Financial Statements and Related Announcement::Half Yearly Results

Issuer & Securities

Issuer/ Manager	WING TAI HOLDINGS LIMITED
Securities	WING TAI HLDGS LTD - SG1K66001688 - W05
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
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Additional Details

For Financial Period Ended	31/12/2017

Attachments	Half Year Results Dec 2017.pdf Total size =92K

WING TAI HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No: 196300239D)

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

The Company announces the unaudited consolidated results for the half year and second quarter ended 31 December 2017.

1 (a)(i) **Income Statement**

	Group			**Group**			
	Half Year ended 31-Dec-17 S$'000	Half Year ended 31-Dec-16 S$'000	+/(-) %	**Second Quarter ended 31-Dec-17 S$'000**	Second Quarter ended 31-Dec-16 S$'000	+/(-) %	Note
Revenue	**197,113**	131,091	50	**129,987**	60,898	113	
Cost of sales	**(108,244)**	(63,988)	69	**(74,137)**	(25,280)	193	
Gross profit	**88,869**	67,103	32	**55,850**	35,618	57	
Other gains/(losses) – net	**10,045**	10,261	(2)	**(8,779)**	4,151	n.m.	(a)
Expenses							
- Distribution	**(32,348)**	(34,500)	(6)	**(16,662)**	(16,923)	(2)	(b)
- Administrative and other	**(48,782)**	(43,806)	11	**(26,598)**	(26,089)	2	(c)
Operating profit/(loss)	**17,784**	(942)	n.m.	**3,811**	(3,243)	n.m.	
Finance costs	**(17,162)**	(20,972)	(18)	**(7,972)**	(10,216)	(22)	
Share of profits of associated and joint venture companies	**24,362**	24,341	-	**17,602**	18,539	(5)	
Profit before income tax	**24,984**	2,427	929	**13,441**	5,080	165	
Income tax (expense)/credit	**(6,821)**	2,482	n.m.	**(3,594)**	(838)	329	
Total profit	**18,163**	4,909	270	**9,847**	4,242	132	
Attributable to:							
Equity holders of the Company	**20,821**	3,192	552	**12,630**	2,137	491	
Non-controlling interests	**(2,658)**	1,717	n.m.	**(2,783)**	2,105	n.m.	
	18,163	4,909	270	**9,847**	4,242	132	

1 (a)(ii) **Notes to Income Statement**

		Group			Group		
		Half Year ended 31-Dec-17 S$'000	Half Year ended 31-Dec-16 S$'000	+/(-) %	**Second Quarter ended 31-Dec-17 S$'000**	Second Quarter ended 31-Dec-16 S$'000	+/(-) %
(A)	Investment income	**824**	136	506	**-**	136	n.m.
(B)	Interest income	**3,625**	3,635	-	**2,189**	1,794	22
(C)	Finance costs	**(17,162)**	(20,972)	(18)	**(7,972)**	(10,216)	(22)
(D)	Depreciation and amortisation	**(3,804)**	(4,141)	(8)	**(1,839)**	(2,055)	(11)
(E)	Write-back of allowance/ (allowance) for doubtful debts	**50**	(266)	n.m.	**10**	(261)	n.m.
(F)	Write-back of allowance/ (allowance) for stock obsolescence	**425**	(963)	n.m.	**743**	(228)	n.m.
(G)	Impairment in value of investments	**-**	-	-	**-**	-	-
(H)	Foreign exchange gain	**2,490**	1,301	91	**2,757**	1,292	113
(I)	Adjustment for tax in respect of prior years	**-**	-	-	**-**	-	-
(J)	Gain/(loss) on disposal of property, plant and equipment	**20**	250	(92)	**(2)**	236	n.m.
(K)	Exceptional items						
	Gain on disposal of subsidiary companies	**16,689**	-	n.m.	**-**	-	-
	Gain on disposal of a joint venture company	**-**	4,522	n.m.	**-**	-	-
(L)	Extraordinary items	**-**	-	-	**-**	-	-

Note:-
(a) The Other losses - net for the current quarter is mainly attributable to the write-off of development costs incurred for a project.
(b) The decrease in distribution expenses is largely due to the lower rental and depreciation from retail outlets in Singapore.
(c) The increase in administrative and other expenses is largely due to higher accrued operating expenses.

n.m. - not meaningful

1 (b)(i) **Statements of Financial Position**

	Group		Company		
	As at 31-Dec-17 S$'000	As at 30-Jun-17 S$'000	**As at 31-Dec -17 S$'000**	As at 30-Jun-17 S$'000	Note
ASSETS					
Current assets					
Cash and cash equivalents	**839,959**	847,373	**628,615**	641,423	
Trade and other receivables	**86,503**	123,506	**590,078**	522,701	(a),(g)
Inventories	**19,753**	19,421	**-**	-	
Development properties	**694,299**	739,930	**-**	-	(b)
Tax recoverable	**7,530**	6,467	**-**	-	
Other current assets	**4,925**	2,188	**4,925**	2,062	
Assets held for sale	**-**	252,208	**-**	-	
	1,652,969	1,991,093	**1,223,618**	1,166,186	
Non-current assets					
Trade and other receivables	**279,387**	213,984	**481,502**	617,872	(c),(h)
Investments in associated and joint venture companies	**1,576,240**	1,604,409	**-**	-	(d)
Investments in subsidiary companies	**-**	-	**282,063**	282,063	
Investment properties	**651,983**	651,805	**-**	-	
Property, plant and equipment	**115,268**	115,928	**10,799**	10,992	
Deferred income tax assets	**5,917**	5,662	**-**	-	
Other non-current assets	**39,899**	32,954	**14,612**	10,780	
	2,668,694	2,624,742	**788,976**	921,707	
Total assets	**4,321,663**	4,615,835	**2,012,594**	2,087,893	
LIABILITIES					
Current liabilities					
Trade and other payables	**127,762**	172,690	**7,773**	32,741	(e)
Current income tax liabilities	**34,970**	36,834	**828**	834	
Borrowings	**-**	4,253	**-**	-	(f)
Other current liabilities	**4,241**	80	**-**	-	
Liabilities held for sale	**-**	2,147	**-**	-	
	166,973	216,004	**8,601**	33,575	
Non-current liabilities					
Borrowings	**785,084**	925,371	**602,295**	602,793	(f)
Deferred income tax liabilities	**38,182**	38,139	**-**	-	
Other non-current liabilities	**7,933**	20,614	**394**	979	
	831,199	984,124	**602,689**	603,772	
Total liabilities	**998,172**	1,200,128	**611,290**	637,347	
NET ASSETS	**3,323,491**	3,415,707	**1,401,304**	1,450,546	
EQUITY					
Capital and reserves attributable to ordinary shareholders of the Company					
Share capital	**838,250**	838,250	**838,250**	838,250	
Other reserves	**(49,782)**	(13,489)	**(28,879)**	(21,169)	
Retained earnings	**2,319,788**	2,321,935	**444,139**	485,687	
	3,108,256	3,146,696	**1,253,510**	1,302,768	
Perpetual securities	**147,794**	147,778	**147,794**	147,778	
Non-controlling interests	**67,441**	121,233	**-**	-	
TOTAL EQUITY	**3,323,491**	3,415,707	**1,401,304**	1,450,546	

1 (b)(i) **Statements of Financial Position** (continued)

Note:-

(a) The decrease in the Group's current trade and other receivables is largely due to the refund of tender deposit.
(b) The decrease in the Group's development properties is primarily attributable to the progress billings made.
(c) The increase in the Group's non-current trade and other receivables is mainly due to the advancement of loan to a joint venture company.
(d) The decrease in the Group's investments in associated and joint venture companies is largely due to translation losses partially offset by the share of profits of associated and joint venture companies.
(e) The decrease in the Group's current trade and other payables is mainly due to the settlement of project related costs and other liabilities.
(f) The decrease in the Group's borrowings is primarily attributable to the repayment of bank borrowings.
(g) The increase in the Company's current trade and other receivables is largely due to the advancement of loans to its subsidiary companies.
(h) The decrease in the Company's non-current trade and other receivables is mainly due to the repayment of loans from its subsidiary companies.

1 (b)(ii) **Aggregate amount of group's borrowings and debt securities**

Amount repayable in one year or less, or on demand

As at 31-Dec-17		As at 30-Jun-17	
Secured	**Unsecured**	Secured	Unsecured
S$'000	**S$'000**	S$'000	S$'000
-	**-**	4,253	-

Amount repayable after one year

As at 31-Dec-17		As at 30-Jun-17	
Secured	**Unsecured**	Secured	Unsecured
S$'000	**S$'000**	S$'000	S$'000
85,214	**699,870**	221,534	703,837

Details of any collateral

Secured borrowings are generally secured by the borrowing companies' property, plant and equipment, investment properties and assignment of all rights and benefits with respect to the properties.

1 (c) **Statement of Cash Flows**

	Group		Group	
	Half Year ended 31-Dec-17 S$'000	Half Year ended 31-Dec-16 S$'000	**Second Quarter ended 31-Dec-17 S$'000**	Second Quarter ended 31-Dec-16 S$'000
Cash flows from operating activities				
Total profit	**18,163**	4,909	**9,847**	4,242
Adjustments for:				
Non-cash items	**(4,850)**	(8,902)	**5,641**	(8,768)
Operating cash flow before working capital changes	**13,313**	(3,993)	**15,488**	(4,526)
Changes in operating assets and liabilities:				
Development properties	**41,824**	135,653	**23,435**	109,717
Other current assets/liabilities	**13,914**	(6,870)	**2,087**	6,549
Cash generated from operations	**69,051**	124,790	**41,010**	111,740
Income tax paid	**(9,373)**	(6,386)	**(5,942)**	(3,507)
Net cash generated from operating activities	**59,678**	118,404	**35,068**	108,233
Cash flows from investing activities				
Acquisition of additional interest in a subsidiary company	**(70,659)**	-	**-**	-
Acquisition of additional interest in a joint venture company	**(1,600)**	-	**-**	-
Purchase of available-for-sale financial assets	**(2,735)**	-	**(2,530)**	-
Additions to investment properties	**-**	(34,188)	**-**	-
Additions to property, plant and equipment	**(2,703)**	(4,164)	**(1,623)**	(3,677)
Disposal of a joint venture company	**-**	498,958	**-**	-
Disposal of subsidiary companies	**272,605**	-	**-**	-
Disposal of property, plant and equipment	**109**	265	**51**	251
Liquidation of joint venture companies	**-**	152	**-**	152
Advancement of the loans to joint venture companies	**(62,097)**	(601)	**(13,721)**	(601)
Dividends received	**15,897**	8,874	**3,633**	3,569
Interest received	**4,137**	3,096	**2,379**	1,206
Net cash generated from/(used in) investing activities	**152,954**	472,392	**(11,811)**	900
Cash flows from financing activities				
Reissuance of treasury shares	**-**	470	**-**	-
(Advancement)/repayment of the loans to non-controlling interests	**(14,791)**	18,623	**(948)**	(120)
Net repayment of borrowings	**(139,380)**	(403,044)	**(138,196)**	(160,525)
Ordinary and special dividends paid	**(46,468)**	(46,426)	**(46,468)**	(46,426)
Perpetual securities distribution paid	**(3,068)**	-	**(3,068)**	-
Dividends paid to non-controlling interests	**-**	(1,600)	**-**	(1,600)
Interest paid	**(17,164)**	(22,428)	**(6,397)**	(8,224)
Net cash used in financing activities	**(220,871)**	(454,405)	**(195,077)**	(216,895)
Net (decrease)/increase in cash and cash equivalents	**(8,239)**	136,391	**(171,820)**	(107,762)
Cash and cash equivalents at beginning of financial period	**847,373**	722,883	**1,011,257**	965,738
Effects of currency translation on cash and cash equivalents	**825**	2,283	**522**	3,581
Cash and cash equivalents at end of financial period	**839,959**	861,557	**839,959**	861,557

Note:-

- Cash and cash equivalents consist of fixed deposits, cash and bank balances.
- The decrease in the Group's cash and cash equivalents for the current period is mainly due to the cash used in financing activities and the acquisition of additional interest in a subsidiary company, partially offset by the proceeds from the disposal of subsidiary companies.

1 (d) **Statement of Comprehensive Income**

	Group			Group		
	Half Year ended 31-Dec-17 S$'000	Half Year ended 31-Dec-16 S$'000	+/(-) %	**Second Quarter ended 31-Dec-17 S$'000**	Second Quarter ended 31-Dec-16 S$'000	+/(-) %
Total profit	**18,163**	4,909	270	**9,847**	4,242	132
Other comprehensive (expense)/income, net of tax:						
Items that may be reclassified subsequently to profit or loss:						
Fair value losses on available-for-sale financial assets	**(887)**	-	n.m.	**(2,981)**	-	n.m.
Cash flow hedges	**2,046**	6,124	(67)	**968**	5,412	(82)
Currency translation differences	**(34,506)**	74,334	n.m.	**10,532**	76,585	(86)
Share of other comprehensive income/(expense) of associated and joint venture companies	**428**	3,817	(89)	**(648)**	(5,743)	(89)
	(32,919)	84,275	n.m.	**7,871**	76,254	(90)
Total comprehensive (expense)/income	**(14,756)**	89,184	n.m.	**17,718**	80,496	(78)
Attributable to:						
Equity holders of the Company	**(10,714)**	88,227	n.m.	**20,573**	77,486	(73)
Non-controlling interests	**(4,042)**	957	n.m.	**(2,855)**	3,010	n.m.
	(14,756)	89,184	n.m.	**17,718**	80,496	(78)

Note:-
n.m. - not meaningful

1 (e)(i) **Statements of Changes in Equity for the Group**

	Attributable to ordinary shareholders of the Company						
	Share capital S$'000	Other reserves * S$'000	Retained earnings S$'000	Total S$'000	Perpetual securities S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance at 1 July 2017	838,250	(13,489)	2,321,935	3,146,696	147,778	121,233	3,415,707
Total comprehensive (expense)/income	-	(31,535)	20,821	(10,714)	-	(4,042)	(14,756)
Transfer from share-based payment reserve	-	(9,634)	9,634	-	-	-	-
Cost of share-based payment	-	625	-	625	-	-	625
Reissuance of treasury shares	-	(110)	110	-	-	-	-
Ordinary and special dividends paid	-	-	(46,468)	(46,468)	-	-	(46,468)
Accrued perpetual securities distribution	-	-	(3,084)	(3,084)	3,084	-	-
Perpetual securities distribution paid	-	-	-	-	(3,068)	-	(3,068)
Acquisition of additional interest in a subsidiary company	-	(296)	16,840	16,544	-	(49,750)	(33,206)
Disposal of a subsidiary company	-	4,657	-	4,657	-	-	4,657
Balance at 31 December 2017	**838,250**	**(49,782)**	**2,319,788**	**3,108,256**	**147,794**	**67,441**	**3,323,491**
Balance at 1 July 2016	838,250	(33,657)	2,318,116	3,122,709	-	209,817	3,332,526
Total comprehensive income	-	85,035	3,192	88,227	-	957	89,184
Realisation of reserves	-	(9,476)	9,476	-	-	-	-
Cost of share-based payment	-	506	-	506	-	21	527
Reissuance of treasury shares	-	470	-	470	-	-	470
Ordinary and special dividends paid	-	-	(46,426)	(46,426)	-	-	(46,426)
Dividends paid by a subsidiary company to non-controlling interests	-	-	-	-	-	(1,600)	(1,600)
Issuance of ordinary shares by a subsidiary company to non-controlling interests	-	-	(253)	(253)	-	253	-
Disposal of a joint venture company	-	(1,076)	-	(1,076)	-	-	(1,076)
Balance at 31 December 2016	838,250	41,802	2,284,105	3,164,157	-	209,448	3,373,605

* Includes share-based payment reserve, cash flow hedge reserve, asset revaluation reserve, share of capital reserves of associated and joint venture companies, currency translation reserve, treasury shares reserve, statutory reserve and fair value reserve.

1 (e)(i) **Statements of Changes in Equity for the Company**

	Share capital S$'000	Share-based payment reserve S$'000	Cash flow hedge reserve S$'000	Treasury shares reserve S$'000	Retained earnings S$'000	Perpetual securities S$'000	Total equity S$'000
Balance at 1 July 2017	838,250	10,486	(1,058)	(30,597)	485,687	147,778	1,450,546
Total comprehensive income/(expense)	-	-	634	-	(808)	-	(174)
Transfer from share-based payment reserve	-	(8,702)	-	-	8,702	-	-
Cost of share-based payment	-	468	-	-	-	-	468
Reissuance of treasury shares	-	(1,196)	-	1,086	110	-	-
Ordinary and special dividends paid	-	-	-	-	(46,468)	-	(46,468)
Accrued perpetual securities distribution	-	-	-	-	(3,084)	3,084	-
Perpetual securities distribution paid	-	-	-	-	-	(3,068)	(3,068)
Balance at 31 December 2017	**838,250**	**1,056**	**(424)**	**(29,511)**	**444,139**	**147,794**	**1,401,304**
Balance at 1 July 2016	838,250	10,889	471	(32,493)	499,357	-	1,316,474
Total comprehensive income	-	-	5,361	-	1,514	-	6,875
Cost of share-based payment	-	465	-	-	-	-	465
Reissuance of treasury shares	-	(1,426)	-	1,896	-	-	470
Ordinary and special dividends paid	-	-	-	-	(46,426)	-	(46,426)
Balance at 31 December 2016	838,250	9,928	5,832	(30,597)	454,445	-	1,277,858

1 (e)(ii) **Changes in the Company's share capital**

	Number of shares
Issued ordinary shares	
Balance at 1 October and 31 December 2017	793,927,260

At 31 December 2017, the Company's issued share capital (excluding treasury shares) comprises 774,474,360 (30 June 2017: 773,758,760) ordinary shares. The total number of treasury shares held by the Company as at 31 December 2017 was 19,452,900 (31 December 2016: 20,168,500) which represents 2.5% (31 December 2016: 2.6%) of the total number of issued shares (excluding treasury shares). At 31 December 2017, the total number of unexercised options under the Share Option Scheme was nil (31 December 2016: 1,199,000).

There were 715,600 (31 December 2016: 1,249,600) treasury shares reissued pursuant to the employee share plans for the half year ended 31 December 2017.

2 **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The above figures have not been audited and reviewed by the Company's auditors.

3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation as in the audited financial statements for the financial year ended 30 June 2017.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

6 **Earnings per ordinary share**

	Group		**Group**	
	Half Year ended 31-Dec-17	Half Year ended 31-Dec-16	**Second Quarter ended 31-Dec-17**	Second Quarter ended 31-Dec-16
(a) Based on the weighted average number of ordinary shares issued excluding treasury shares (cents)	**2.29**	0.41	**1.43**	0.27
(b) On a fully diluted basis (cents)	**2.29**	0.41	**1.43**	0.27

7 **Net asset value per ordinary share**

	Group		**Company**	
	As at 31-Dec-17	As at 30-Jun-17	**As at 31-Dec-17**	As at 30-Jun-17
Net asset value per ordinary share based on issued share capital excluding treasury shares (S$)	**4.01**	4.07	**1.62**	1.68

8 **Review of performance of the group**

For the half year ended 31 December 2017 ("current period"), the Group recorded a total revenue of S$197.1 million. This is a 50% increase from the S$131.1 million revenue recorded for the half year ended 31 December 2016 ("corresponding period"). This increase is largely due to the higher contributions from development properties.

The current period revenue from development properties was mainly attributable to the additional units sold in Le Nouvel Ardmore in Singapore, Le Nouvel KLCC in Kuala Lumpur as well as the contribution from BM Mahkota in Penang. BM Mahkota obtained its Temporary Occupation Permit (TOP) in November 2017 and the revenue for the units sold has been fully recognized in the current period.

8 **Review of performance of the group** (continued)

In line with the higher revenue, the Group recorded operating profit of S$17.8 million in the current period as compared to operating loss of S$0.9 million in the corresponding period. As a result, the Group's net profit attributable to shareholders increased from S$3.2 million in the corresponding period to S$20.8 million in the current period.

The Group's net asset value per share as at 31 December 2017 was S$4.01 as compared to S$4.07 as at 30 June 2017. The Group was in a net cash position as at 31 December 2017. This is a change from 30 June 2017 when it had a net gearing ratio of 0.02 times.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The current announced results are in line with the prospect statement previously disclosed to shareholders in the results announcement for the first quarter ended 30 September 2017.

10 **Commentary of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The URA's private residential property price index increased by 1.1% in 2017, as compared to the 3.1% decline in 2016. This marked the first year-on-year increase following three consecutive years of decline since 2014. The total number of new private residential units sold islandwide in 2017 was 10,566 units, a 33% increase from the 7,972 new units sold in 2016.

The Group will continue to look for investment opportunities in Singapore and overseas markets. It will also release more residential units for sale in the current year.

11 **Dividend**

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the immediately Preceding Financial Year

None.

(c) The date the dividend is payable.

Not applicable.

(d) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividends are determined.

Not applicable.

12 **If no dividend has been declared / recommended, a statement to that effect.**

No dividend has been declared / recommended for the half year ended 31 December 2017.

13 **Interested Person Transactions**

The Company does not have a shareholder's mandate for interested person transactions.

14 **Confirmation by the Board of Directors pursuant to Rule 705(5) of the Listing Manual**

The Directors confirm that to the best of their knowledge, nothing has come to their attention which may render the financial results for the half year ended 31 December 2017 to be false or misleading in any material respect.

15 **Confirmation by the Company pursuant to Rule 720(1) of the Listing Manual**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Gabrielle Tan
Company Secretary
Singapore
12 February 2018