The adoption of SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.18.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

(i) For all contracts entered before 1 July 2019 and that were previously identified as leases under SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement* contains a Lease, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

(ii) On a lease-by-lease basis, the Group has:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

In addition, the Group early adopted Amendment to SFRS(I) 16: Covid-19-Related Rent Concessions that is effective for annual periods beginning on or after 1 June 2020. As a practical expedient, the amendment to SFRS(I) 16 allows a lessee to elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change were not a lease modification. The Group has applied the practical expedient to all rent concessions that meet the conditions set out. The amount of rent concessions recognised in profit or loss for the year is disclosed in Note 5.

There were no onerous contracts as at 1 July 2019.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Adoption of New and Revised Standards *(continued)*

Adoption of SFRS (I) 16 Leases (continued)

(a) ***When the Group is the lessee (continued)***
For leases previously classified as operating leases on 1 July 2019, the Group has applied the following transition provisions:

(i) On a lease-by-lease basis, the Group chose to measure its ROU assets (except for ROU assets which meet the definition of investment property) at either their carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 July 2019, or an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

For ROU assets which meet the definition of an investment property, the Group had measured the ROU assets at their fair values at 1 July 2019.

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 July 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

(iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 July 2019 is adjusted directly to opening retained earnings. Comparative information is not restated.

(b) ***When the Group is the lessor***
There are no material changes to accounting by the Group as a lessor, except when the Group is an intermediate lessor (Note 2.2(c)).

(c) ***When the Group is the intermediate lessor***
The Group leases an underlying asset under a head lease arrangement and subleases the same asset to a related party as an intermediate lessor.

Under SFRS(I) 16, accounting by the Group as an intermediate lessor depends on the classification of the sublease with reference to the ROU asset arising from the head lease rather than the underlying asset.

On 1 July 2019, the Group has reassessed the classification of the sublease based on the remaining contractual terms and condition of the head lease. Based on this assessment, some subleases of office space are reassessed as finance lease and $2,085,000 of net investment in sublease was recognised on 1 July 2019 within “Trade and other receivables”.

The accounting policy for subleases are disclosed in Note 2.18.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Adoption of New and Revised Standards *(continued)*

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 July 2019 are as follows:

	Increase/(decrease) $'000
Property, plant and equipment (including right-of-use assets)	32,615
Investment property	823
Investments in associated and joint venture companies	(1,367)
Trade and other receivables	2,085
Trade and other payables	(39)
Other liabilities	35,523
Retained earnings	(1,328)

An explanation of the differences between the operating lease commitments in the Group's financial statements as at 30 June 2019 and the lease liabilities recognised in the balance sheet as at 1 July 2019 are as follows:

	Increase/(decrease) $'000
Operating lease commitment disclosed as at 30 June 2019	41,984
Less: Short-term leases	(5,056)
Less: Discounting effect using weighted average incremental borrowing rates which range from 1.2% to 5.0% per annum	(1,405)
Lease liabilities recognised as at 1 July 2019	35,523

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Revenue recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and the rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue as follows:

(a) Revenue from property development – sale of development properties

Revenue from sale of development properties is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer at a point in time or over time.

For development properties where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, such as when the property is accepted by the customer, or deemed as accepted according to the contract, or when title has passed to the customer.

For development properties where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the stage of completion of the properties.

The stage of completion is measured by reference to the physical surveys of construction work completed as certified by the architects or quantity surveyors for the individual units sold. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. Payment is typically due within two weeks. A contract asset is recognised as "unbilled revenue" under other assets when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised as "contract liability for development properties" under other liabilities when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

For costs incurred in obtaining the contract which are within the scope of another SFRS(I) (e.g. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Otherwise, such costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

In assessing the valuation of development properties, estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the revisions are made.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Revenue recognition *(continued)*

(b) Revenue from sale of goods

Revenue from the sale of goods is recognised when the goods are delivered to the customer (i.e. at a point in time).

Payment for the transaction price is due immediately when the customer purchases the goods. However, for goods purchased on-line, the customer has a right to return the goods to the Company within a period of between 14 to 30 days of delivery to the customer. Therefore, a refund liability (to be included in trade and other payables) and a right to the returned goods (to be included in other current assets) are recognised for products expected to be returned.

Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

The Retail division operates a customer loyalty programme called “wt+” that provides purchase credits in the form of points to program members based on sales transactions. The purchase credits can be redeemed in the form of discount against subsequent purchases. A portion of the revenue from the sale of goods attributable to the award of purchase credits, estimated based on expected redemption of these credits, is deferred until they are utilised. These are included under deferred revenue, within trade and other payables on the statement of financial position. Any remaining unutilised benefits are recognised as revenue upon expiry.

(c) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(d) Management fee

Management fee comprises charges for the management and maintenance of properties and finance and administration fees. Management fee is recognised when management services are rendered.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Interest income

Interest income is recognised using the effective interest method.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Group accounting

(a) Subsidiary companies

(i) Consolidation

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary company's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary company, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary company or business comprises the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary company measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill. Please refer to Note 2.5 for the accounting policy on goodwill on acquisitions.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Group accounting *(continued)*

(a) Subsidiary companies *(continued)*

(iii) Disposals
When a change in the Group's ownership interest in a subsidiary company results in a loss of control over the subsidiary company, the assets and liabilities of the subsidiary company including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.6 for the accounting policy on investments in subsidiary companies in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary company that do not result in a loss of control over the subsidiary company are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated and joint venture companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Joint venture companies are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities. Investments in associated and joint venture companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions
Investments in associated and joint venture companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued, or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated and joint venture companies represents the excess of the cost of acquisition of the associated or joint venture companies over the Group's share of the fair value of the identifiable net assets of the associated or joint venture companies and is included in the carrying amount of the investments. Please refer to Note 2.5 for the accounting policy on goodwill on acquisitions.

(ii) Equity method of accounting
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associated or joint venture companies' post-acquisition profits or losses and its share of movements in other comprehensive income. Dividends received or receivable from the associated or joint venture companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated or joint venture company equals to or exceeds its interest in the associated or joint venture company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make, or has made, payments on behalf of the associated or joint venture company. If the associated or joint venture company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated or joint venture company includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated or joint venture companies are eliminated to the extent of the Group's interest in the associated or joint venture companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated and joint venture companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Group accounting *(continued)*

(c) Associated and joint venture companies *(continued)*

(iii) Disposals
Investments in associated and joint venture companies are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated or joint venture company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

(d) Joint operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group's interest in its unincorporated joint operations is accounted for by recognising the Group's assets and liabilities from the joint operations, as well as expenses incurred by the Group and the Group's share of income earned from the joint operations, in the consolidated financial statements. The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2.5 Goodwill on acquisitions

Goodwill on acquisitions of subsidiary companies and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary companies is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on acquisition of associated and joint venture companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated and joint venture companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary, associated and joint venture companies include the carrying amount of goodwill relating to the entity sold.

2.6 Investments in subsidiary, associated and joint venture companies

Investments in subsidiary, associated and joint venture companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.7 Property, plant and equipment

(a) Measurement

(i) Land and buildings
Land and buildings are initially recognised at cost. Freehold and 999-year leasehold land are subsequently carried at cost less accumulated impairment losses. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment
All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs
The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purposes other than to produce inventories.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Property, plant and equipment *(continued)*

(b) Depreciation
Freehold and 999-year leasehold land are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The annual depreciation rates are as follows:

Leasehold land and buildings	1 – 3% or over the remaining lease period, whichever is shorter
Motor vehicles	20%
Office equipment	10 – 33%
Furniture and fittings	10% or over the remaining lease period, whichever is shorter

Right-of-use assets (excluding leasehold land) are depreciated over lease periods of between 6 to 36 months.

The residual values estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure
Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal
On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “Other (losses)/gains - net”.

2.8 Investment properties
Investment properties are held for long-term rental yields and/or for capital appreciation and are not occupied substantially by the Group.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent property valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in the profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.9 Development Properties

(a) Properties under development
Properties under development are stated at lower of cost and net realisable value. An allowance for foreseeable losses is made when the estimated net realisable value of the property has fallen below cost. Net realisable value represents estimated selling price less costs to be incurred in selling the property.

Cost includes cost of land and other direct related expenditure, including interest on borrowings incurred in developing the properties for which revenue is recognised at a point in time. Interest and other related expenditure are capitalised as and when the activities that are necessary to get the asset ready for its intended development are in progress.

Significant estimates and assumptions are applied in assessing the stage of completion, total development costs, total contract costs and allowance for foreseeable losses on development properties. In making these estimates, management has relied on past experience and the work of specialists.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Development Properties *(continued)*

(a) Properties under development *(continued)*
The Group takes into account the estimated selling prices and estimated total development costs in assessing allowance for foreseeable losses. The forecasted selling prices are based on the recent transacted prices for the development properties or comparable properties and prevailing property market conditions. The estimated total development costs are based on the contracted amount and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. The allowance for foreseeable losses is included in "Other (losses)/gains – net".

(b) Properties held for sale
Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2.10 Impairment of non-financial assets

(a) Goodwill
Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

(b) Property, plant and equipment (including right-of-use assets)
Investments in subsidiary, associated and joint venture companies
Property, plant and equipment (including right-of-use assets) and investments in subsidiary, associated and joint venture companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

(i) Amortised cost
(ii) Fair value through other comprehensive income ("FVOCI")
(iii) Fair value through profit or loss ("FVPL")

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

<u>At initial recognition</u>
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

<u>At subsequent measurement</u>
(i) Debt instruments
Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- *Amortised cost*
  Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- *FVOCI*
  Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "Interest income".

- *FVPL*
  Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other (losses)/gains – net".

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Financial assets *(continued)*

(a) Classification and measurement *(continued)*

At subsequent measurement

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other (losses)/gains – net", except for certain equity securities which are not held-for-trading. The Group has elected to recognise changes in fair value of certain equity securities not held-for-trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "Fair value gains/losses" in OCI. Dividends from equity investments are recognised in profit or loss as "Dividend income".

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.12 Financial guarantees

The Group has issued corporate guarantees to banks for credit facilities of its subsidiary and joint venture companies. These guarantees are financial guarantees as they require the Group to reimburse the banks if the subsidiary and joint venture companies fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Intra-group transactions are eliminated on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.14 Borrowings and borrowing costs

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

2.15 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either fair value hedge, cash flow hedge or net investment hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and the hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, on whether the hedging relationship meets the hedge effectiveness requirements under SFRS(I) 9.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability, if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

The Group has entered into interest rate swap that is a cash flow hedge for the Group’s exposure to interest rate risk on its borrowing. This contract entitles the Group to receive interest at a floating rate on notional principal amount and obliges the Group to pay interest at a fixed rate on the same notional principal amount, thus allowing the Group to raise borrowing at a floating rate and swap them into a fixed rate borrowing denominated in the same currency.

The fair value changes on the effective portion of interest rate swap designated as cash flow hedges are recognised in other comprehensive income, accumulated in cash flow hedge reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss and/or the hedged borrowing is settled. The fair value changes on the ineffective portion of the interest rate swap are recognised immediately in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Derivative financial instruments and hedging activities (continued)

The Group has entered into currency forwards to manage the Group's exposure to currency risk on highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income. Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

(a) The gain or loss relating to the effective portion of the spot component of forward contracts is treated as follows: Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory, property, plant and equipment), the deferred hedging gains and losses are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales)

(b) The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

The Group has cross currency swap and currency forwards that qualify as net investment hedges of foreign operations. These hedging instruments are accounted for similarly to cash flow hedges. The currency translation differences on the cross currency swap and currency forwards relating to the effective portion of the hedge are recognised in other comprehensive income in the consolidated financial statements, accumulated in the currency translation reserve and reclassified to profit or loss as part of the gain or loss on disposal of the foreign operation. The currency translation differences relating to the ineffective portion of the hedge are recognised immediately in profit or loss.

2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at the end of each reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of interest rate and cross currency swap are calculated as the present value of the estimated future cash flows discounted at actively quoted interest and forward exchange rates. The fair values of currency forwards are determined using actively quoted forward exchange rates.

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.17 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Leases

(a) The accounting policy for operating leases before 1 July 2019 are as follows:

(i) **When the Group is the lessee:**
The Group leases office, retail units and warehouse space under operating leases from non-related parties. Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(ii) **When the Group is the lessor:**
Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as an expense in profit or loss when earned.

(b) The accounting policy for leases from 1 July 2019 are as follows:

(i) **When the Group is the lessee:**
At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets
  The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets (except for those which meets the definition of an investment property) are presented within “Property, plant and equipment”.

  Right-of-use asset which meets the definition of an investment property is presented within “Investment properties” and accounted for in accordance with Note 2.8.

- Lease liabilities
  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments include the following:
  - Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
  - Amount expected to be payable under residual value guarantees;
  - The exercise price of a purchase option if it is reasonably certain to exercise the option; and
  - Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Leases *(continued)*

(b) The accounting policy for leases from 1 July 2019 are as follows *(continued)*:

(i) When the Group is the lessee *(continued)***:**

- Lease liabilities *(continued)*
  For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account for these as one single lease component.

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:
  – There is a change in future lease payments arising from changes in an index or rate;
  – There is a change in the Group's assessment of whether it will exercise an extension option; or
  – There is modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases
  The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments
  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 21.

- Extension and termination options
  Extension and termination options are included in a number of property and equipment leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(ii) When the Group is the lessor:
The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16 except when the Group is an intermediate lessor.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Rental income". The right-of-use asset relating to the head lease is not derecognised. For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary, associated and joint venture companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.21 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans
Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Share-based payment
The Group operates an equity-settled, share-based payment plan. The value of the employee services received in exchange for the grant of shares is recognised as an expense with a corresponding increase in the share-based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the shares granted on the grant date. Non-market vesting conditions are included in the estimation of the number of shares that are expected to vest on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

(c) Termination benefits
Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs of a restructuring that is within the scope of SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.23 Currency translation

(a) Functional and presentation currency
Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances
Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment in the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Currency translation *(continued)*

(c) Translation of Group entities' financial statements
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the end of the reporting period.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to management, who are responsible for allocating resources and assessing the performance of the operating segments. Sales between segments are carried out at market terms. The revenue from external parties reported to management is measured in a manner consistent with that in profit or loss.

Management assesses the performance of the operating segments based on a measure of earnings before interest and tax ("EBIT") for continuing operations. Interest income is not allocated to the segments.

The amounts provided to management with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment. All assets and liabilities are allocated to the reportable segments other than tax recoverable, deferred income tax assets, current and deferred income tax liabilities and derivative financial instruments.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

2.25 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include fixed deposits with financial institutions and cash and bank balances, which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.26 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received, and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are offset against the related expenses.

Government grants relating to assets are deducted against the carrying amount of the assets.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

2.27 Share capital, treasury shares and perpetual securities

Ordinary shares and perpetual securities are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares or perpetual securities are deducted against the share capital or perpetual securities account. The proceeds received net of any directly attributable transaction costs are credited to share capital or perpetual securities account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share plans, the cost of the treasury shares is reversed from the treasury shares reserve and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in a separate reserve within equity attributable to the equity holders of the Company.

2.28 Dividends to the equity holders of the Company

Dividends to the Company's equity holders are recognised when the dividends are approved for payment. Distributions arising from perpetual securities are treated as dividends which are directly debited from equity.

2.29 Assets held for sale

Non-current assets or disposal groups are classified as held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

3. REVENUE

	Group 2020 $'000	Group 2019 $'000
Revenue from contracts with customers under SFRS(I) 15		
Revenue from development properties:		
– recognised at a point in time	**186,181**	109,765
– recognised over time	**40,650**	26,423
Revenue from sale of goods:		
– recognised at a point in time	**91,509**	134,465
Management fees:		
– recognised over time	**5,770**	9,242
Other revenue		
Rental income	**45,236**	41,314
Dividend income		
– financial assets at FVOCI	**1,544**	1,338
– financial assets at FVPL	**136**	69
	371,026	322,616

(a) Contract assets and liabilities

		Group	
	30 June 2020 $'000	30 June 2019 $'000	1 July 2018 $'000
Contract assets: Unbilled revenue [Note 22(a)]	**1,555**	15,952	-
Contract liabilities for development properties [Note 26]	**(98,367)**	(7,182)	(14,511)

Unbilled revenue primarily relates to the Group's rights to consideration for work completed but not billed at the reporting date on sale of development properties. Unbilled revenue is transferred to receivables when the rights to consideration become unconditional. The contract assets decreased as compared to the previous financial year as the Group's billings based on agreed payment schedules are ahead of revenue recognised on development properties.

Contract liabilities primarily relates to advance consideration received from customers for sale of development properties. The contract liabilities increased in the current financial year due to advance consideration received from customers for sale of development properties where control of the properties have yet to be transferred to the customers.

Revenue recognised in relation to contract liabilities

	Group 2020 $'000	Group 2019 $'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period:		
– sale of development properties	**7,182**	8,037

(b) Assets recognised from costs to obtain contracts

Incremental costs of obtaining a contract are capitalised if these costs are recoverable and are amortised to profit and loss as cost of sales in a basis consistent with the pattern of recognition of the associated revenue. The assets are recognised from costs to obtain contracts are related to the sale of development properties.

	Group 30 June 2020 $'000	Group 30 June 2019 $'000
Assets recognised from costs to obtain contracts [Note 22(a)]	**348**	308

	Group 2020 $'000	Group 2019 $'000
Amortisation of costs to obtain contracts during the period	**228**	2

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

3. REVENUE *(continued)*

As permitted under SFRS(I) 15 the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

4. OTHER (LOSSES)/GAINS – NET

	Group	
	2020	**2019**
	$'000	**$'000**
Other gains:		
– Interest income - banks	**2,874**	10,292
– Interest income - net investment in the sublease (Note 21)	**49**	-
	2,923	10,292
– Gain on disposal of property, plant and equipment	**110**	2,213
– Gain on liquidation of subsidiary companies	**-**	2
– Fair value gains on investment properties	**-**	9,502
– Fair value gains on derivative financial instruments	**80**	4
– Fair value gains on financial assets at FVPL (Note 22(b))	**9,789**	7,636
– Foreign exchange gain - net	**686**	-
– Sundry/ancillary income	**3,635**	2,272
– Others	**3,360**	2,918
	20,583	34,839
Other losses:		
– Impairment loss on property, plant and equipment	**(2,842)**	(121)
– Dilution loss on interest in an associated company (Note 17)	**(2,421)**	(4,263)
– Fair value losses on investment properties (Note 19)	**(15,361)**	-
– Foreign exchange loss - net	**-**	(3,142)
– Loss on disposal of investment property	**(9)**	-
– Others	**(54)**	(188)
	(20,687)	(7,714)
	(104)	27,125

5. EXPENSES BY NATURE

	Group 2020 $'000	Group 2019 $'000
Depreciation of property, plant and equipment (including right-of-use assets) [Note 5a(ii)]	**25,599**	8,063
Employee compensation	**61,091**	68,758
Auditors' remuneration paid/payable to:		
– auditor of the Company	**448**	432
– other auditors	**489**	347
Other fees paid/payable to:		
– auditor of the Company	**204**	89
– other auditors	**130**	179
(Write-back of)/Allowance for stock obsolescence	**(124)**	799
Write-off of property, plant and equipment	**201**	70
Impairment of property, plant and equipment	**2,842**	121
Rental expense [Note 5a(ii)]	**6,137**	35,475
Development cost included in cost of sales	**127,402**	36,139
Raw materials and finished goods included in cost of sales	**44,849**	63,081
Property tax expenses [Note 5(a)i]	**2,541**	-

(a) Associated with COVID-19 relief schemes and assistance packages available in certain countries in which the Group operates in,

(i) the Group received property tax rebates of $1.1 million for the Group's investment properties for which $0.9 million was passed on to the tenants in the form of rent rebates and the remaining amount of $0.2 million pertaining to the untenanted portions of the buildings was netted off to arrive at the net property tax expenses of $2.5 million.

(ii) the Group received rental rebates of $3.8 million from the landlords on leases of office space, warehouse and retail stores. Accordingly, the rebates are presented as a deduction against depreciation expenses for the right-of-use assets or rental expenses for the short-term leases of $2.4 million and $1.4 million respectively.

(b) Included in the Group's rental expense is contingent rent amounting to $1.2 million (2019: $2.3 million). Contingent rent on certain leases is based on a percentage of monthly sales in excess of specified amounts. Other contingent rent is based entirely on a percentage of sales.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

6. EMPLOYEE COMPENSATION

	Group	
	2020	**2019**
	$'000	**$'000**
Wages and salaries (including directors' remuneration)	**52,888**	60,762
Employer's contribution to defined contribution plans including Central Provident Fund	**4,888**	5,612
Share-based payment	**2,135**	2,384
Termination benefits	**1,180**	-
	61,091	68,758

Singapore Government grants under the Jobs Support Scheme ("JSS") amounting to $2.8 million for the Group have been recorded as a reduction to the wages and salaries during the financial year ended 30 June 2020. JSS is a temporary scheme introduced in Singapore Budget 2020 to help enterprises impacted by COVID-19 retain local employees. Under JSS, employers receive cash grants in 2020 in relation to the gross monthly wages of eligible employees paid in the months of October 2019 to August 2020, excluding January 2020. On 17 August 2020, the Government announced that JSS has been extended by up to seven months at lower support levels to cover wages paid up to March 2021.

Please refer to Note 34(b) for directors' remuneration.

7. FINANCE COSTS

	Group	
	2020	**2019**
	$'000	**$'000**
Interest expense		
– Banks	**29,351**	30,849
– Lease liabilities	**937**	-
	30,288	30,849

8. INCOME TAXES

(a) Income tax expense/(credit)

	Group	
	2020	**2019**
	$'000	**$'000**
Tax expense attributable to profit is made up of:		
Current income tax		
– Singapore	**19,208**	110
– Foreign	**1,306**	1,314
	20,514	1,424
Deferred income tax	**(1,325)**	4,392
	19,189	5,816
Overprovision in preceding financial years		
– Current income tax	**(7,699)**	(6,366)
– Deferred income tax	**(371)**	(1,929)
	11,119	(2,479)

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in estimating capital allowances and determining deductibility of certain expenses and taxability of certain income in arriving at the provision for income taxes, the ultimate outcome of which is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

8. INCOME TAXES *(continued)*

(a) Income tax expense/(credit) *(continued)*

The tax on the Group's profit before income tax excluding share of profits of associated and joint venture companies differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Tax calculated at Singapore standard rate of income tax	**2,496**	(1,057)
Different tax rates in other countries	**463**	795
Expenses not deductible for tax purposes	**16,954**	12,589
Income not subject to tax	**(4,177)**	(5,785)
Overprovision of tax	**(8,070)**	(8,295)
Unrecognised tax losses/(utilisation of previously unrecognised tax losses)	**3,453**	(726)
	11,119	(2,479)

The tax charge relating to each component of other comprehensive (expense)/income is as follows:

		Group	
	Before tax	**Tax charge**	**After tax**
	$'000	**$'000**	**$'000**
2020			
Fair value losses on financial assets at FVOCI	(8,949)	-	(8,949)
Cash flow hedges	(1,633)	-	(1,633)
Currency translation differences	45,855	-	45,855
Share of other comprehensive income of associated and joint venture companies	762	-	762
	36,035	**-**	**36,035**
2019			
Fair value losses on financial assets at FVOCI	(3,951)	-	(3,951)
Cash flow hedges	(3,401)	-	(3,401)
Currency translation differences	(34,483)	-	(34,483)
Share of other comprehensive expense of associated and joint venture companies	(5,285)	-	(5,285)
	(47,120)	-	(47,120)

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

8. INCOME TAXES *(continued)*

(b) Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Deferred income tax assets	**(8,087)**	(8,783)
Deferred income tax liabilities	**33,719**	36,046

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group had unrecognised tax losses of $151.0 million (2019: $150.7 million) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unutilised tax losses in their respective countries of incorporation. These tax losses have no expiry date except for those incurred in Malaysia of $53.9 million (2019: $57.9 million) which can be carried forward for a period of up to seven years from the year the loss was incurred.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follows:

Deferred income tax liabilities – Group

	Accelerated tax depreciation	**Revaluation gains**	**Recognition of profits on percentage of completion**	**Lease assets**	**Other temporary differences**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2020						
Beginning of financial year	817	31,078	2,242	-	1,909	36,046
Effect of adoption of SFRS(I) 16	-	-	-	1,450	-	1,450
Balance at 1 July 2019, as reported	817	31,078	2,242	1,450	1,909	37,496
Currency translation differences	-	51	-	10	(2)	59
(Credited)/charged to income statement	(408)	140	(2,242)	50	134	(2,326)
End of financial year	**409**	**31,269**	**-**	**1,510**	**2,041**	**35,229**
2019						
Beginning of financial year	3,431	30,507	622	-	2,038	36,598
Currency translation differences	7	(525)	-	-	(123)	(641)
(Credited)/charged to income statement	(2,621)	1,096	1,620	-	(6)	89
End of financial year	817	31,078	2,242	-	1,909	36,046

8. INCOME TAXES *(continued)*

(b) Deferred income taxes *(continued)*

Deferred income tax assets – Group

	Accelerated tax depreciation $'000	Tax losses $'000	Lease liabilities $'000	Provisions and other temporary differences $'000	Total $'000
2020					
Beginning of financial year	173	-	-	8,610	8,783
Effect of adoption of SFRS(I) 16	-	-	1,450	-	1,450
Balance at 1 July 2019, as reported	173	-	1,450	8,610	10,233
Currency translation differences	(2)	(1)	9	(12)	(6)
Credited/(Charged) to income statement	128	63	81	(902)	(630)
End of financial year	**299**	**62**	**1,540**	**7,696**	**9,597**
2019					
Beginning of financial year	195	11	-	9,865	10,071
Currency translation differences	(7)	-	-	1,093	1,086
Charged to income statement	(15)	(11)	-	(2,348)	(2,374)
End of financial year	173	-	-	8,610	8,783

9. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2020	Group 2019
Profit attributable to:		
– equity holders of the Company ($'000)	**15,972**	46,771
– holders of perpetual securities ($'000)	**(12,875)**	(6,820)
Profit attributable to ordinary shareholders of the Company ($'000)	**3,097**	39,951
Weighted average number of ordinary shares in issue ('000)	**768,792**	767,544
Basic earnings per share (cents)	**0.40**	5.21

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

9. EARNINGS PER SHARE *(continued)*

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

	Group	
	2020 $'000	**2019 $'000**
Profit attributable to ordinary shareholders of the Company	**3,097**	39,951
Adjustments for share plans of:		
– an associated company	**5**	(16)
Profit used to determine diluted earnings per share	**3,102**	39,935
	2020 '000	**2019 '000**
Weighted average number of ordinary shares in issue	**768,792**	767,544
Adjustment for share plans	**2,025**	2,327
Weighted average number of shares used to determine diluted earnings per share	**770,817**	769,871
Diluted earnings per share (cents)	**0.40**	5.19

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Fixed deposits with financial institutions	**154,005**	70,177	**-**	-
Cash and bank balances	**451,475**	147,155	**283,891**	68,770
	605,480	217,332	**283,891**	68,770

The carrying amounts of cash and cash equivalents approximated their fair values.

Significant restrictions

Included in cash and cash equivalents are cash and short-term deposits of $43.8 million (2019: $44.7 million) which are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

10. CASH AND CASH EQUIVALENTS *(continued)*

Reconciliation of liabilities arising from financing activities

		Group	
	Bank borrowings $'000	**Lease liabilities $'000**	**Interest payable $'000**
2020			
Beginning of financial year	627,128	-	4,817
Effect of adoption of SFRS(I) 16	-	35,523	-
Proceeds from borrowings	155,254	-	-
Principal and interest payments	-	(18,563)	(26,616)
Non-cash changes			
Interest expense	927	-	29,361
Net additions	-	513	-
Currency translation differences	4,568	13	3
Others	(137)	-	(1,153)
End of financial year	**787,740**	**17,486**	**6,412**
2019			
Beginning of financial year	780,066	-	5,346
Principal and interest payments	(150,700)	-	(28,324)
Non-cash changes			
Interest expense	1,829	-	29,020
Settlement of derivative financial instruments	(2,379)	-	-
Currency translation differences	(1,419)	-	(4)
Others	(269)	-	(1,221)
End of financial year	627,128	-	4,817

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

11. DERIVATIVE FINANCIAL INSTRUMENTS

	2020		2019	
	Contract notional amount $'000	Fair value asset/ (liability) $'000	Contract notional amount $'000	Fair value asset/ (liability) $'000
Group				
Current asset				
Non-hedging instruments				
– Currency forwards	997	**7**	-	-
Non-current assets				
Cash flow hedge				
– Interest rate swap	-	-	78,030	91
Net investment hedge				
– Currency forward	28,689	197	-	-
		197		91
Current liabilities				
Non-hedging instruments				
– Currency forwards	2,884	**(75)**	22,531	(99)
Non-current liabilities				
Cash flow hedge				
– Interest rate swap	80,820	(1,586)	-	-
Net investment hedge				
– Cross currency swap*	86,142	(11,747)	83,168	(6,734)
– Currency forwards	149,068	(7,575)	168,394	(3,339)
		(20,908)		(10,073)
Company				
Non-current asset				
Non-hedging instrument				
– Currency forward	28,689	**197**	-	-
Non-current liabilities				
Non-hedging instruments				
– Cross currency swap*	86,142	(11,747)	83,168	(6,734)
– Currency forwards	149,068	(7,575)	168,394	(3,339)
		(19,322)		(10,073)

*Relates to cross currency swap of the Company entered into for the purpose of net investment hedge of the Group's investment in its associated company.

11. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

As at 30 June 2020, the fixed interest rates on HKD interest rate and cross currency swaps range from 1.5% to 4.5% (2019: 1.5% to 4.5%) per annum. The main floating rates are Singapore Swap Offered Rate and Hong Kong Interbank Offered Rate. The forward rate under currency forward contracts mainly on HKD is 5.939 (2019: 5.939) and the hedged rate under cross currency swap contracts on HKD is 5.917 (2019: 5.917).

Interest rate swap are transacted to hedge variable quarterly interest payments on borrowings and will mature in July 2022 (2019: July 2022).

Cross currency swap, that will mature in June 2023 (2019: June 2023), are transacted to hedge (i) variable quarterly interest payments on borrowings and (ii) currency translation differences from the Group's investment in its associated company.

Currency forwards that will mature in September 2023 and January 2024 are transacted to hedge currency translation differences from the Group's investment in its associated company as well as its overseas investments.

Please refer to Note 2.15 for details of the financial instruments and hedging policies.

Hedging instruments used in the Group's hedging strategy during the financial year

		Changes in fair value used in calculating hedge ineffectiveness		
	Contract notional amount $'000	**Hedging instrument $'000**	**Hedged item $'000**	**Hedge ineffectiveness recognised in profit or loss $'000**
2020				
Cash flow hedge				
Interest rate risk				
– Interest rate swap	**80,820**	**(1,677)**	**1,677**	**-**
Net investment hedge				
Currency risk				
– Cross currency swap	**86,142**	**(5,013)**	**5,013**	**-**
– Currency forwards	**177,757**	**(4,039)**	**4,039**	**-**
2019				
Cash flow hedge				
Interest rate risk				
– Interest rate swap	**78,030**	**(2,653)**	**2,653**	**-**
Net investment hedge				
Currency risk				
– Cross currency swap	**83,168**	**(3,018)**	**3,018**	**-**
– Currency forwards	**168,394**	**(3,339)**	**3,339**	**-**

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

12. TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	**10,147**	7,205	**-**	-
Less: Credit loss allowance of receivables	**(61)**	(73)	**-**	-
	10,086	7,132	**-**	-
Due from subsidiary companies				
– non-trade [Note 12(a)]	**-**	-	**617,604**	762,190
Less: Credit loss allowance of receivables	**-**	-	**(374,186)**	(339,587)
	-	-	**243,418**	422,603
Due from joint venture companies				
– non-trade [Note 12(b)]	**69,145**	4,981	**236**	300
Due from non-controlling interests	**2,252**	2,293	**-**	-
Dividends receivable from an associated company	**17,407**	-	**-**	-
Grant receivable	**2,142**	-	**-**	-
Finance lease receivables [Note 12(c)]	**934**	-	**-**	-
Sundry receivables	**9,624**	9,698	**1,142**	566
	111,590	24,104	**244,796**	423,469

(a) Amounts due from subsidiary companies are unsecured and repayable on demand. Included in the amounts due from subsidiary companies are fixed-interest loan receivables of $365.9 million (2019: $331.1 million).
(b) Amounts due from joint venture companies are unsecured, interest -free and repayable on demand.
(c) The finance lease receivables relate to a sublease to a joint venture which was classified as finance lease on adoption of SFRS(I) 16, as disclosed in Note 21.

The carrying amounts of current trade and other receivables approximated their fair values.

13. INVENTORIES

	Group	
	2020	**2019**
	$'000	**$'000**
Raw materials	**-**	20
Finished goods	**14,679**	19,572
	14,679	19,592

The cost of inventories recognised as expense and included in "cost of sales" amounted to $44.8 million (2019: $63.1 million).

14. DEVELOPMENT PROPERTIES

	Group	
	2020	**2019**
	$'000	**$'000**
Properties under development		
– Land, at cost	**558,792**	605,330
– Development costs and overhead expenditure capitalised	**76,958**	23,929
	635,750	629,259
– Allowance for foreseeable losses	**(12,033)**	(12,040)
	623,717	617,219
Properties held for sale	**369,867**	474,889
	993,584	1,092,108

Significant estimates and judgement are applied in assessing the valuation of development properties in accordance with Note 2.9. For the financial year ended 30 June 2020, no allowance for foreseeable loss has been charged to profit or loss for development properties of the Group based on estimated selling prices compared to estimated total developments.

14. DEVELOPMENT PROPERTIES *(continued)*

The major development properties are as follows:

Location	Type of development	Tenure		% of completion at 30.06.2020	Expected completion date	Land area (Sq m)	Gross floor area (Sq m)	Group's interest in property (%)
Singapore								
Le Nouvel Ardmore at Ardmore Park	43 units of condominium housing	Freehold		100	n/a	5,624	15,746	100
The M at Middle Road	522 units of apartment with ground floor commercial unit	99-year lease expiring 2119		4	2022	7,463	33,730	100
Malaysia								
Le Nouvel KLCC at Section 43, Town of Kuala Lumpur	195 units of condominium housing	Freehold		100	n/a	6,084	39,998	100
Nobleton Crest at Section 89, Town of Kuala Lumpur	25 units of condominium housing	Freehold		100	n/a	4,047	3,181	100
Taman Bukit Minyak Utama at Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang	378 units of terrace and semi-detached houses and shop houses	Freehold	Phase 2 Phase 4A Phase 5	100 100 100	n/a n/a n/a	6,743	6,181	100
Impiana Boulevard and Impiana Gallery at Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang	80 units of shop houses	Freehold		100	n/a	9,369	4,610	100
Jesselton Hills at Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang	972 units of terrace and semi-detached houses	Freehold	Phase 1 Phase 1A Phase 2 Phase 4A Phase 5A Phase 3-5	100 100 100 25 20 -	n/a n/a n/a n/a n/a -	264,574	30,979	100
Mahkota Impian at Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang	386 units of shop offices and serviced apartments	Freehold		100	n/a	29,793	6,821	100
Garden Terraces at Mukim 16, Daerah Seberang Perai Tengah, Pulau Pinang	87 units of terrace houses	Freehold		66	2021	5,941	14,617	100
Vacant land at Mukim 14-16, Daerah Seberang Perai Tengah, Pulau Pinang	-	Freehold		-	-	450,673	n/a	100

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14. DEVELOPMENT PROPERTIES *(continued)*

Location	Type of development	Tenure		% of completion at 30.06.2020	Expected completion date	Land area (Sq m)	Gross floor area (Sq m)	Group's interest in property (%)
The People's Republic of China								
The Lakeside at No. 1 Xingzhou Street, Suzhou Industrial Park	-	70-year lease expiring 2066	Phase 2	-	-	19,518	n/a	75

n/a: not applicable

15. ASSETS HELD FOR SALE

Details of the assets classified as held-for-sale are as follows:

	2020 $'000
Transferred from property, plant and equipment (Note 20)	**28,364**
Transferred from investment properties (Note 19)	**40,430**
Currency translation differences	**(732)**
	68,062

On 16 July 2020, the Group's wholly-owned subsidiary companies, Seniharta Sdn Bhd ("Seniharta") and DNP Jaya Sdn Bhd ("DNPJ") have each entered into a sale and purchase agreement with a third party for the proposed disposal of the properties listed below. Accordingly, the assets were reclassified to assets held for sale and will remain in assets held for sale until the completion of the sale.

Location	Description	Tenure	Land area (sq m)	Owned by	Previous classification
Lanson Place Ambassador Row at No. 1, Jalan Ampang Hilir, 55000 Kuala Lumpur, Malaysia	221 units of serviced apartments in a 20-storey building	Freehold	3,849	Seniharta Sdn Bhd	Property, plant and equipment
Lanson Place Kondominium No. 8 at Lot 263, Section 89A, Town of Kuala Lumpur, Malaysia	132 units of low-rise condominiums	Freehold	14,535	DNP Jaya Sdn Bhd	Investment property

16. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Loans to subsidiary companies [Note 16(a)]	**-**	-	**1,163,583**	1,165,099
Less: Credit loss allowance of receivables	**-**	-	**(3,186)**	(3,097)
	-	-	**1,160,397**	1,162,002
Loans to joint venture companies [Note 16(b)]	**150,789**	297,010	**-**	-
Less: Credit loss allowance of receivables [Note 16(b)]	**(20,747)**	(27,116)	**-**	-
	130,042	269,894	**-**	-
Loans to non-controlling interest [Note 16(c)]	**4,377**	8,664	**-**	-
Finance lease receivables [Note 16(d)]	**254**	-	**-**	-
	134,673	278,558	**1,160,397**	1,162,002

(a) Loans to subsidiary companies are unsecured, have no fixed terms of repayment and are not expected to be repayable within the next 12 months. Included in the loans to subsidiary companies are fixed-interest loan receivables of $823.7 million (2019: $288.1 million).

The interest-free loans to subsidiary companies are intended to be a long-term source of additional capital for the subsidiary companies. As a result, management considers such loans to be in substance part of the Company's net investment in these subsidiary companies and has accounted for these loans in accordance with Note 2.6.

(b) Loans to joint venture companies are unsecured, have no fixed terms of repayment and are not expected to be repayable within the next 12 months. Included in the loans to joint venture companies are fixed-interest loan receivables of $76.6 million (2019: $231.6 million), and floating-interest loan receivables of $74.2 million (2019: Nil), which are subordinated to banking facilities of $448.0 million (2019: $718.0 million) granted by banks to the said joint venture companies. Details of credit loss allowance of these receivables are disclosed in Note 33(b).

(c) Loan by a certain subsidiary company to non-controlling interest is unsecured, interest-free, have no fixed terms of repayment and are not expected to be repayable within the next 12 months.

(d) The finance lease receivables relate to a sublease to a joint venture which was classified as finance lease on adoption of SFRS(I) 16, as disclosed in Note 21.

The fair value of the fixed-interest loan to joint venture company as at 30 June 2020 is $68.1 million. The fair value is computed using the discounted cash flow method with a discount rate based upon the borrowing rate which the Group expects would be available as at the balance sheet date.

The carrying amounts of the remaining non-current trade and other receivables approximated their fair values and are categorised under Level 2 of the fair value measurement hierarchy.

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17. INVESTMENTS IN ASSOCIATED AND JOINT VENTURE COMPANIES

The summarised financial information of significant associated and joint venture companies, not adjusted for the proportionate ownership interest held by the Group, is as follows:

	Wing Tai Properties Limited		**Uniqlo (Singapore) Pte. Ltd.**		**Uniqlo (Malaysia) Sdn. Bhd.**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Summarised statement of financial position						
Current assets	**1,684,702**	1,467,363	**153,580**	159,141	**168,644**	145,208
Non-current assets	**4,812,058**	4,830,404	**108,728**	20,141	**44,596**	20,120
Current liabilities	**(533,807)**	(585,225)	**(71,012)**	(66,214)	**(64,493)**	(55,621)
Non-current liabilities	**(965,763)**	(752,227)	**(68,116)**	-	**(12,537)**	(1,550)
Net assets	**4,997,190**	4,960,315	**123,180**	113,068	**136,210**	108,157
Summarised statement of comprehensive income						
Revenue	**424,012**	148,716	**260,510**	335,852	**270,286**	315,171
Other gains – net and expenses	**(472,026)**	(50,402)	**(240,367)**	(293,243)	**(235,465)**	(257,086)
(Loss)/Profit before income tax	**(48,014)**	98,314	**20,143**	42,609	**34,821**	58,085
Income tax expense	**(14,697)**	(9,558)	**(7,907)**	(1,480)	**(6,335)**	(14,141)
Total (loss)/profit	**(62,711)**	88,756	**12,236**	41,129	**28,486**	43,944
Other comprehensive income/(expense)	**195**	383	**221**	(1,386)	**792**	(356)
Total comprehensive (expense)/income	**(62,516)**	89,139	**12,457**	39,743	**29,278**	43,588

	Wing Tai Properties Limited	
	2020	**2019**
	$'000	**$'000**
Net assets of an associated company attributable to:		
– Non-controlling interests	**1,275**	1,231
– Equity holders	**4,995,915**	4,959,084
Total comprehensive (expense)/income of an associated company attributable to:		
– Non-controlling interests	**(53)**	296
– Equity holders	**(62,463)**	88,843

17. INVESTMENTS IN ASSOCIATED AND JOINT VENTURE COMPANIES *(continued)*

	Uniqlo (Singapore) Pte. Ltd.		Uniqlo (Malaysia) Sdn. Bhd.	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Included in net assets of the joint venture companies are:				
– Cash and cash equivalents	**73,905**	93,450	**72,810**	83,648
– Financial liabilities (excluding trade and other payables and provisions):				
– Current	**(32,123)**	(149)	**(14,712)**	(1,122)
– Non-current	**(59,903)**	-	**(10,645)**	-
Included in total comprehensive income of the joint venture companies are:				
– Interest income	**930**	835	**1,672**	937
– Depreciation and amortisation	**(37,716)**	(5,815)	**(9,109)**	(7,821)
– Interest expense	**(2,294)**	(456)	**(1,178)**	(711)

	Wing Tai Properties Limited $'000	Uniqlo (Singapore) Pte. Ltd. $'000	Uniqlo (Malaysia) Sdn. Bhd. $'000	Other individually immaterial joint venture companies $'000	Total for joint venture companies $'000	Total $'000
Reconciliation of carrying amounts of investments in associated and joint venture companies						
2020						
Beginning of financial year	1,606,769	55,403	48,671	23,817	127,891	1,734,660
Effect of adoption of SFRS(I) 16	-	(1,149)	(218)	-	(1,367)	(1,367)
Balance at 1 July 2019, as reported	1,606,769	54,254	48,453	23,817	126,524	1,733,293
Currency translation differences	56,865	-	(332)			
Dilution loss	(2,421)	-	-			
Dividends	(22,168)	-	-	-	-	(22,168)
Group's share of (at gross shareholding):	34.1%	49.0%	45.0%			
– (Loss)/Profit for the year	(25,331)	5,996	12,818	12,289	31,103	5,772
– Other comprehensive income/(expense)	84	108	356	214	678	762
End of financial year	**1,613,798**	**60,358**	**61,295**	**29,440**	**151,093**	**1,764,891**

Notes to the Financial Statements

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17. INVESTMENTS IN ASSOCIATED AND JOINT VENTURE COMPANIES *(continued)*

	Wing Tai Properties Limited $'000	Uniqlo (Singapore) Pte. Ltd. $'000	Uniqlo (Malaysia) Sdn. Bhd. $'000	Other individually immaterial joint venture companies $'000	Total for joint venture companies $'000	Total $'000
Reconciliation of carrying amounts of investments in associated and joint venture companies *(continued)*						
2019						
Beginning of financial year	1,607,184	56,027	38,333	60,125	154,485	1,761,669
Currency translation differences	(929)	-	(1,623)			
Dilution loss	(4,263)	-	-			
Dividends	(21,739)	(20,097)	(7,654)	(17,715)	(45,466)	(67,205)
Group's share of (at gross shareholding):	34.2%	49.0%	45.0%			
– Profit/(Loss) for the year	26,385	20,153	19,775	(13,815)	26,113	52,498
– Other comprehensive income/(expense)	131	(680)	(160)	(4,576)	(5,416)	(5,285)
End of financial year	**1,606,769**	**55,403**	**48,671**	**23,817**	**127,891**	**1,734,660**

	Group 2020 $'000	Group 2019 $'000
Capital commitments in relation to interest in a joint venture company	**9,136**	11,785
Share of joint venture companies' capital commitments	**11,924**	46,049
Share of an associated company's contingent liabilities and financial guarantees incurred severally with other investors	**431,048**	478,908
Market value of quoted equity shares of an associated company	**323,945**	441,075

The market value of quoted equity shares of an associated company, Wing Tai Properties Limited ("WTP") is determined by reference to the published market bid price at the end of the reporting period and is categorised under Level 1 of the fair value measurement hierarchy.

WTP is listed on The Stock Exchange of Hong Kong Limited and its financial year-end is 31 December. Due to the timing of availability of the financial information of WTP and as WTP is unable to provide financial information to the Group without providing equivalent information to all its other investors, the Group equity accounts for WTP for the period from 1 April 2019 to 31 March 2020 (2019: 1 April 2018 to 31 March 2019) and adjusts for any significant transactions and events that occur between 1 April and 30 June 2020 that become publicly available prior to the date of the Group's consolidated financial statements. As at 30 June 2020, the carrying amount of quoted equity shares of the associated company is higher than the market value. The directors consider the carrying amount of the investment to be appropriate, after having evaluated various qualitative and quantitative factors including the historical financial performance of the associated company.

At 30 June 2020, included in the carrying value of the investment in associated company are: (i) development properties of $251.8 million (2019: $260.5 million) which are carried at the lower of cost and net realisable value, and no allowance for foreseeable loss of development properties is recorded for the financial year then ended; and (ii) Investment properties of $1,221.2 million (2019: $1,223.7 million) which are carried at fair value, determined by independent property valuers with reference to comparable current prices in an active market and/or income capitalisation approach from current leases and assumptions about future leases in light of current market conditions and reversionary income potential. Certain valuation reports of the independent property valuers have included material valuation uncertainty clauses in their reports. Those clauses highlighted that less certainty and consequently, a higher degree of caution should be attached to the valuations as a result of COVID-19 pandemic. This represents a significant estimation uncertainty in relation to the valuation of investment properties.

The Group's share of results of the associated company for the financial year includes the Group's share of fair value losses on investment properties of $37.3 million (2019: fair value gains on investment properties of $1.5 million) mainly due to revisions of key unobservable inputs (level 3) in the form of the estimated market rents and capitalisation rates of its commercial properties and serviced apartments.

Details of the Group's associated and joint venture companies are listed in Note 36 to the financial statements.

18. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company 2020 $'000	Company 2019 $'000
Equity investments, at cost	**282,063**	282,063

Details of the Group's subsidiary companies are listed in Note 36 to the financial statements.

The following subsidiary companies of the Group have material non-controlling interests:

Name of company	Effective interest held by non-controlling interests 2020 %	2019 %
Brave Dragon Ltd	**10.6**	10.6

The following table summarises the financial information of the Group's subsidiary company with material non-controlling interests, based on their respective consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before inter-company eliminations with other companies in the Group.

	2020 $'000	2019 $'000
Summarised statement of financial position of Brave Dragon Ltd		
Current assets	**5,334**	18
Non-current assets	**558,761**	553,365
Current liabilities	**(18,378)**	(23,647)
Net assets	**545,717**	529,736
Net assets attributable to non-controlling interests of Brave Dragon Ltd	**57,846**	56,152
Add: Carrying amount of individually immaterial non-controlling interests of other subsidiary companies	**17,085**	17,075
Carrying amount of non-controlling interests of the Group	**74,931**	73,227

	Brave Dragon Ltd 2020 $'000	Brave Dragon Ltd 2019 $'000
Summarised statement of comprehensive income		
Total (loss)/profit	**(2,951)**	14,712
Other comprehensive income/(expense)	**18,932**	(316)
Total comprehensive income	**15,981**	14,396
Total comprehensive income attributable to non-controlling interests	**1,694**	1,526
Summarised cash flows		
Cash flows from:		
– Operating activities	**(1)**	147
– Investing activities	**6,044**	6,625
– Financing activities	**(6,043)**	(7,009)
Net decrease in cash and cash equivalents	**-**	(237)

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For the Financial Year Ended 30 June 2020

19. INVESTMENT PROPERTIES

	Group 2020 $'000	Group 2019 $'000
Beginning of financial year	**792,663**	733,250
Effect of adoption of SFRS(I) 16	**823**	-
Fair value (losses)/gains recognised in income statement	**(15,361)**	9,502
Additions	**49,947**	53,523
Disposals	**(430)**	-
Transfer from development properties	**-**	5,784
Transfer to assets held for sale	**(40,430)**	-
Currency translation differences	**5,134**	(9,396)
End of financial year	**792,346**	792,663

The following amounts are recognised in the income statement:

	Group 2020 $'000	Group 2019 $'000
Rental income	**43,216**	37,686
Direct operating expenses arising from:		
– Investment properties that generate rental income	**(12,648)**	(12,359)
– Investment properties that do not generate rental income	**(829)**	(697)

The major investment properties are as follows:

Name of building/location	Description	Tenure of land	Lettable area (Sq m)	Group's interest in property (%)
Singapore				
Winsland House I at 3 Killiney Road (1st to 9th floor)	10-storey commercial building	99-year lease expiring 2082	13,390	100
Winsland House II at 163 Penang Road	8-storey commercial building	99-year lease expiring 2093	7,309	100
Winsland House II at 165 Penang Road	Conservation house	99-year lease expiring 2093	584	100
Lanson Place Winsland Serviced Residences at 167 Penang Road	109 units of serviced apartments in a 9-storey building	99-year lease expiring 2093	5,087	100
Malaysia				
2-10 Jalan SU1E, Persiaran Sering Ukay 1, Sering Ukay, Ampang, Selangor	9 units of shop offices	Freehold	2,776	100
1,2,3,5,7,9,11,11A Lorong Bukit Minyak Utama 2, Taman Bukit Minyak Utama, Bukit Mertajam, Pulau Pinang	7 units of shop offices and a 2-storey commercial building	Freehold	3,265	100

19. INVESTMENT PROPERTIES *(continued)*

Name of building/location	Description	Tenure of land	Lettable area (Sq m)	Group's interest in property (%)
Australia				
376-388 Flinders Street, Melbourne, Victoria	8-storey commercial building	Freehold	9,513	100
28 Thornton Crescent, Mitcham, Victoria	Single-storey commercial building	Freehold	3,946	100
12 Brookhollow Avenue, Baulkham Hills, New South Wales	4-storey commercial building	Freehold	3,933	100
464 St. Kilda Road, Melbourne, Victoria	8-storey commercial building	Freehold	13,826	50
4 Wesley Court, Melbourne, Victoria	4-storey commercial building	Freehold	11,223	100
Japan				
1 Chome 11-6 Asakusa, Taito, Tokyo	13-storey hotel	Freehold 30-year lease expiring 2043	3,063	100
The People's Republic of China				
Singa Plaza at 8 Jinji Hu Road, Suzhou Industrial Park (2^{nd} to 8^{th} floor)	8-storey commercial building	50-year lease expiring 2046	8,255	75

Investment properties are valued by independent professional valuers based on the properties' highest and best use determined using the Direct Comparison Approach, the Capitalisation Approach and/or the Discounted Cash Flow Approach. Certain valuation reports of the independent property valuers have included material valuation uncertainty clauses in their reports. Those clauses highlighted that less certainty and consequently, a higher degree of caution should be attached to the valuations as a result of COVID-19 pandemic. This represents a significant estimation uncertainty in relation to the valuation of investment properties. Refer to Note 33(e) for further disclosure and the significant inputs used in the fair valuation of investment properties.

Investment properties are leased to third parties under operating leases (Note 21).

Investment properties with a total valuation of $421.0 million (2019: $323.2 million) were mortgaged to banks to secure long term banking facilities granted to certain subsidiary companies (Note 24).

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

20. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Motor vehicles $'000	Office equipment $'000	Furniture and fittings $'000	Right-of-use assets $'000	Total $'000
Group							
2020							
Cost							
Beginning of financial year	33,335	56,580	6,225	26,245	53,846	-	176,231
Effect of adoption of SFRS(I) 16	-	(45,561)	-	-	-	78,176	32,615
Balance at 1 July 2019, as reported	33,335	11,019	6,225	26,245	53,846	78,176	208,846
Additions	9	-	205	937	1,898	2,929	5,978
Disposals	-	-	(188)	(297)	(728)	(2,749)	(3,962)
Write-off	-	-	(38)	(2,794)	(12,166)	-	(14,998)
Transfer to assets held for sale	(30,235)	-	-	-	-	-	(30,235)
Currency translation differences	189	(8)	(5)	213	(41)	(72)	276
End of financial year	3,298	11,011	6,199	24,304	42,809	78,284	165,905
Accumulated depreciation and impairment losses							
Beginning of financial year	1,606	2,270	3,074	12,861	43,979	-	63,790
Effect of adoption of SFRS(I) 16	-	(1,407)	-	-	-	1,407	-
Balance at 1 July 2019, as reported	1,606	863	3,074	12,861	43,979	1,407	63,790
Depreciation charge	293	413	776	1,271	4,498	18,348	25,599
Disposals	-	-	(236)	(281)	(305)	(341)	(1,163)
Write-off	-	-	(38)	(2,727)	(12,032)	-	(14,797)
Impairment loss	-	-	-	32	227	2,583	2,842
Transfer to assets held for sale	(1,871)	-	-	-	-	-	(1,871)
Currency translation differences	10	(2)	(4)	(12)	(41)	(54)	(103)
End of financial year	38	1,274	3,572	11,144	36,326	21,943	74,297
Net book value							
End of financial year	**3,260**	**9,737**	**2,627**	**13,160**	**6,483**	**56,341**	**91,608**
2019							
Cost							
Beginning of financial year	34,427	58,800	4,234	24,738	53,500	-	175,699
Additions	793	2	2,836	1,970	3,911	-	9,512
Disposals	(583)	(1,988)	(769)	(28)	(81)	-	(3,449)
Write-off	-	-	-	(217)	(2,586)	-	(2,803)
Currency translation differences	(1,302)	(234)	(76)	(218)	(898)	-	(2,728)
End of financial year	33,335	56,580	6,225	26,245	53,846	-	176,231
Accumulated depreciation and impairment losses							
Beginning of financial year	1,121	1,613	3,093	12,095	42,678	-	60,600
Depreciation charge	569	1,102	725	1,150	4,517	-	8,063
Disposals	(34)	(428)	(675)	(24)	(15)	-	(1,176)
Write-off	-	-	-	(192)	(2,541)	-	(2,733)
Impairment loss	-	-	-	22	99	-	121
Currency translation differences	(50)	(17)	(69)	(190)	(759)	-	(1,085)
End of financial year	1,606	2,270	3,074	12,861	43,979	-	63,790
Net book value							
End of financial year	31,729	54,310	3,151	13,384	9,867	-	112,441

20. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Motor vehicles $'000	Office equipment $'000	Furniture and fittings $'000	Total $'000
Company				
2020				
Cost				
Beginning of financial year	3,335	12,881	2,661	18,877
Additions	-	427	168	595
Disposals	-	(60)	-	(60)
Write-off	(38)	-	-	(38)
End of financial year	3,297	13,248	2,829	19,374
Accumulated depreciation				
Beginning of financial year	922	2,403	2,537	5,862
Depreciation charge	494	98	70	662
Disposals	-	(60)	-	(60)
Write-off	(38)	-	-	(38)
End of financial year	1,378	2,441	2,607	6,426
Net book value				
End of financial year	**1,919**	**10,807**	**222**	**12,948**
2019				
Cost				
Beginning of financial year	1,003	12,227	2,638	15,868
Additions	2,332	654	23	3,009
End of financial year	3,335	12,881	2,661	18,877
Accumulated depreciation				
Beginning of financial year	506	2,335	2,478	5,319
Depreciation charge	416	68	59	543
End of financial year	922	2,403	2,537	5,862
Net book value				
End of financial year	2,413	10,478	124	13,015

The major properties included in freehold and leasehold land and buildings are as follows:

Name of building/location	Description	Tenure of land	Lettable area (Sq m)
Singapore			
Winsland House I at 3 Killiney Road (Basement 1 and 10th floor)	10-storey commercial building	99-year lease expiring 2082	2,669
Malaysia			
166-A, Rifle Range Road, Pulau Pinang	5-storey commercial building	99-year lease expiring 2109	11,136

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

20. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Property, plant and equipment with net book values amounting to $1.9 million (2019: $2.4 million) were mortgaged to banks to secure long term banking facilities granted to subsidiary companies (Note 24).

Right-of-use assets acquired under leasing arrangements are related to office space, warehouse space and retail stores. The details are set out in Note 21(a).

The Group carried out an impairment assessment of the carrying amount of the Group's property, plant and equipment (including right-of-use assets) in the retail business segment with indicator of impairment. For the financial year ended 30 June 2020, the Group estimated the recoverable amount of those assets, based on value-in-use calculation, to be negligible and recognised an impairment loss of $2.8 million.

21. LEASES

(a) Nature of the Group's leasing activities – Group as the lessee

Property
The Group leases office space, warehouse and retail stores for the purpose of back office operations, warehousing and sale of consumer goods to retail customers respectively.

Leasehold land
The Group has made upfront payments to secure the right-of-use of leasehold lands, which are used as office space. These leasehold lands are recognised within property, plant and equipment (Note 20). The Group also makes annual lease payments for a leasehold land. The right-of-use of the land is classified as an investment property (Note 19).

There are no externally imposed covenants on these lease arrangements.

Carrying amounts

ROU assets classified within Property, plant and equipment

	30 June 2020 $'000	1 July 2019 $'000
Leasehold land	**43,455**	44,154
Property	**12,886**	32,615
Total	**56,341**	76,769

Depreciation charge during the year

	2020 $'000
Leasehold land	**688**
Property	**17,660**
Total	**18,348**

Lease expense not capitalised in lease liabilities

	2020 $'000
Lease expense – short-term leases	**4,945**
Variable lease payments which do not depends on an index or rate [Note 21(a)]	**1,192**
Total (Note 5)	**6,137**
Total cash outflow for all the leases	**25,637**

21. LEASES *(continued)*

(a) Nature of the Group's leasing activities – Group as the lessee *(continued)*

Future cash outflow which are not capitalised in lease liabilities

(a) Variable lease payments
The leases for retail stores contain variable lease payments that are based on a percentage of sales generated by the stores ranging from 0.5% to 22%, on top of fixed payments. The Group negotiates variable lease payments for a variety of reasons, including minimising the fixed costs base for newly established stores. Such variable lease payments are recognised to profit or loss when incurred and amounted to $1.2 million for the financial year ended 30 June 2020.

(b) Extension options
The leases for certain retail stores contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. Majority of the extension options are exercisable by the Group and not by the lessor.

(b) Nature of the Group's leasing activities – Group as the lessor

The Group has leased out their owned investment properties to third parties for monthly lease payments. Where considered necessary to reduce credit risk, the Group may collect deposits or obtain bank guarantees for the term of the lease. These leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 19.

Undiscounted lease payments from the operating leases to be received after the end of the reporting date are as follows:

	30 June 2020 $'000	**1 July 2019 $'000**
Less than one year	**35,438**	34,244
One to two years	**24,359**	25,138
Two to three years	**15,275**	14,216
Three to four years	**8,848**	7,424
Four to five years	**5,116**	5,789
Later than five years	**40,795**	44,820
Total undiscounted lease payments	**129,831**	131,631

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

21. LEASES *(continued)*

(c) Nature of the Group's leasing activities – Group as the intermediate lessor

The Group subleases out retail stores to a joint venture company. These leases are classified as finance lease because the sublease is for the entire remaining lease term of the head lease. ROU assets relating to the head leases with subleases classified as finance lease are derecognised. The net investment in the sublease is recognised under trade and other receivables (Note 12 and 16). Interest income on the net investment in sublease during the financial year ended 30 June 2020 is $0.05 million.

Undiscounted lease payments from the finance leases to be received after the end of the reporting date are as follows:

	30 June 2020 $'000	1 July 2019* $'000
Less than one year	**955**	946
One to two years	**255**	955
Two to three years	**-**	255
Total undiscounted lease payments	**1,210**	2,156
Less: Unearned interest income	**(22)**	(71)
Net investment in finance leases	**1,188**	2,085
Current (Note 12)	**934**	927
Non-current (Note 16)	**254**	1,158
Total	**1,188**	2,085

* The sublease which was classified as an operating lease under SFRS(I) 1-17 is re-assessed at the date of initial application. The sublease is classified as finance lease based on the re-assessment and hence the Group accounts for the sublease as a new finance lease entered at the date of initial application.

22. OTHER ASSETS

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current assets				
Deposits	**4,187**	4,311	**37**	34
Prepayments	**5,080**	4,731	**1,504**	1,075
Contract assets [Note 22(a)]	**1,903**	16,260	**-**	-
Rights to returned goods	**271**	-	**-**	-
Derivative financial instruments [Note 11]	**7**	-	**-**	-
	11,448	25,302	**1,541**	1,109
Non-current assets				
Derivative financial instruments [Note 11]	**197**	91	**197**	-
Financial assets at FVOCI [Note 22(b)]	**26,997**	35,946	**-**	-
Financial assets at FVPL [Note 22(c)]	**20,614**	10,825	**20,614**	10,825
Deposits	**977**	1,560	**-**	-
	48,785	48,422	**20,811**	10,825

The carrying amounts of other non-current assets approximated their fair values. The financial instruments at FVOCI and FVPL are categorised under Level 1 and Level 2 respectively of the fair value measurement hierarchy, as disclosed in Note 33(e).

22. OTHER ASSETS *(continued)*

(a) Contract assets

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Unbilled revenue [Note 3(a)]	**1,555**	15,952	-	**-**
Costs to obtain contracts [Note 3(b)]	**348**	308	-	**-**
	1,903	16,260	-	**-**

(b) Financial assets at FVOCI

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	**35,946**	28,554	**-**	-
Fair value losses recognised in other comprehensive income	**(8,949)**	(3,951)	**-**	-
Additions	**-**	11,343	**-**	-
End of financial year	**26,997**	35,946	**-**	-

(c) Financial assets at FVPL

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	**10,825**	3,189	**10,825**	3,189
Fair value gains credited to income statement	**9,789**	7,636	**9,789**	7,636
End of financial year	**20,614**	10,825	**20,614**	10,825

These equity investments are analysed as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets at FVOCI				
Quoted securities in Singapore	**26,997**	35,946	**-**	-
Financial assets at FVPL				
Unquoted securities in Singapore	**20,614**	10,825	**20,614**	10,825
	47,611	46,771	**20,614**	10,825

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23. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	**12,622**	15,786	**-**	-
Due to subsidiary companies				
– non-trade [Note 23(a)]	**-**	-	**2,482**	1,880
Due to associated and joint venture				
companies – non-trade [Note 23(b)]	**1,721**	1,705	**-**	-
Accrued project costs	**15,040**	16,860	**-**	-
Accrued operating expenses	**22,273**	24,355	**8,482**	7,949
Other payables	**6,186**	3,213	**231**	54
	57,842	61,919	**11,195**	9,883

(a) Non-trade amounts due to subsidiary companies are unsecured, interest-free and repayable on demand.
(b) Non-trade amounts due to associated and joint venture companies are unsecured, interest-free and repayable on demand.

The carrying amounts of trade and other payables approximated their fair values.

24. BORROWINGS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
– Secured bank loans	**140,207**	83,004	**-**	-
– Unsecured bank loans	**179,379**	176,042	**99,383**	99,189
– Unsecured medium term notes due in 2021	**115,904**	115,832	**115,904**	115,832
– Unsecured medium term notes due in 2022	**92,750**	92,750	**92,750**	92,750
– Unsecured medium term notes due in 2023	**80,500**	80,500	**80,500**	80,500
– Unsecured medium term notes due in 2024	**79,000**	79,000	**79,000**	79,000
– Unsecured medium term notes due in 2030	**100,000**	-	**100,000**	-
Total borrowings	**787,740**	627,128	**567,537**	467,271

The carrying amounts of borrowings approximated their fair values and are categorised under Level 2 of the fair value measurement hierarchy. The fair values of long-term borrowings for the Group and Company are $795.0 million (FY2019: $645.9 million) and $574.8 million (FY2019: $486.1 million) respectively. These fair values, under Level 2 of the fair value hierarchy, are computed using the discounted cash flow method with discount rates based upon the borrowing rates which the Group expects would be available as at the balance sheet date.

24. BORROWINGS *(continued)*

(a) Interest rate risks

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Less than one year	**159,149**	101,946	**18,942**	18,942
Between one and two years	**115,904**	-	**115,904**	-
Between two and five years	**412,687**	525,182	**332,691**	448,329
Over five years	**100,000**	-	**100,000**	-
	787,740	627,128	**567,537**	467,271

(b) Security granted

The Group's secured borrowings are generally secured by mortgages on certain investment properties (Note 19) and property, plant and equipment (Note 20) and assignment of all rights, titles and benefits with respect to the properties.

25. DIVIDENDS

	Group and Company	
	2020	**2019**
	$'000	**$'000**
Dividends paid in respect of the preceding financial year		
First and final dividend of 3 cents (2019: 3 cents) per share	**23,072**	23,032
Special dividend of 2 cents (2019: 5 cents) per share	**15,381**	38,386
	38,453	61,418

The directors have recommended a first and final dividend in respect of the financial year ended 30 June 2020 of 3 cents per share. These financial statements do not reflect these proposed dividends, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2021.

The proposed first and final dividend in respect of the financial year ended 30 June 2019 have been accounted for in the shareholders' equity as an appropriation of retained earnings in the current financial year.

26. OTHER LIABILITIES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Current liabilities				
Contract liabilities [Note 3(a)]	**98,367**	7,182	**-**	-
Tenancy and other deposits	**3,640**	2,623	**-**	-
Lease liabilities	**11,370**	-	**-**	-
Derivative financial instruments [Note 11]	**75**	99	**-**	-
Others	**3,943**	1,486	**345**	-
	117,395	11,390	**345**	-
Non-current liabilities				
Tenancy deposits	**5,714**	6,033	**-**	-
Retention payable	**1,231**	352	**-**	-
Lease liabilities	**6,116**	-	**-**	-
Derivative financial instruments [Note 11]	**20,908**	10,073	**19,322**	10,073
Others	**1,384**	1,633	**-**	-
	35,353	18,091	**19,322**	10,073

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26. OTHER LIABILITIES *(continued)*

The carrying amounts of other non-current liabilities approximated their fair values. Derivative financial instruments are categorised under Level 2 of the fair value measurement hierarchy.

27. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares '000	**Amount $'000**
Issued share capital		
2020		
Beginning and end of financial year	**793,927**	**838,250**
2019		
Beginning and end of financial year	793,927	838,250

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Share Plans

The Wing Tai Performance Share Plan ("Wing Tai PSP") and the Wing Tai Restricted Share Plan ("Wing Tai RSP") (collectively referred to as the "Wing Tai New Share Plans") were adopted by the members of the Company at an AGM held on 23 October 2019.

Wing Tai PSP

On 8 October 2019 (2019: 26 September 2018), awards were granted by the Company to qualifying employees pursuant to the Wing Tai PSP in respect of 285,000 (2019: 315,000) shares of the Company. Under the Wing Tai PSP, performance conditions are set over a three-year performance period. A specified number of shares will be released by the Committee to the participants at the end of the performance period, provided the threshold targets are achieved. The total number of shares released varies depending on the achievement of pre-set performance targets over the performance period. The achievement factor ranges from 0% to 200%.

Details of the movement in the awards of the Company during the year were as follows:

Date of grant	Beginning of financial year	Number of shares granted	Adjustment of shares awarded arising from targets achieved	Number of shares released	End of financial year
2020					
21.09.2016	323,000	-	(25,100)	(297,900)	**-**
25.09.2017	333,000	-	-	-	**333,000**
26.09.2018	315,000	-	-	-	**315,000**
08.10.2019	-	285,000	-	-	**285,000**
	971,000	**285,000**	**(25,100)**	**(297,900)**	**933,000**
2019					
14.09.2015	191,000	-	(155,800)	(35,200)	-
21.09.2016	323,000	-	-	-	323,000
25.09.2017	333,000	-	-	-	333,000
26.09.2018	-	315,000	-	-	315,000
	847,000	315,000	(155,800)	(35,200)	971,000

Wing Tai RSP

On 8 October 2019 (2019: 26 September 2018), awards were granted by the Company to qualifying employees pursuant to the Wing Tai RSP in respect of 878,000 (2019: 1,328,000) shares of the Company. Under the Wing Tai RSP, performance conditions are set over a one-year performance period. A specified number of shares will be awarded to eligible participants at the end of the performance period depending on the extent of achievement of the performance conditions established. The shares have a vesting schedule of three tranches. The participant will receive fully paid shares, without any cash consideration payable by the participant.

27. SHARE CAPITAL *(continued)*

Share Plans *(continued)*

Wing Tai RSP (continued)
Details of the movement in the awards of the Company during the year were as follows:

Date of grant	Beginning of financial year	Number of shares granted	Number of shares released	Number of shares forfeited	End of financial year
2020					
21.09.2016	188,800	-	(188,800)	-	**-**
25.09.2017	480,200	-	(205,800)	(14,000)	**260,400**
26.09.2018	887,600	-	(380,400)	(39,200)	**468,000**
08.10.2019	-	878,000	(263,400)	(35,000)	**579,600**
	1,556,600	**878,000**	**(1,038,400)**	**(88,200)**	**1,308,000**
2019					
14.09.2015	290,800	-	(290,800)	-	-
21.09.2016	345,100	-	(147,900)	(8,400)	188,800
25.09.2017	729,000	-	(218,700)	(30,100)	480,200
26.09.2018	-	1,328,000	(398,400)	(42,000)	887,600
	1,364,900	1,328,000	(1,055,800)	(80,500)	1,556,600

The fair values of the awards granted pursuant to the Wing Tai PSP and the Wing Tai RSP on 8 October 2019 (2019: 26 September 2018) determined using the Monte Carlo simulation model was $0.2 million (2019: $0.2 million) and $1.8 million (2019: $1.6 million) respectively. The significant inputs into the model were share price at grant date of $2.05 (2019: $1.96) per share, standard deviation of expected share price returns of 15.1% (2019: 20.2%), dividend yield of 0.7% (2019: 1.0%) and annual risk-free one-year, two-year and three-year interest rates of 1.6%, 1.6% and 1.6% (2019: 1.8%, 2.0% and 2.2%) respectively. The volatility measured at the standard deviation of expected share price returns is based on the statistical analysis of monthly share prices over the past three years.

28. PERPETUAL SECURITIES

Perpetual securities are recorded at the proceeds received, net of direct transaction costs.

On 24 May 2019, the Company issued $150,000,000 4.48% senior perpetual securities at an issue price of 100%, excluding transaction costs. Holders of the perpetual securities are conferred a right to receive distribution on a semi-annual basis from their issue date at the rate of 4.48% per annum, subject to a step-up rate from 24 May 2029. The Company has a right to defer this distribution under certain conditions. The perpetual securities have no fixed maturity and are redeemable in whole, but not in part, at the Company's option on or after 24 May 2024 at their principal amounts together with any accrued, unpaid or deferred distributions.

On 28 June 2017, the Company issued $150,000,000 4.08% senior perpetual securities at an issue price of 100%, excluding transaction costs. Holders of the perpetual securities are conferred a right to receive distribution on a semi-annual basis from their issue date at the rate of 4.08% per annum, subject to a step-up rate from 28 June 2027. The Company has a right to defer this distribution under certain conditions. The perpetual securities have no fixed maturity and are redeemable in whole, but not in part, at the Company's option on or after 28 June 2022 at their principal amounts together with any accrued, unpaid or deferred distributions.

While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

	Group and Company	
	2020	2019
	$'000	$'000
Perpetual securities 2017	**147,778**	147,778
Perpetual securities 2019	**148,597**	148,597
	296,375	296,375

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29. OTHER RESERVES

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Share-based payment reserve	**2,155**	2,161	**2,155**	2,161
Cash flow hedge reserve	**(1,009)**	624	**-**	-
Share of capital reserves of associated and joint venture companies	**59,416**	59,425	**-**	-
Currency translation reserve	**(4,362)**	(48,251)	**-**	-
Fair value reserve	**(12,425)**	(3,476)	**-**	-
Treasury shares reserve	**(40,730)**	(42,919)	**(40,730)**	(42,919)
Statutory reserve	**4,859**	4,859	**-**	-
	7,904	(27,577)	**(38,575)**	(40,758)

		Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
(a)	**Share-based payment reserve**				
	Beginning of financial year	**2,161**	1,769	**2,161**	1,769
	Employee share plans and share option schemes:				
	– Value of employee services (Notes 6 and 27)	**2,135**	2,384	**2,135**	2,384
	– Reissuance of treasury shares	**(2,141)**	(1,992)	**(2,141)**	(1,992)
	End of financial year	**2,155**	2,161	**2,155**	2,161
(b)	**Cash flow hedge reserve**				
	Beginning of financial year	**624**	4,025	**-**	577
	Fair value losses on derivative financial instruments	**(1,369)**	(3,675)	**-**	(1,160)
	Reclassified to income statement as finance costs	**(264)**	274	**-**	583
	End of financial year	**(1,009)**	624	**-**	-
(c)	**Share of capital reserves of associated and joint venture companies**				
	Beginning of financial year	**59,425**	76,264	**-**	-
	Effect of adoption of SFRS(I) 9	**-**	(11,549)	**-**	-
	Balance at 1 July, as adjusted	**59,425**	64,715	**-**	-
	Share of capital reserves of associated and joint venture companies	**762**	(5,285)	**-**	-
	Transfer to revenue reserves	**(795)**	-	**-**	-
	Attributable to non-controlling interests				
	– Share of capital reserves of associated and joint venture companies	**(2)**	(5)	**-**	-
	– Transfer to revenue reserves	**26**	-	**-**	-
	End of financial year	**59,416**	59,425	**-**	-

29. OTHER RESERVES *(continued)*

		Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
(d)	**Currency translation reserve**				
	Beginning of financial year	**(48,251)**	(14,603)	-	-
	Translation of financial statements of foreign subsidiary, associated and joint venture companies	**41,062**	(28,232)	-	-
	Translation of foreign currency denominated loans which form part of net investment in subsidiary companies	**4,793**	(6,251)	-	-
	Liquidation of subsidiary companies	-	(2)	-	-
	Attributable to non-controlling interests	**(1,966)**	837	-	-
	End of financial year	**(4,362)**	(48,251)	-	-
(e)	**Fair value reserve**				
	Beginning of financial year	**(3,476)**	475	-	-
	Fair value losses on financial assets at FVOCI	**(8,949)**	(3,951)	-	-
	End of financial year	**(12,425)**	(3,476)	-	-
(f)	**Treasury shares reserve**				
	Beginning of financial year	**(42,919)**	(33,990)	**(42,919)**	(33,990)
	Reissuance of treasury shares	**2,189**	1,787	**2,189**	1,787
	Purchase of treasury shares	-	(10,716)	-	(10,716)
	End of financial year	**(40,730)**	(42,919)	**(40,730)**	(42,919)
(g)	**Statutory reserve**				
	Beginning and end of financial year	**4,859**	4,859	-	-
	Total	**7,904**	(27,577)	**(38,575)**	(40,758)

Capital reserves of associated and joint venture companies arise from currency translation and other reserves which are not distributable.

Net fair value loss on hedging instruments relating to net investment hedge taken to currency translation reserve for the financial year ended 30 June 2020 was $9.1 million (2019: $15.6 million).

The total number of treasury shares held by the Company as at 30 June 2020 was 24,865,500 (2019: 26,201,800). The Company reissued 1,336,300 (2019: 1,091,000) treasury shares during the financial year pursuant to the Wing Tai PSP and RSP (2019: Wing Tai PSP and RSP). The purchase cost of the treasury shares reissued amounted to $2.2 million (2019: $1.8 million). The total consideration for the treasury shares reissued which comprised the value of employee services amounted to $2.1 million (2019: $2.0 million).

Statutory reserve relates to non-distributable reserve of a subsidiary company in China made at a rate of 10% of annual net profit after tax. Contribution to this reserve is no longer mandatory when the reserve reaches 50% of the subsidiary company's registered share capital. The reserve is to be used in accordance to the circumstances as stipulated in the relevant regulations.

Notes to the Financial Statements

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30. RETAINED EARNINGS

(a) Retained earnings of the Group are distributable except for accumulated retained earnings of associated and joint venture companies amounting to $1,271.7 million (2019: $1,293.1 million) and the amount of $40.7 million (2019: $42.9 million) utilised to purchase treasury shares. Retained earnings of the Company are distributable except for the amount of $40.7 million (2019: $42.9 million) utilised to purchase treasury shares.

(b) Movement in retained earnings for the Company is as follows:

	Company	
	2020 **$'000**	**2019** **$'000**
Beginning of financial year	**378,980**	460,777
Total comprehensive expense	**(17,307)**	(13,764)
Reissuance of treasury shares	**(48)**	205
Accrued perpetual securities distribution	**(12,875)**	(6,820)
Tax credit arising from perpetual securities distribution	**1,480**	-
Ordinary and special dividends paid (Note 25)	**(38,453)**	(61,418)
End of financial year	**311,777**	378,980

31. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the end of the reporting period but not recognised in the financial statements, excluding those relating to investments in associated and joint venture companies (Note 17), are as follows:

	Group	
	2020 **$'000**	**2019** **$'000**
Commitments in respect of contracts placed	**108,232**	-

(b) Operating lease commitments – where the Group is the lessee

The Group leases office and retail units and warehouse space under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group **2019** **$'000**
Not later than one year	24,451
Between one and five years	16,743
Later than five years	790
	41,984

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 July 2019. These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 30 June 2020, except for low value assets and short-term leases accounted for using the short-term exemption.

31. COMMITMENTS *(continued)*

(c) Operating lease commitments – where the Group is the lessor

The Group leases out office and retail units and serviced apartments under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

	Group 2019 $'000
Not later than one year	34,244
Between one and five years	52,567
Later than five years	44,820
	131,631

On 1 July 2019, the Group has adopted SFRS(I) 16 and the undiscounted lease payments from the operating leases to be received after 30 June 2020 is disclosed in Note 21.

32. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

The details and estimates of the maximum amounts of contingent liabilities and financial guarantees, excluding those relating to investments in associated and joint venture companies (Note 17), are as follows:

	Group		**Company**	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Financial guarantees issued to banks for credit facilities granted to:				
– subsidiary companies	**-**	-	**80,820**	78,030
– joint venture companies	**8,280**	8,280	**-**	-
	8,280	8,280	**80,820**	78,030

The Company has given financial guarantees for all liabilities incurred under a tender bond facility of a subsidiary company amounting to $15.0 million (2019: $15.0 million) granted by a bank to the subsidiary company.

33. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. After identifying and evaluating its exposure to the financial risks, the Group establishes policies to monitor and manage these risks in accordance with its risk management philosophy. The Group uses financial instruments such as currency forwards, cross currency swap, interest rate swap and foreign currency borrowings to hedge certain financial risk exposures.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

33. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk

(i) Currency risk

The Group operates in Asia-Pacific with dominant operations in Singapore, Malaysia, Australia, Japan and Hong Kong SAR. Entities in the Group may transact in currencies other than their respective functional currencies. Currency risk arises within entities in the Group when transactions are denominated in foreign currencies. To manage the currency risk, the Group enters into currency forwards and cross currency swap with banks.

The Group also holds long-term overseas investments and its net assets are exposed to currency translation risk. The Group enters into cross currency swap, currency forwards and uses natural hedging opportunities, like borrowing in the currency of the country in which these investments are located whenever practicable. The exchange differences arising from such translations are captured under the currency translation reserve. These currency translation differences are reviewed and monitored on a regular basis.

The Group's and the Company's currency exposure are as follows:

	SGD $'000	RM $'000	JPY $'000	HKD $'000	AUD $'000	Others $'000	Total $'000
Group							
2020							
Financial assets							
Cash and cash equivalents	464,004	42,670	36,400	2,553	12,151	47,702	605,480
Trade and other receivables (current and non-current)	214,483	4,506	1,972	21,788	2,370	1,144	246,263
Other assets (current and non-current)	2,989	3,841	-	-	78	82	6,990
Intra-group receivables	-	-	-	72,926	35,787	-	108,713
	681,476	51,017	38,372	97,267	50,386	48,928	967,446
Financial liabilities							
Trade and other payables	(35,363)	(18,834)	(244)	(116)	(1,596)	(1,689)	(57,842)
Borrowings	(633,250)	-	(33,150)	(80,820)	(43,034)	-	(790,254)
Other liabilities (current and non-current)	(17,782)	(9,849)	(1,953)	-	-	(595)	(30,179)
Intra-group payables	-	-	-	(72,926)	(35,787)	-	(108,713)
	(686,395)	(28,683)	(35,347)	(153,862)	(80,417)	(2,284)	(986,988)
Net financial (liabilities)/assets	(4,919)	22,334	3,025	(56,595)	(30,031)	46,644	(19,542)
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	4,922	(22,154)	30,191	52,997	66,058	(44,793)	87,221
Firm commitments and highly probable forecast transactions in foreign currencies	-	-	-	-	-	(3,651)	(3,651)
Currency forwards and cross currency swap	-	-	-	(235,231)	(28,689)	3,839	(260,081)
Currency exposure	**3**	**180**	**33,216**	**(238,829)***	**7,338**	**2,039**	**(196,053)**

33. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

(i) Currency risk (continued)

	SGD $'000	RM $'000	JPY $'000	HKD $'000	AUD $'000	Others $'000	Total $'000
Group							
2019							
Financial assets							
Cash and cash equivalents	105,167	40,838	1,271	11,779	9,078	49,199	217,332
Trade and other receivables (current and non-current)	282,363	5,985	3,445	8,668	1,030	1,171	302,662
Other assets (current and non-current)	18,921	2,720	-	-	92	90	21,823
	406,451	49,543	4,716	20,447	10,200	50,460	541,817
Financial liabilities							
Trade and other payables	(34,053)	(23,081)	(340)	(132)	(589)	(3,724)	(61,919)
Borrowings	(533,250)	-	-	(78,030)	(18,386)	-	(629,666)
Other liabilities (current and non-current)	(7,199)	(2,066)	(1,103)	-	-	(273)	(10,641)
	(574,502)	(25,147)	(1,443)	(78,162)	(18,975)	(3,997)	(702,226)
Net financial (liabilities)/assets	(168,051)	24,396	3,273	(57,715)	(8,775)	46,463	(160,409)
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	168,047	(24,230)	(3,162)	(8,701)	9,014	(46,129)	94,839
Firm commitments and highly probable forecast transactions in foreign currencies	-	-	-	-	-	(5,679)	(5,679)
Currency forwards and cross currency swap	-	-	-	(227,121)	(28,287)	6,826	(248,582)
Currency exposure	(4)	166	111	(293,537)*	(28,048)	1,481	(319,831)

The Group does not have significant currency exposure arising from inter-company balances except for those already disclosed in the table above.

Notes to the Financial Statements

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33. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

(i) *Currency risk (continued)*

	SGD $'000	USD $'000	HKD $'000	AUD $'000	JPY $'000	Others $'000	Total $'000
Company							
2020							
Financial assets							
Cash and cash equivalents	282,393	1,339	-	-	-	159	283,891
Trade and other receivables (current and non-current)	901,185	22,672	69,024	32,638	42,989	6	1,068,514
Other assets (current and non-current)	37	-	-	-	-	-	37
	1,183,615	24,011	69,024	32,638	42,989	165	1,352,442
Financial liabilities							
Trade and other payables	(8,481)	-	(2,504)	-	-	(210)	(11,195)
Borrowings	(568,250)	-	-	-	-	-	(568,250)
	(576,731)	-	(2,504)	-	-	(210)	(579,445)
Net financial assets/(liabilities)	606,884	24,011	66,520	32,638	42,989	(45)	772,997
Net financial assets denominated in the Company's functional currency	(606,884)	-	-	-	-	-	(606,884)
Cross currency swap	-	-	(235,231)	(28,689)	-	-	(263,920)
Currency exposure	**-**	**24,011**	**(168,711)***	**3,949**	**42,989**	**(45)**	**(97,807)**
2019							
Financial assets							
Cash and cash equivalents	68,350	260	-	-	-	160	68,770
Trade and other receivables (current and non-current)	534,085	21,997	81,785	32,059	41,667	13	711,606
Other non-current assets	34	-	-	-	-	-	34
	602,469	22,257	81,785	32,059	41,667	173	780,410
Financial liabilities							
Trade and other payables	(7,783)	-	(1,890)	-	-	(210)	(9,883)
Borrowings	(468,250)	-	-	-	-	-	(468,250)
	(476,033)	-	(1,890)	-	-	(210)	(478,133)
Net financial assets/(liabilities)	126,436	22,257	79,895	32,059	41,667	(37)	302,277
Net financial assets denominated in the Company's functional currency	(126,436)	-	-	-	-	-	(126,436)
Cross currency swap	-	-	(227,121)	(28,287)	-	-	(255,408)
Currency exposure	-	22,257	(147,226)*	3,772	41,667	(37)	(79,567)

33. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

(i) Currency risk (continued)

* The HKD net currency exposure of $238.8 million (2019: $293.5 million) for the Group and $168.7 million (2019: $147.2 million) for the Company mainly relate to cross currency swap and currency forwards entered into as net investment hedges for the Group's investment in its associated company (Note 11). There was no ineffectiveness during the financial year ended 30 June 2020 in relation to the net investment hedges.

If the RM, USD, HKD, JPY and AUD change against the SGD by 1% (2019: 1%) each with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit before income tax		Increase/(decrease) Other comprehensive income	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Group				
RM against SGD				
– strengthened	**2**	2	**-**	-
– weakened	**(2)**	(2)	**-**	-
JPY against SGD				
– strengthened	**332**	1	**-**	-
– weakened	**(332)**	(1)	**-**	-
HKD against SGD				
– strengthened	**(2,388)**	(2,935)	**-**	-
– weakened	**2,388**	2,935	**-**	-
AUD against SGD				
– strengthened	**73**	(280)	**-**	-
– weakened	**(73)**	280	**-**	-
Company				
USD against SGD				
– strengthened	**240**	223	**-**	-
– weakened	**(240)**	(223)	**-**	-
HKD against SGD				
– strengthened	**(1,687)**	(1,472)	**-**	-
– weakened	**1,687**	1,472	**-**	-
AUD against SGD				
– strengthened	**39**	38	**-**	-
– weakened	**(39)**	(38)	**-**	-
JPY against SGD				
– strengthened	**430**	417	**-**	-
– weakened	**(430)**	(417)	**-**	-

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

33. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

(ii) Equity price risk

The Group is primarily exposed to equity securities price risk due to investments in quoted and unquoted securities in Singapore, which have been classified in the consolidated statement of financial position as financial assets, at FVOCI and at FVPL respectively.

Based on the portfolio of quoted equity securities held by the Group, if prices for equity securities listed in Singapore change by 1% (2019: 1%), with all other variables being held constant, the fair value reserve will be higher/lower by $0.3 million (2019: $0.4 million). Details of equity price risk of financial assets at FVPL is disclosed in Note 33(e).

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's and the Company's exposure to cash flow interest rate risks arises mainly from floating rate borrowings. The Group manages these cash flow interest rate risks by maintaining a prudent mix of fixed and floating rate borrowings and using floating-to-fixed interest rate swaps.

The Group enters into interest rate swaps with the same critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding amount of the borrowings. As all critical terms matched during the year, the economic relationship was 100% effective.

<u>Hedge effectiveness</u>

Hedge effectiveness is determined at the inception of the hedging relationship, and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

Potential hedge ineffectiveness may occur due to changes in the credit risk of derivative counter party or the Group.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness. There was no material ineffectiveness in relation to the cash flow hedge.

The Group's borrowings at floating rates on which effective hedges have not been entered into are denominated mainly in SGD, AUD and JPY. If the SGD, AUD and JPY interest rates increase/decrease by 1% (2019: 1%) with all other variables being held constant, the profit before income tax would have been lower/higher by $1.6 million (2019: $1.0 million) as a result of higher/lower interest expense on these borrowings. Other comprehensive income would have been higher/lower by $3.6 million (2019: $5.5 million) as a result of higher/lower fair value of interest rate swaps designated as cash flow hedges of floating rate borrowings.

The Company's borrowings at floating rates on which effective hedges have not been entered into are denominated in SGD. If the SGD interest rate increases/decreases by 1% (2019: 1%) with all other variables being held constant, the profit before income tax would have been lower/higher by $0.2 million (2019: $0.2 million) as a result of higher/lower interest expense on these borrowings. Other comprehensive income would have been higher/lower by $2.0 million (2019: $3.2 million) as a result of higher/lower fair value of interest rate swaps designated as cash flow hedges of floating rate borrowings.

33. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade and other receivables and other assets. The Group and the Company have no significant concentration of credit risk with any single entity, except for unbilled revenue and loans from subsidiary and joint venture companies (Notes 12, 16 and 22). The Group has policies in place to ensure that the sale of goods and the rendering of services are to customers with acceptable credit standing. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

Credit exposure to individual customers or counterparties for the revenue streams mentioned above are also generally restricted by credit limits that are approved by the respective management at the entity level based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by management.

For trade receivables and contract assets from sale of development properties, the Group has policies in place to ensure that sales are made to purchasers with appropriate financial strength and after obtaining sufficient security such as deposits. If a purchaser defaults on payments, the Group may enforce payments via legal proceedings or if the purchaser is assessed to be insolvent, the Group may resume possession of the units, retain a portion of the purchaser's deposits from payments made to date, and resell the property. Unless the selling price falls by more than the portion of the purchaser's deposits retained, which is remote, the Group would not be in a loss position in selling those properties.

For trade receivables from investment properties, the Group typically collects deposits or banker's guarantees amounting to two to six months of the monthly lease rental. All late payments are monitored closely and followed up with active chasing or legal action if necessary. The Group also regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

Revenue from retail sale of goods do not give rise to significant trade receivables as the value of transactions are low and transactions are mainly settled through cash or credit card which have a short collection period. For all other trade receivables from business corporations, management makes periodic collective assessments as well as individual assessment on the recoverability of trade receivables based on historical settlement records and past experience.

As the Group and the Company do not hold any collateral and the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position and as disclosed in Note 33.

The credit risk for trade receivables is as follows:

	Group	
	2020 $'000	**2019 $'000**
By business segments		
Development properties	**4,761**	2,451
Investment properties	**1,939**	731
Retail	**3,049**	3,835
Others	**337**	115
	10,086	7,132

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33. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Credit risk *(continued)*

(i) Trade receivables and unbilled revenue

In measuring the expected credit losses, the trade receivables and unbilled revenue are grouped based on shared credit risk characteristics and days past due. The unbilled revenue relates to unbilled work in progress, which has substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the unbilled revenue.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, including development properties, investment properties and retail sales and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables, and accordingly adjusts the historical loss rates based on expected changes in these factors. Management has considered, among other factors (including forward-looking information), the Group's and Company's historical loss pattern, its ability to resume possession of units for the development property business, the existence of deposits and banker's guarantees for the investment property business, as well as the relatively low value of transactions and manner in which these are settled i.e. by cash and credit card for the Group's retail business. Based on the above, management concluded that the expected credit loss rate for trade receivables and unbilled revenue is close to zero. The credit loss allowance for trade receivables and unbilled revenue was assessed as immaterial.

Trade receivables and unbilled revenue are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

(ii) Other receivables and loans to subsidiary, associated and joint venture companies and non-controlling interests

For other receivables and loans to subsidiary, associated and joint venture companies and non-controlling interests, management has considered, among other factors (including forward-looking information), the financial positions of the counterparties, and adjusted for factors that are specific to the counterparties, general economic conditions of the industries in which they operate and any forward-looking macroeconomic factors.

These financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about events, including but not limited to significant financial difficulty of the borrower or a breach of contract, such as a default or past due event.

(iii) Financial guarantee contracts

The Group has issued financial guarantees to banks for credit facilities of its subsidiary and joint venture companies. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Group has assessed that its subsidiary and joint venture companies have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

33. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Credit risk *(continued)*

The movements for credit loss allowance are as follows:

	Trade and other receivables	
	Group	**Company**
	$'000	**$'000**
2020		
Beginning of financial year	**27,189**	**342,684**
Allowance (written back)/made	**(6,368)**	**34,688**
Currency translation differences	**(13)**	**-**
End of financial year	**20,808**	**377,372**
2019		
As at 1 July 2018 under SFRS and SFRS(I) 9	27,177	323,609
Allowance made	15	19,075
Currency translation differences	(3)	-
End of financial year	27,189	342,684

The credit loss allowances reflecting the full exposure at default are measured at lifetime expected credit losses and primarily relate to loans to joint venture companies of the Group (Note 16) and subsidiary companies of the Company (Notes 12 and 16). The remaining loans are not credit impaired.

(c) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group adopts prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with short term funding so as to achieve overall cost effectiveness.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $'000	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**
Group				
2020				
Net-settled interest rate swaps	884	884	15	-
Gross-settled cross currency swaps				
– Receipts	(2,314)	(2,314)	(83,359)	-
– Payments	3,851	3,851	89,971	-
Gross-settled currency forwards				
– Receipts	(3,838)	-	(168,394)	-
– Payments	3,881	-	177,757	-
Trade and other payables	57,842	-	-	-
Lease liabilities	11,754	5,246	382	735
Borrowings	26,104	203,467	533,879	116,747
Other liabilities (excluding lease liabilities)	4,364	3,567	3,624	1,138
Financial guarantee	8,280	-	-	-
	110,808	**214,701**	**553,875**	**118,620**

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For the Financial Year Ended 30 June 2020

33. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Liquidity risk *(continued)*

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Group *(continued)*				
2019				
Net-settled interest rate swaps	(749)	(747)	(759)	-
Gross-settled cross currency swaps				
– Receipts	(2,471)	(2,464)	(85,972)	-
– Payments	3,728	3,718	90,583	-
Gross-settled currency forwards				
– Receipts	(22,424)	-	(168,394)	-
– Payments	22,531	-	172,209	-
Trade and other payables	61,919	-	-	-
Borrowings	24,991	24,867	663,936	-
Other liabilities	2,623	3,446	3,469	1,103
Financial guarantee	8,280	-	-	-
	98,428	28,820	675,072	1,103
Company				
2020				
Gross-settled cross currency swaps				
– Receipts	(2,314)	(2,314)	(83,359)	-
– Payments	3,851	3,851	89,971	-
Gross-settled currency forwards				
– Receipts	-	-	(168,394)	-
– Payments	-	-	177,757	-
Trade and other payables	11,195	-	-	-
Borrowings	22,483	135,102	375,747	116,747
Financial guarantee	-	-	80,820	-
	35,215	**136,639**	**472,542**	**116,747**
2019				
Gross-settled cross currency swaps				
– Receipts	(2,471)	(2,464)	(85,972)	-
– Payments	3,728	3,718	90,583	-
Gross-settled currency forwards				
– Receipts	-	-	(168,394)	-
– Payments	-	-	172,209	-
Trade and other payables	9,883	-	-	-
Borrowings	19,040	18,988	496,489	-
Financial guarantees	-	-	78,030	-
	30,180	20,242	582,945	-

Subsequent to 30 June 2020, the Group and the Company repurchased certain borrowings in the form of unsecured medium term notes of $30.0 million and $30.3 million with maturity terms between 1 and 2 years and between 2 and 5 years respectively (Note 24 and 38).

33. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or reduce borrowings.

Management monitors capital based on debt-equity ratio. The debt-equity ratio is calculated as net debt divided by equity attributable to equity holders of the Company. Net debt is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Borrowings	**787,740**	627,128	**567,537**	467,271
Less: Cash and cash equivalents	**(605,480)**	(217,332)	**(283,891)**	(68,770)
Net debt	**182,260**	409,796	**283,646**	398,501
Equity attributable to equity holders of the Company:				
– ordinary shareholders	**3,214,039**	3,213,041	**1,111,452**	1,176,472
– holders of perpetual securities	**296,375**	296,375	**296,375**	296,375
	3,510,414	3,509,416	**1,407,827**	1,472,847
Debt-equity ratio	**5%**	12%	**20%**	27%

n/m: not meaningful

The Group and the Company are required by the banks to maintain a certain level of the debt-equity ratio. The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2020 and 2019.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

33. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Fair value measurements

(i) Fair value measurement hierarchy

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group				
2020				
Assets				
Derivative financial instruments	-	204	-	204
Investment properties	-	-	792,346	792,346
Financial assets at FVOCI	26,997	-	-	26,997
Financial assets at FVPL	-	-	20,614	20,614
Liability				
Derivative financial instruments	-	(20,983)	-	(20,983)
	26,997	**(20,779)**	**812,960**	**819,178**
2019				
Assets				
Derivative financial instruments	-	91	-	91
Investment properties	-	-	792,663	792,663
Financial assets at FVOCI	35,946	-	-	35,946
Financial assets at FVPL	-	-	10,825	10,825
Liability				
Derivative financial instruments	-	(10,172)	-	(10,172)
	35,946	(10,081)	803,488	829,353
Company				
2020				
Assets				
Derivative financial instruments	-	197	-	197
Financial assets at FVPL	-	-	20,614	20,614
Liability				
Derivative financial instruments	-	(19,322)	-	(19,322)
	-	**(19,125)**	**20,614**	**1,489**
2019				
Asset				
Financial assets at FVPL	-	-	10,825	10,825
Liability				
Derivative financial instruments	-	(10,073)	-	(10,073)
	-	(10,073)	10,825	752

33. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Fair value measurements *(continued)*

(i) Fair value measurement hierarchy
There were no transfers between level 1 and 2 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

(ii) Level 2 fair value measurements
The fair value of interest rate and cross currency swaps is calculated as the present value of the estimated future cash flows discounted at actively quoted interest and forward exchange rates. The fair value of currency forwards is determined using actively quoted forward exchange rates at the end of the reporting period. These instruments are classified as Level 2 and comprise derivative financial instruments.

(iii) Level 3 fair value measurements

- Valuation techniques and inputs
The following table presents the valuation techniques and key inputs used to determine the fair values that are categorised under Level 3 of the fair value measurement hierarchy which involves significant unobservable inputs.

Types	Valuation techniques	Significant unobservable inputs	Range of significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Commercial buildings, serviced apartments, condominium housing and shop offices in Singapore, Malaysia, Australia, Japan and the People's Republic of China	Direct Comparison Approach	Market value per square metre	\$804 - \$22,438 (2019: \$700 - \$22,641)	The higher the adjusted valuation, the higher the fair value
		Market value per room	\$900,000 (2019: \$970,000)	The higher the market value, the higher the fair value
	Capitalisation Approach	Estimated monthly rental rate per square metre	\$23 - \$96 (2019: \$24 - \$99)	The higher the estimated rental rate, the higher the fair value
		Estimated monthly rental rate per bay	\$264 - \$304 (2019: \$260 - \$303)	
		Capitalisation rate	3.75% - 6.50% (2019: 3.75% - 6.00%)	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate	3.60% - 7.00% (2019: 3.50% - 7.00%)	The higher the discount rate, the lower the fair value

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33. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Fair value measurements *(continued)*

(iii) Level 3 fair value measurements (continued)

- Valuation techniques and inputs *(continued)*

Types	Valuation techniques	Significant unobservable inputs	Range of significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Financial assets at FVPL	Net asset value of the investee entity adjusted for the lack of control and marketability of the unlisted equity instrument. (2019: Market approach)	Net asset value	Not applicable	Not applicable
		Adjustment for lack of control and marketability (2019: Price from market transaction involving identical assets)	Adjustment of 40% (2019: Not applicable)	The higher the adjustment for lack of control and marketability, the lower the fair value (2019: The higher the transaction value, the higher the fair value)

There were no changes in valuation techniques for investment properties during the year.

There was a change in the valuation technique for financial instruments at FVPL due to the availability of observable market information to estimate the fair value of the underlying assets held by the investee entity. The adjustment to the net asset value of the unlisted equity instrument are based on market conditions existing at the balance sheet date and are based on studies of discounts for lack of control and marketability for similar typed instruments. If the adjustment to the net asset value of the investee were to increase or decrease by 3% from management's estimates, the impact on the consolidated income statement of the Group will decrease or increase by $1.0 million.

There were no significant inter-relationships between the significant unobservable inputs.

- Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair values of the Group's investment properties based on the properties' highest and best use using the Direct Comparison Approach, the Capitalisation Approach and/or the Discounted Cash Flow Approach.

The Direct Comparison Approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the properties. The Capitalisation Approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The Discounted Cash Flow Method involves discounting of future income stream over a period to arrive at a present value.

The management is of the view that the valuation methods and estimates are reflective of current market conditions and have taken into account the impact of COVID-19 pandemic and market uncertainty based on information available as at 30 June 2020. Certain valuation reports of the independent property valuers have included material valuation uncertainty clauses in their reports. Those clauses highlighted that less certainty and consequently a higher degree of caution should be attached to the valuations as a result of COVID-19 pandemic. This represents significant estimation uncertainty in relation to the valuation of investment properties.

33. FINANCIAL RISK MANAGEMENT *(continued)*

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	Group $'000	Company $'000
2020		
Financial assets at FVOCI	**26,997**	**-**
Financial assets at FVPL (including derivative financial instruments)	**20,818**	**20,811**
Financial liabilities at FVPL	**20,983**	**19,322**
Financial assets at amortised cost	**858,733**	**1,352,442**
Financial liabilities at amortised cost	**875,761**	**578,732**
2019		
Financial assets at FVOCI	35,946	-
Financial assets at FVPL (including derivative financial instruments)	10,916	10,825
Financial liabilities at FVPL	10,172	10,073
Financial assets at amortised cost	541,817	780,410
Financial liabilities at amortised cost	699,688	477,154

34. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sale of goods and rendering of services

	Group	
	2020 $'000	2019 $'000
Management and service fees received from joint venture companies	**4,908**	8,095
Management fees paid to an associated company	**627**	358
Payments on behalf of joint venture companies	**4,324**	5,416

(b) Key management personnel compensation

	Group	
	2020 $'000	2019 $'000
Salaries and other short term employee benefits	**10,488**	13,805
Share-based payment	**719**	920
	11,207	14,725

Included in the above is compensation paid/payable to directors of the Company which amounted to $6.8 million (2019: $10.3 million).

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35. SEGMENT INFORMATION

The Group is organised into the following main business segments - development properties, investment properties, retail and other operations comprising mainly investing and management activities. The segment information for the reportable segments is as follows:

2020	Development properties $'000	Investment properties $'000	Retail $'000	Others $'000	Group $'000
Revenue					
– Recognised at a point in time	186,181	-	91,509	-	**277,690**
– Recognised over time	40,650	-	-	5,770	**46,420**
– Others	-	45,236	-	1,680	**46,916**
	226,831	45,236	91,509	7,450	**371,026**
EBIT*	100,346	(10,683)	6,903	(42,374)	**54,192**
Interest income					**2,923**
Finance costs	-	(4,251)	(835)	(25,202)	**(30,288)**
Profit before income tax					**26,827**
Income tax expense					**(11,119)**
Total profit					**15,708**
Segment assets	1,512,523	925,014	55,895	179,432	**2,672,864**
Investments in associated and joint venture companies	614,199	1,283,646	127,422	(260,376)	**1,764,891**
Due from associated and joint venture companies	198,558	-	629	-	**199,187**
	2,325,280	2,208,660	183,946	(80,944)	**4,636,942**
Tax recoverable					**5,579**
Derivative financial instruments					**204**
Deferred income tax assets					**8,087**
Consolidated total assets					**4,650,812**
Segment liabilities	134,933	14,839	22,711	17,124	**189,607**
Borrowings	-	140,207	-	647,533	**787,740**
	134,933	155,046	22,711	664,657	**977,347**
Current income tax liabilities					**33,418**
Derivative financial instruments					**20,983**
Deferred income tax liabilities					**33,719**
Consolidated total liabilities					**1,065,467**
Capital expenditure	4	50,984	3,327	1,610	**55,925**
Depreciation	56	1,978	20,517	3,048	**25,599**
Impairment loss on property, plant and equipment	-	-	2,842	-	**2,842**
Reversal of impairment loss on loans to joint venture companies (net)	6,370	-	-	-	**6,370**

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35. SEGMENT INFORMATION *(continued)*

2019	Development properties $'000	Investment properties $'000	Retail $'000	Others $'000	Group $'000
Revenue					
– Recognised at a point in time	109,765	-	134,465	-	244,230
– Recognised over time	26,423	-	-	9,242	35,665
– Others	-	41,314	-	1,407	42,721
	136,188	41,314	134,465	10,649	322,616
EBIT*	14,071	53,005	40,185	(40,426)	66,835
Interest income					10,292
Finance costs	(12)	(4,087)	-	(26,750)	(30,849)
Profit before income tax					46,278
Income tax credit					2,479
Total profit					48,757
Segment assets	1,289,668	878,706	51,794	115,387	2,335,555
Investments in associated and joint venture companies	504,637	1,284,285	111,838	(166,100)	1,734,660
Due from associated and joint venture companies	272,526	21	1,171	1,158	274,876
	2,066,831	2,163,012	164,803	(49,555)	4,345,091
Tax recoverable					5,678
Derivative financial instruments					91
Deferred income tax assets					8,783
Consolidated total assets					4,359,643
Segment liabilities	40,811	13,895	11,726	14,796	81,228
Borrowings	-	83,005	-	544,123	627,128
	40,811	96,900	11,726	558,919	708,356
Current income tax liabilities					22,426
Derivative financial instruments					10,172
Deferred income tax liabilities					36,046
Consolidated total liabilities					777,000
Capital expenditure	39	55,288	3,614	4,094	63,035
Depreciation	89	2,248	3,268	2,458	8,063
Impairment loss on property, plant and equipment	-	-	121	-	121

* EBIT includes the share of profits of associated and joint venture companies which are disclosed in Note 17.

The Group's main business segments operate in six main geographical areas - Singapore, Malaysia, Australia, Japan, the People's Republic of China ("PRC") and Hong Kong SAR.

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For the Financial Year Ended 30 June 2020

35. SEGMENT INFORMATION *(continued)*

	Revenue		Non-current assets	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**290,323**	148,530	**816,822**	894,583
Malaysia	**67,297**	164,847	**101,427**	153,093
Australia	**10,365**	7,952	**162,093**	113,572
PRC	**1,017**	1,222	**29,913**	87,636
Japan	**2,024**	65	**56,066**	55,566
Hong Kong SAR	**-**	-	**1,618,174**	1,615,432
	371,026	322,616	**2,784,495**	2,919,882

The adoption of the new leasing standard described in Note 2.2 had the following impact on the adjusted EBIT in the financial year:

	Adjusted EBIT before adoption of SFRS(I) 16	Rental expense under SFRS(I) 1-17, when the Group is a lessee	Depreciation of ROU assets	Adjusted EBIT after adoption of SFRS(I) 16
	$'000	$'000	$'000	$'000
Development properties	100,346	-	-	100,346
Investment properties	(10,732)	135	(86)	(10,683)
Retail	6,072	18,061	(17,230)	6,903
Others	(41,700)	358	(1,032)	(42,374)
	53,986	**18,554**	**(18,348)**	**54,192**

The recognition of ROU assets and lease liabilities on the balance sheet resulted in an increase in depreciation and finance expenses in the consolidated statement of comprehensive income in the current year as follows:

	Depreciation	Interest expense
	$'000	$'000
Investment properties	86	22
Retail	17,230	836
Others	1,032	79
	18,348	**937**

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items above is not entirely comparable to the information disclosed for the prior year.

36. COMPANIES IN THE GROUP

Information relating to the companies in the Group is given below, with the exception of inactive and dormant companies. Singapore-incorporated subsidiary and joint venture companies are audited by PricewaterhouseCoopers LLP, Singapore unless otherwise indicated.

Name of company			Country of incorporation/ place of business	Principal activities	Effective interest held by the Group 2020 %	2019 %
(a)	**Wing Tai Holdings Limited**		Singapore-Quoted on Singapore Exchange Securities Trading Limited	Investment holding	**n/a**	n/a
(b)	**Subsidiary companies**					
	Wing Tai Malaysia Sdn. Bhd.	!	Malaysia	Investment holding	**100**	100
	Angel Wing (M) Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
	Angkasa Indah Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
	Bergendale Investments Limited	*,#	British Virgin Islands ("BVI")/Hong Kong SAR	Investment holding	**100**	100
	Brave Dragon Ltd	*, #	BVI/Hong Kong SAR	Investment holding	**89.4**	89.4
	Chanlai Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
	Crossbrook Group Ltd	#	BVI/Hong Kong SAR	Investment holding	**100**	100
	DNP Hartajaya Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
	DNP Jaya Sdn. Bhd.	*, !	Malaysia	Property investment	**100**	100
	DNP Land Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
	D & P-Ejenawa Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
	Grand Eastern Realty & Development Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
	Hartamaju Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
	Jiaxin (Suzhou) Property Development Co., Ltd	*, >	The People's Republic of China ("PRC")	Property development, investment and management	**75**	75
	Quality Frontier Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
	Seniharta Sdn. Bhd.	*, !	Malaysia	Property investment	**100**	100
	Suzhou Property Development Pte Ltd	*	Singapore	Property development and investment holding	**75**	75

n/a: not applicable

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

36. COMPANIES IN THE GROUP *(continued)*

Name of company		Country of incorporation/ place of business	Principal activities	Effective interest held by the Group 2020 %	2019 %
(b) Subsidiary companies *(continued)*					
Temgold Investment Pte. Ltd.	*	Singapore	Property investment	**100**	100
Temstar Investment Pte. Ltd.	*	Singapore	Property Investment	**100**	100
Tennessee Investments Ltd	*, #	BVI/Singapore	Investment holding	**100**	100
Wincheer Investment Pte Ltd	*	Singapore	Property investment and development	**100**	100
Wincrown Pty Ltd	*, +	Australia	Property investment	**100**	100
Wingold Investment Pte Ltd	*	Singapore	Investment holding	**100**	100
Wingstar Investment Pte. Ltd.	*	Singapore	Investment holding	**100**	100
Winmax Investment Pte Ltd	*	Singapore	Property investment	**100**	100
Winnervest Investment Pte Ltd	*	Singapore	Property investment and development	**100**	100
Winnorth Investment Pte Ltd	*	Singapore	Property investment and development	**100**	100
Winquest Investment Pte Ltd	*	Singapore	Property investment and development	**60**	60
Winrise (Japan) TMK	*, <	Japan	Property investment	**100**	100
Winrose Investment Pte Ltd	*	Singapore	Property investment and development	**100**	100
Winshine Investment Pte Ltd	*	Singapore	Property investment	**100**	100
Winsland Investment Pte Ltd	*	Singapore	Property investment	**100**	100
Winsmart Investment Pte Ltd	*	Singapore	Property investment and development	**100**	100
Wingcharm Investment Pte Ltd	*	Singapore	Property development	**100**	100
Wingjoy Investment Pte. Ltd.	*	Singapore	Investment holding	**100**	100
Wingspring Trust	*, +, ^	Australia	Property investment	**100**	100
Wing Mei (M) Sdn. Bhd.	*, !	Malaysia	Property investment	**100**	100
Wing Tai China Pte. Ltd.	*	Singapore	Investment holding	**100**	100
Wing Tai (China) Investment Pte. Ltd.	*	Singapore	Investment holding	**100**	100
Wing Tai Clothing Pte Ltd	*	Singapore	Retailing of garments	**100**	100
Wing Tai Clothing Sdn. Bhd.	*, !	Malaysia	Retailing of garments	**100**	100

36. COMPANIES IN THE GROUP *(continued)*

Name of company		Country of incorporation/ place of business	Principal activities	Effective interest held by the Group 2020 %	2019 %
(b) Subsidiary companies *(continued)*					
Wing Tai Digital & E-commerce Pte. Ltd.	*	Singapore	Investment Holding	**100**	100
Wing Tai Ecommerce Pte. Ltd.	*	Singapore	Development of e-commerce applications	**100**	100
Wing Tai Digital Management Pte Ltd	*	Singapore	IT consultancy	**100**	100
Wing Tai Fashion Apparel Pte. Ltd.	*	Singapore	Retailing of garments	**100**	100
Wing Tai Fashion Sdn. Bhd.	*, !	Malaysia	Retailing of garments	**100**	100
Wing Tai Investment & Development Pte Ltd		Singapore	Investment holding	**100**	100
Wing Tai Investment Management Pte Ltd	*	Singapore	Management of investment properties	**100**	100
Wing Tai Land Pte Ltd		Singapore	Investment holding	**100**	100
Winning Ecommerce Sdn. Bhd.	*, !	Malaysia	Retailing of garments	**100**	-
Wing Tai Online Business Sdn. Bhd.	*, !	Malaysia	Retailing of garments	**100**	-
Wing Tai Property Management Pte Ltd	*	Singapore	Project management and maintenance of properties	**100**	100
Wing Tai Retail Pte Ltd		Singapore	Investment holding	**100**	100
Wing Tai Retail Management Pte. Ltd.	*	Singapore	Management of retail operations	**100**	100
Wing Tai (Shanghai) Management Co., Ltd	*, @	PRC	Provision of consultancy and advisory services	**100**	100
WT DC Trust I	*, +	Australia	Property investment	**100**	100
WT DC Trust II	*, +	Australia	Property investment	**100**	-
(c) Associated company					
Wing Tai Properties Limited	*, %	Bermuda-Quoted on The Stock Exchange of Hong Kong Limited/ Hong Kong SAR	Property development, property investment and management and hospitality investment and management	**33.0**	33.1

Notes to the Financial Statements

For the Financial Year Ended 30 June 2020

36. COMPANIES IN THE GROUP *(continued)*

Name of company			Country of incorporation/ place of business	Principal activities	Effective interest held by the Group 2020 %	2019 %
(d)	**Joint venture companies**					
	Gardens Development Pte Ltd	*	Singapore	Property investment and development	**40**	40
	G2000 Apparel (S) Pte Ltd	*	Singapore	Retailing of garments	**45**	45
	Kualiti Gold Sdn. Bhd.	*, !	Malaysia	Property investment	**50**	50
	Uniqlo (Malaysia) Sdn. Bhd.	*, &	Malaysia	Retailing of garments	**45**	45
	Uniqlo (Singapore) Pte. Ltd.	*, ~	Singapore	Retailing of garments	**49**	49
	Wingcrown Investment Pte. Ltd.	*	Singapore	Property investment and development	**40**	40
	Winnoma Investment Pte. Ltd.	*	Singapore/PRC	Property investment and development and investment holding	**50**	50

* Held by Group companies

! Audited by PricewaterhouseCoopers, Malaysia

These companies are not required to be audited by law in the country of incorporation

% Audited by PricewaterhouseCoopers, Hong Kong SAR

~ Audited by Deloitte & Touche, Singapore

> Audited by SBA Stone Forest CPA Co., Ltd, PRC

< Audited by Seimei Audit Corporation, Japan

@ Audited by PricewaterhouseCoopers, PRC

\+ Audited by PricewaterhouseCoopers, Australia

& Audited by Deloitte & Touche, Malaysia

^ Wingspring Trust has an interest in an unincorporated joint operation as tenants of a commercial building in Australia whereby it holds an interest of 50% in the assets and liabilities, and shares 50% of the rental revenue and operating expenses of the building

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit and Risk Committee and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its significant subsidiary and associated companies would not compromise the standard and effectiveness of the audit of the Company.

37. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and interpretations to existing standards that have been published and are relevant for the Group's financial year beginning on or after 1 July 2020 and which the Group has not early adopted:

(a) Amendments to SFRS(I) 3 Business Combination (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 July 2020.

(b) Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform (effective for annual periods beginning on or after 1 January 2020)

In December 2019, the ASC issued "Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform" (effective 1 January 2020). The amendments provide exceptions that allow entities to continue hedge accounting for existing hedge relationships under the assumption that Inter Bank Offer Rate (IBOR) based hedged cash flows are not altered as a result of the IBOR Reform.

These amendments are issued due to global reform of interest rate benchmarks such as IBORs. IBORs are key reference rates for financial instruments such as derivatives, loans and bonds. In response to cases of attempted manipulation in relation to key IBORs, and to the decline in liquidity in key interbank unsecured funding markets, the Financial Stability Board made several recommendations relating to:

(i) strengthening of IBORs by anchoring them to a greater number of transactions, where possible, and improving the processes and controls around submissions;

(ii) identifying alternative near-risk-free rates (RFRs) and, where suitable, encouraging market participants to transition new contracts to an appropriate RFR.

Regulators in a number of jurisdictions, including Singapore, are in the midst of phasing out IBORs and replacing them with more suitable alternative reference rates. There is currently uncertainty around the timing and precise nature of these changes.

The Group anticipates that the adoption of the above standards and interpretations in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

38. SUBSEQUENT EVENT

Subsequent to the balance sheet date and further to the Company's announcement on 8 September 2020, an aggregate principal amount of $60.3 million of unsecured medium term notes ("Notes") originally issued pursuant to the $1,000,000,000 Medium Term Note Programme, was repurchased in cash in accordance with the terms and conditions of the Notes. The repurchase was completed on 18 September 2020.

39. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors of Wing Tai Holdings Limited on 22 September 2020.

Shareholding Statistics

As at 8 September 2020

SHARE CAPITAL

No. of Issued Shares:	793,927,260
No. of Issued Shares (excluding Treasury Shares):	769,061,760
No./percentage of Treasury Shares:	24,865,500 (3.2%)
No./percentage of subsidiary holdings:	0
Class of Shares:	Ordinary Shares
Voting Rights (excluding Treasury Shares):	1 vote per share

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 to 99	197	1.79	5,539	0.00
100 to 1,000	1,378	12.52	1,082,364	0.14
1,001 to 10,000	7,364	66.88	33,551,076	4.36
10,001 to 1,000,000	2,048	18.60	81,982,705	10.66
1,000,001 and above	23	0.21	652,440,076	84.84
Total	**11,010**	**100.00**	**769,061,760**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	Name	No. of Shares	%
1	Wing Sun Development Private Limited	222,235,490	28.90
2	UOB Kay Hian Pte Ltd	89,096,862	11.59
3	DBS Vickers Securities (Singapore) Pte Ltd	72,847,388	9.47
4	Winlyn Investment Pte Ltd	72,717,436	9.46
5	Citibank Nominees Singapore Pte Ltd	52,874,303	6.88
6	DBS Nominees Pte Ltd	45,755,364	5.95
7	Empire Gate Holdings Limited	19,539,572	2.54
8	HSBC (Singapore) Nominees Pte Ltd	16,378,939	2.13
9	Raffles Nominees (Pte) Limited	14,035,867	1.83
10	DBSN Services Pte Ltd	12,815,107	1.67
11	United Overseas Bank Nominees Pte Ltd	9,062,113	1.18
12	OCBC Securities Private Ltd	5,536,814	0.72
13	OCBC Nominees Singapore Pte Ltd	3,903,733	0.51
14	Winway Investment Pte Ltd	3,529,166	0.46
15	Tan Hwee Bin	2,027,135	0.26
16	Nanyang Gum Benjamin Manufacturing (Pte) Ltd	1,609,000	0.21
17	Cheng Kar-Yee Carol	1,485,750	0.19
18	Chan Chee Weng	1,395,000	0.18
19	Liu Hing Yuen Patricia @ Liu Pui Yuk	1,277,109	0.17
20	Maybank Kim Eng Securities Pte Ltd	1,144,948	0.15
	Total	**649,267,096**	**84.45**

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 8 September 2020, approximately 46.73% of the issued ordinary shares of the Company are held by the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

Shareholding Statistics

As at 8 September 2020

SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest (No. of Ordinary Shares)	Deemed Interest (No. of Ordinary Shares)
Cheng Wai Keung	214,400	405,838,656[1]
Edmund Cheng Wai Wing	-	328,821,664[2]
Christopher Cheng Wai Chee	134,750	328,821,664[2]
Edward Cheng Wai Sun	-	328,821,664[2]
Butterfield Fiduciary Services (Cayman) Limited	-	325,292,498[3]
Butterfield Fiduciary Services (Guernsey) Limited	-	325,292,498[3]
Wing Sun Development Private Limited	222,235,490	-
Wing Tai Asia Holdings Limited	-	252,575,062[4]
Winlyn Investment Pte Ltd	72,717,436	-
Terebene Holdings Inc	-	72,717,436[5]
Metro Champion Limited	-	72,717,436[6]
Ascend Capital Limited	68,207,092[7]	-

1 Include 405,838,656 shares beneficially owned by Wing Sun Development Private Limited, Winlyn Investment Pte Ltd, Winway Investment Pte Ltd, Empire Gate Holdings Limited, Wilma Enterprises Limited and Ascend Capital Limited

2 Includes 328,821,664 shares beneficially owned by Wing Sun Development Private Limited, Winlyn Investment Pte Ltd, Winway Investment Pte Ltd and Empire Gate Holdings Limited.

3 Includes 325,292,498 shares beneficially owned by Wing Sun Development Private Limited, Winlyn Investment Pte Ltd and Empire Gate Holdings Limited.

4 Includes 252,575,062 shares beneficially owned by Wing Sun Development Private Limited and Empire Gate Holdings Limited.

5 Shares beneficially owned by Winlyn Investment Pte Ltd in which Terebene Holdings Inc is deemed to have an interest.

6 Shares beneficially owned by Winlyn Investment Pte Ltd in which Metro Champion Limited is deemed to have an interest.

7 Shares are held in the name of bank nominees.

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Living Art,
Living Heritage

At the heart of the spacious grounds of The Crest stands a five-legged magical sculpture, Bambi. Created by a multidisciplinary Japanese artist, Tomoko Konoike is renowned for her large-scale showpieces and contemporary interpretations of mythical animal motifs. Its majestic wings illuminate with changing coloured lights at the break of dusk, emanating life and vibrancy to the tranquil, luxurious space. Find out more about the artist at http://tomoko-konoike.com