

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

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

The Company announces the unaudited consolidated results for the first quarter ended 30 September 2019.

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

	Group			
	First Quarter ended 30-Sep-19 S\$'000	First Quarter ended 30-Sep-18 S\$'000	+ / (-) %	Note
Revenue	79,310	77,906	2	
Cost of sales	<u>(36,938)</u>	(46,019)	(20)	
Gross profit	42,372	31,887	33	
Other gains – net	1,350	2,408	(44)	(a)
Expenses				
- Distribution	(14,124)	(14,904)	(5)	(b)
- Administrative and other	<u>(22,041)</u>	(20,455)	8	(c)
Operating profit/(loss)	7,557	(1,064)	n.m.	
Finance costs	(7,225)	(7,968)	(9)	
Share of profits of associated and joint venture companies	<u>10,470</u>	9,286	13	
Profit before income tax	10,802	254	n.m.	
Income tax (expense)/credit	<u>(3,985)</u>	2,043	n.m.	
Total profit	<u>6,817</u>	2,297	197	
Attributable to:				
Equity holders of the Company	6,847	2,213	209	
Non-controlling interests	<u>(30)</u>	84	n.m.	
	<u>6,817</u>	2,297	197	

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

		Group		
		First Quarter ended 30-Sep-19 S\$'000	First Quarter ended 30-Sep-18 S\$'000	+ / (-) %
				Note
(A)	Investment income	1,490	1,299	15
(B)	Interest income	662	2,503	(74)
(C)	Finance costs	(7,225)	(7,968)	(9)
(D)	Depreciation and amortisation	(7,479)	(1,880)	298 (d)
(E)	Write-back of allowance for doubtful debts	-	60	n.m.
(F)	Write-back of allowance/ (allowance) for stocks obsolescence	73	(1,135)	n.m.
(G)	Impairment in value of investments	-	-	-
(H)	Foreign exchange loss	(764)	(4,794)	(84)
(I)	Adjustment for tax in respect of prior years	-	-	-
(J)	Gain on disposal of property, plant and equipment	52	2,105	(98)
(K)	Exceptional items	<u>-</u>	<u>-</u>	-

Note:-

- (a) The decrease in other gains – net is mainly due to the lower interest income.
- (b) The decrease in distribution expenses is mainly due to the lower rental for retail stores in Singapore.
- (c) The increase in administrative and other expenses is due to the higher accrued operating expenses.
- (d) The increase in depreciation and amortisation expenses is primarily due to the depreciation charge on right-of-use assets (which mainly relates to the leases for retail stores) arising from the adoption of SFRS(I) 16 *Leases* from the current financial year.

n.m. - not meaningful

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

	Group		Company		
	As at	As at	As at	As at	
	30-Sep-19	30-Jun-19	30-Sep-19	30-Jun-19	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>Note</u>
ASSETS					
Current assets					
Cash and cash equivalents	211,873	217,332	64,086	68,770	
Trade and other receivables	27,612	24,104	397,842	423,469	(f)
Inventories	18,513	19,592	-	-	
Development properties	1,073,745	1,092,108	-	-	(a)
Tax recoverable	6,260	5,678	-	-	
Other assets	14,557	25,302	934	1,109	(b)
	1,352,560	1,384,116	462,862	493,348	
Non-current assets					
Trade and other receivables	275,238	278,558	1,187,206	1,162,002	(g)
Investments in associated and joint venture companies	1,764,696	1,734,660	-	-	(c)
Investments in subsidiary companies	-	-	282,063	282,063	
Investment properties	842,748	792,663	-	-	(d)
Property, plant and equipment	137,035	112,441	12,965	13,015	(e)
Deferred income tax assets	8,543	8,783	-	-	
Other assets	45,789	48,422	11,060	10,825	
	3,074,049	2,975,527	1,493,294	1,467,905	
Total assets	4,426,609	4,359,643	1,956,156	1,961,253	
LIABILITIES					
Current liabilities					
Trade and other payables	68,152	61,919	10,782	9,883	
Current income tax liabilities	25,320	22,426	1,179	1,179	
Other liabilities	30,553	11,390	-	-	
	124,025	95,735	11,961	11,062	
Non-current liabilities					
Borrowings	628,163	627,128	467,337	467,271	
Deferred income tax liabilities	36,489	36,046	-	-	
Other liabilities	34,719	18,091	14,528	10,073	
	699,371	681,265	481,865	477,344	
Total liabilities	823,396	777,000	493,826	488,406	
NET ASSETS	3,603,213	3,582,643	1,462,330	1,472,847	
EQUITY					
Capital and reserves attributable to ordinary shareholders of the Company					
Share capital	838,250	838,250	838,250	838,250	
Other reserves	(14,541)	(27,577)	(40,523)	(40,758)	
Retained earnings	2,406,274	2,402,368	364,992	378,980	
	3,229,983	3,213,041	1,162,719	1,176,472	
Perpetual securities	299,611	296,375	299,611	296,375	
Non-controlling interests	73,619	73,227	-	-	
TOTAL EQUITY	3,603,213	3,582,643	1,462,330	1,472,847	

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

Note:-

- (a) The decrease in the Group's development properties is primarily attributable to the capitalised development costs expensed to the income statement.
- (b) The decrease in the Group's other current assets is largely due to the receipt of progress billings for development projects.
- (c) The increase in the Group's investments in associated and joint venture companies is primarily due to the share of profits and the currency translation gain.
- (d) The increase in the Group's investment properties is primarily attributable to the acquisition of a data centre in Australia.
- (e) The increase in the Group's property, plant and equipment is largely due to the recognition of right-of-use assets (which mainly relates to the leases for retail stores) arising from the adoption of SFRS(I) 16 *Leases*.
- (f) The decrease in the Company's current trade and other receivables is mainly due to the repayment of loans from its subsidiary companies.
- (g) The increase in the Company's non-current trade and other receivables is mainly due to the advancement of loans to 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 30-Sep-19		As at 30-Jun-19	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Amount repayable after one year

As at 30-Sep-19		As at 30-Jun-19	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
82,856	545,307	83,004	544,124

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	
	First Quarter ended 30-Sep-19 S\$'000	First Quarter ended 30-Sep-18 S\$'000
Cash flows from operating activities		
Total profit	6,817	2,297
Adjustments for:		
Non-cash items	6,880	(1,701)
Operating cash flows before working capital changes	13,697	596
Changes in operating assets and liabilities:		
Development properties	20,171	34,700
Other current assets/liabilities	19,589	36,921
Cash generated from operations	53,457	72,217
Income tax paid	(723)	(697)
Net cash generated from operating activities	52,734	71,520
Cash flows from investing activities		
Acquisition of additional interest in a joint venture company	(1,154)	-
Additions to investment properties	(50,934)	(611)
Additions to property, plant and equipment	(844)	(3,504)
Purchase of financial investments	-	(4,529)
Disposal of property, plant and equipment	382	4,466
Repayment of the loans to non-controlling interests	4,634	4,516
Dividends received	1,490	12,924
Interest received	828	2,445
Net cash (used by)/generated from investing activities	(45,598)	15,707
Cash flows from financing activities		
Purchase of treasury shares	-	(10,716)
Principal payment of lease liabilities	(4,985)	-
Interest paid	(7,292)	(8,396)
Net cash used in financing activities	(12,277)	(19,112)
Net (decrease)/increase in cash and cash equivalents	(5,141)	68,115
Cash and cash equivalents at beginning of financial quarter	217,332	792,151
Effects of currency translation on cash and cash equivalents	(318)	(4,377)
Cash and cash equivalents at end of financial quarter	211,873	855,889

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 quarter is mainly due to the acquisition of a data centre in Australia.

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

	Group		
	First Quarter ended 30-Sep-19 S\$'000	First Quarter ended 30-Sep-18 S\$'000	+ / (-) %
Total profit	6,817	2,297	197
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	85	422	(80)
Currency translation differences	17,842	(3,989)	n.m.
Share of other comprehensive expense of associated and joint venture companies	(1,976)	(3,549)	(44)
	15,951	(7,116)	n.m.
Items that will not be reclassified subsequently to profit or loss:			
Fair value losses on financial investments at fair value through other comprehensive income	(3,150)	(760)	314
Currency translation differences	484	(234)	n.m.
Share of other comprehensive expense of associated and joint venture companies	(62)	(26)	138
	(2,728)	(1,020)	167
Other comprehensive income/(expense), net of tax	13,223	(8,136)	n.m.
Total comprehensive income/(expense)	20,040	(5,839)	n.m.
Attributable to:			
Equity holders of the Company	19,648	(5,663)	n.m.
Non-controlling interests	392	(176)	n.m.
	20,040	(5,839)	n.m.

Note:-

n.m. - not meaningful

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

	Attributable to ordinary shareholders of the Company				Perpetual securities S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Other reserves * S\$'000	Retained earnings S\$'000	Total S\$'000			
Balance at 1 July 2019	838,250	(27,577)	2,402,368	3,213,041	296,375	73,227	3,582,643
Total comprehensive income	-	12,801	6,847	19,648	-	392	20,040
Cost of share-based payment	-	450	-	450	-	-	450
Reissuance of treasury shares	-	(215)	215	-	-	-	-
Accrued perpetual securities distribution	-	-	(3,236)	(3,236)	3,236	-	-
Tax credit arising from perpetual securities	-	-	80	80	-	-	80
Balance at 30 September 2019	838,250	(14,541)	2,406,274	3,229,983	299,611	73,619	3,603,213
Balance at 1 July 2018	838,250	27,250	2,423,630	3,289,130	147,778	72,353	3,509,261
Total comprehensive (expense)/income	-	(7,876)	2,213	(5,663)	-	(176)	(5,839)
Cost of share-based payment	-	1,016	-	1,016	-	-	1,016
Reissuance of treasury shares	-	(205)	205	-	-	-	-
Purchase of treasury shares	-	(10,716)	-	(10,716)	-	-	(10,716)
Accrued perpetual securities distribution	-	-	(1,542)	(1,542)	1,542	-	-
Balance at 30 September 2018	838,250	9,469	2,424,506	3,272,225	149,320	72,177	3,493,722

* Includes share-based payment reserve, cash flow hedge 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 <u>S\$'000</u>	Share- based payment reserve <u>S\$'000</u>	Cash flow hedge reserve <u>S\$'000</u>	Treasury shares reserve <u>S\$'000</u>	Retained earnings <u>S\$'000</u>	Perpetual securities <u>S\$'000</u>	Total equity <u>S\$'000</u>
Balance at 1 July 2019	838,250	2,161	-	(42,919)	378,980	296,375	1,472,847
Total comprehensive expense	-	-	-	-	(11,047)	-	(11,047)
Cost of share-based payment	-	450	-	-	-	-	450
Reissuance of treasury shares	-	(1,484)	-	1,269	215	-	-
Accrued perpetual securities distribution	-	-	-	-	(3,236)	3,236	-
Tax credit arising from perpetual securities	-	-	-	-	80	-	80
Balance at 30 September 2019	838,250	1,127	-	(41,650)	364,992	299,611	1,462,330
Balance at 1 July 2018	838,250	1,769	577	(33,990)	460,777	147,778	1,415,161
Total comprehensive income/(expense)	-	-	36	-	(13,108)	-	(13,072)
Cost of share-based payment	-	1,016	-	-	-	-	1,016
Reissuance of treasury shares	-	(1,992)	-	1,787	205	-	-
Purchase of treasury shares	-	-	-	(10,716)	-	-	(10,716)
Accrued perpetual securities distribution	-	-	-	-	(1,542)	1,542	-
Balance at 30 September 2018	838,250	793	613	(42,919)	446,332	149,320	1,392,389

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

	<u>Number of shares</u>
<u>Issued ordinary shares</u>	
Balance at 1 July and 30 September 2019	<u>793,927,260</u>

At 30 September 2019, the Company's issued share capital (excluding treasury shares) comprises 768,500,460 (30 June 2019: 767,725,460) ordinary shares. The total number of treasury shares held by the Company as at 30 September 2019 was 25,426,800 (30 September 2018: 26,201,800) which represents 3.3% (30 September 2018: 3.4%) of the total number of issued shares (excluding treasury shares).

There were 775,000 (30 September 2018: 1,091,000) treasury shares reissued pursuant to the employee share plans for the first quarter ended 30 September 2019.

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.**

Except as disclosed in Note 5 below, 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 2019.

- 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.**

On 1 July 2019, the Group has adopted the following Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and amendments and interpretations of SFRS(I)s that are relevant to the Group and the Company and effective for annual periods beginning on or after 1 July 2019 as follows:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- 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*

The adoption of the above standards did not have any significant impact on the financial performance or position of the Group and the Company except for the following:

SFRS(I) 16 *Leases*

SFRS(I) 16 removes the distinction between operating and finance leases and results in the recognition of an asset (the right to use the leased item) and a financial liability to pay rentals in the statement of financial position for leases except those that are short term or have low value.

The Group applied SFRS(I) 16 on 1 July 2019 using the modified retrospective approach and has not restated comparatives for the financial year ended 30 June 2019, as permitted under the specific transition provisions in the standard. In addition, the Group applied the practical expedient to grandfather the definition of the leases on transition and accordingly SFRS(I) 16 will be applied to contracts which were previously identified as leases under SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

On adoption of SFRS(I) 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of SFRS(I) 1-17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019.

Right-of-use assets and lease liabilities of approximately \$32.3 million and \$32.3 million respectively have been recognised by the Group on 1 July 2019 in its statement of financial position while the impact to the consolidated income statement is not significant. There is also no significant impact on the financial statements from the Group's activities as a lessor except for some additional disclosures which will be required in the full year Annual Report.

6 **Earnings per ordinary share**

	Group	
	First Quarter ended 30-Sep-19 <u>cents</u>	First Quarter ended 30-Sep-18 <u>cents</u>
(a) Based on the weighted average number of ordinary shares issued excluding treasury shares	0.47	0.09
(b) On a fully diluted basis	0.47	0.09

7 **Net asset value per ordinary share**

	Group		Company	
	As at 30-Sep-19 <u>S\$</u>	As at 30-Jun-19 <u>S\$</u>	As at 30-Sep-19 <u>S\$</u>	As at 30-Jun-19 <u>S\$</u>
Net asset value per ordinary share based on issued share capital excluding treasury shares	4.20	4.19	1.51	1.53

8 **Review of performance of the group**

For the three months ended 30 September 2019 (“current quarter”), the Group recorded a total revenue of S\$79.3 million. This represents a 2% increase from the S\$77.9 million revenue recorded in the three months ended 30 September 2018 (“corresponding quarter”). This increase is largely due to the higher contribution from development properties. Revenue for the current quarter was mainly attributable to the additional units sold in Le Nouvel Ardmore in Singapore.

The Group recorded an operating profit of S\$7.6 million in the current quarter mainly due to the contribution from Le Nouvel Ardmore.

The Group’s share of profits of associated and joint venture companies increased by 13% to S\$10.5 million in the current quarter largely due to the higher contributions from Wing Tai Properties Limited in Hong Kong and Malaren Gardens in Shanghai.

In the current quarter, the Group’s net profit attributable to shareholders was S\$6.8 million as compared to the S\$2.2 million recorded in the corresponding quarter.

The Group’s net asset value per share as at 30 September 2019 was S\$4.20 as compared to S\$4.19 as at 30 June 2019. The Group’s net gearing ratio remained at 0.12 times as at 30 September 2019.

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 financial year ended 30 June 2019.

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 flash estimate shows that the residential property price index increased by 0.9% in the third quarter of 2019, as compared to the 1.5% increase in the previous quarter. The total number of new residential units sold in the third quarter of 2019 was approximately 3,200 units, as compared to 3,012 units sold in the third quarter of 2018.

In September 2019, the Group acquired the freehold property known as 4 Wesley Court, Burwood East, Victoria, Australia. The property located within the Tally Ho Business Park, is currently leased out as a data centre.

The Group will continue to monitor the market and will launch its new residential project for sale in Singapore at the appropriate time.

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 first quarter ended 30 September 2019.

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 first quarter ended 30 September 2019 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
23 October 2019