

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

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2019

The Company announces the unaudited consolidated results for the half year and second quarter ended 31 December 2019.

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

	Group			Group			
	Half Year ended 31-Dec-19 S\$'000	Half Year ended 31-Dec-18 S\$'000	+ / (-) %	Second Quarter ended 31-Dec-19 S\$'000	Second Quarter ended 31-Dec-18 S\$'000	+ / (-) %	Note
Revenue	183,495	193,942	(5)	104,185	116,036	(10)	
Cost of sales	<u>(89,689)</u>	<u>(119,799)</u>	(25)	<u>(52,751)</u>	<u>(73,780)</u>	(29)	
Gross profit	93,806	74,143	27	51,434	42,256	22	
Other gains – net	3,468	4,142	(16)	2,118	1,734	22	(a)
Expenses							
- Distribution	(29,075)	(31,298)	(7)	(14,951)	(16,394)	(9)	(b)
- Administrative and other	<u>(50,155)</u>	<u>(46,433)</u>	8	<u>(28,114)</u>	<u>(25,978)</u>	8	(c)
Operating profit	18,044	554	n.m.	10,487	1,618	548	
Finance costs	(14,330)	(15,969)	(10)	(7,105)	(8,001)	(11)	
Share of profits of associated and joint venture companies	<u>35,798</u>	<u>31,919</u>	12	<u>25,328</u>	<u>22,633</u>	12	
Profit before income tax	39,512	16,504	139	28,710	16,250	77	
Income tax (expense)/credit	<u>(6,508)</u>	<u>2,383</u>	n.m.	<u>(2,523)</u>	<u>340</u>	n.m.	
Total profit	<u>33,004</u>	<u>18,887</u>	75	<u>26,187</u>	<u>16,590</u>	58	
Attributable to:							
Equity holders of the Company	32,819	18,344	79	25,972	16,131	61	
Non-controlling interests	<u>185</u>	<u>543</u>	(66)	<u>215</u>	<u>459</u>	(53)	
	<u>33,004</u>	<u>18,887</u>	75	<u>26,187</u>	<u>16,590</u>	58	

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

		Group			Group			Note
		Half Year ended 31-Dec-19 S\$'000	Half Year ended 31-Dec-18 S\$'000	+ / (-) %	Second Quarter ended 31-Dec-19 S\$'000	Second Quarter ended 31-Dec-18 S\$'000	+ / (-) %	
(A)	Investment income	1,627	1,368	19	137	69	99	
(B)	Interest income	1,225	5,516	(78)	563	3,013	(81)	
(C)	Finance costs	(14,330)	(15,969)	(10)	(7,105)	(8,001)	(11)	
(D)	Depreciation and amortisation	(13,556)	(3,793)	257	(6,077)	(1,913)	218	(d)
(E)	Write-back of allowance/ (allowance) for doubtful debts	-	58	n.m.	-	(2)	n.m.	
(F)	Write-back of allowance/ (allowance) for stock obsolescence	851	(1,333)	n.m.	778	(198)	n.m.	
(G)	Impairment in value of investments	-	-	-	-	-	-	
(H)	Foreign exchange (loss)/gain	(739)	(5,561)	(87)	25	(767)	n.m.	
(I)	Adjustment for tax in respect of prior years	-	-	-	-	-	-	
(J)	Gain/(loss) on disposal of property, plant and equipment	52	2,099	(98)	-	(6)	n.m.	
(K)	Exceptional items	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>-</u>	-	

Note:-

- The decrease in other gains – net is mainly due to the lower interest income.
- The decrease in distribution expenses is mainly due to the lower rental for retail stores in Singapore.
- The increase in administrative and other expenses is due to the higher accrued operating expenses.
- 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 31-Dec-19 S\$'000	As at 30-Jun-19 S\$'000	As at 31-Dec-19 S\$'000	As at 30-Jun-19 S\$'000	Note
ASSETS					
Current assets					
Cash and cash equivalents	220,936	217,332	34,047	68,770	
Trade and other receivables	31,957	24,104	369,252	423,469	(g)
Inventories	15,673	19,592	-	-	
Development properties	1,092,597	1,092,108	-	-	
Tax recoverable	5,285	5,678	-	-	
Other assets	27,375	25,302	903	1,109	
	1,393,823	1,384,116	404,202	493,348	
Non-current assets					
Trade and other receivables	256,496	278,558	1,190,802	1,162,002	(a), (h)
Investments in associated and joint venture companies	1,760,771	1,734,660	-	-	(b)
Investments in subsidiary companies	-	-	282,063	282,063	
Investment properties	841,576	792,663	-	-	(c)
Property, plant and equipment	136,005	112,441	14,279	13,015	(d)
Deferred income tax assets	8,118	8,783	-	-	
Other assets	45,969	48,422	10,825	10,825	
	3,048,935	2,975,527	1,497,969	1,467,905	
Total assets	4,442,758	4,359,643	1,902,171	1,961,253	
LIABILITIES					
Current liabilities					
Trade and other payables	78,582	61,919	11,771	9,883	(e)
Current income tax liabilities	26,954	22,426	1,446	1,179	
Other liabilities	18,758	11,390	-	-	
	124,294	95,735	13,217	11,062	
Non-current liabilities					
Borrowings	682,629	627,128	467,404	467,271	(f)
Deferred income tax liabilities	37,077	36,046	-	-	
Other liabilities	25,390	18,091	6,052	10,073	
	745,096	681,265	473,456	477,344	
Total liabilities	869,390	777,000	486,673	488,406	
NET ASSETS	3,573,368	3,582,643	1,415,498	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	(23,615)	(27,577)	(39,332)	(40,758)	
Retained earnings	2,389,006	2,402,368	320,189	378,980	
	3,203,641	3,213,041	1,119,107	1,176,472	
Perpetual securities	296,391	296,375	296,391	296,375	
Non-controlling interests	73,336	73,227	-	-	
TOTAL EQUITY	3,573,368	3,582,643	1,415,498	1,472,847	

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

Note:-

- (a) The decrease in the Group's non-current trade and other receivables is largely due to the repayment of loan by a joint venture company.
- (b) 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.
- (c) The increase in the Group's investment properties is primarily attributable to the acquisition of a data centre in Australia.
- (d) The increase in the Group's property, plant and equipment is largely due to the recognition of right-of-use assets (the right to use leased assets) arising from the adoption of SFRS(I) 16 *Leases*.
- (e) The increase in the Group's trade and other payables is largely due to the higher accrued operating expenses.
- (f) The increase in the Group's non-current borrowings is mainly due to the drawdown of bank loans to finance the acquisition of overseas investment properties.
- (g) The decrease in the Company's current trade and other receivables is mainly due to the repayment of loans from its subsidiary companies.
- (h) 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 31-Dec-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 31-Dec-19		As at 30-Jun-19	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
137,825	544,804	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		Group	
	Half Year ended 31-Dec-19 S\$'000	Half Year ended 31-Dec-18 S\$'000	Second Quarter ended 31-Dec-19 S\$'000	Second Quarter ended 31-Dec-18 S\$'000
Cash flows from operating activities				
Total profit	33,004	18,887	26,187	16,590
Adjustments for:				
Non-cash items	(4,086)	(13,640)	(10,626)	(11,937)
Operating cash flows before working capital changes	28,918	5,247	15,561	4,653
Changes in operating assets and liabilities:				
Development properties	428	79,190	(19,743)	44,490
Other current assets/liabilities	6,552	41,190	(13,037)	4,269
Cash generated from/(used in) operations	35,898	125,627	(17,219)	53,412
Income tax refunded/(paid)	401	(6,855)	1,124	(6,158)
Net cash generated from/(used in) operating activities	36,299	118,772	(16,095)	47,254
Cash flows from investing activities				
Acquisition of additional interest in a joint venture company	(1,150)	-	-	-
Additions to investment properties	(50,598)	(609)	-	-
Additions to property, plant and equipment	(3,009)	(6,180)	(2,165)	(2,676)
Purchase of financial investments	-	(9,931)	-	(5,402)
Disposal of property, plant and equipment	384	4,585	2	119
Repayment/(advancement) of the loans to non-controlling interests	3,152	3,040	(1,482)	(1,476)
Repayment of the loans to joint venture companies	23,199	-	23,199	-
Dividends received	6,480	19,636	4,990	6,712
Interest received	1,624	5,592	796	3,147
Net cash (used in)/generated from investing activities	(19,918)	16,133	25,340	424
Cash flows from financing activities				
Purchase of treasury shares	-	(10,716)	-	-
Principal payment of lease liabilities	(8,866)	-	(3,881)	-
Net proceeds from borrowings	55,581	-	55,581	-
Ordinary and special dividends paid	(38,453)	(61,418)	(38,453)	(61,418)
Perpetual securities distribution paid	(6,456)	(3,069)	(6,456)	(3,069)
Interest paid	(13,234)	(14,573)	(5,942)	(6,177)
Net cash (used in)/generated from financing activities	(11,428)	(89,776)	849	(70,664)
Net increase/(decrease) in cash and cash equivalents	4,953	45,129	10,094	(22,986)
Cash and cash equivalents at beginning of financial period	217,332	792,151	211,873	855,889
Effects of currency translation on cash and cash equivalents	(1,349)	(5,561)	(1,031)	(1,184)
Cash and cash equivalents at end of financial period	220,936	831,719	220,936	831,719

Note:-

- Cash and cash equivalents consist of fixed deposits, cash and bank balances.
- The increase in the Group's cash and cash equivalents for the current period is mainly due to the cash generated from operating activities.

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

	Group			Group		
	Half Year ended	Half Year ended		Second Quarter ended	Second Quarter ended	
	31-Dec-19	31-Dec-18	+ / (-)	31-Dec-19	31-Dec-18	+ / (-)
	<u>S\$'000</u>	<u>S\$'000</u>	%	<u>S\$'000</u>	<u>S\$'000</u>	%
Total profit	33,004	18,887	75	26,187	16,590	58
Other comprehensive income/(expense):						
Items that may be reclassified subsequently to profit or loss:						
Cash flow hedges	363	(2,186)	n.m.	278	(2,608)	n.m.
Currency translation differences	9,930	(3,488)	n.m.	(7,912)	501	n.m.
Share of other comprehensive expense of associated and joint venture companies	(5,374)	(5,268)	2	(3,398)	(1,719)	98
	4,919	(10,942)	n.m.	(11,032)	(3,826)	188
Items that will not be reclassified subsequently to profit or loss:						
Fair value (losses)/gains on financial investments at fair value through other comprehensive income	(2,383)	(3,982)	(40)	767	(3,222)	n.m.
Currency translation differences	27	(73)	n.m.	(457)	161	n.m.
Share of other comprehensive expense of associated and joint venture companies	(103)	(51)	102	(41)	(25)	64
	(2,459)	(4,106)	(40)	269	(3,086)	n.m.
Other comprehensive income/(expense), net of tax	2,460	(15,048)	n.m.	(10,763)	(6,912)	56
Total comprehensive income	35,464	3,839	824	15,424	9,678	59
Attributable to:						
Equity holders of the Company	35,355	3,420	934	15,707	9,083	73
Non-controlling interests	109	419	(74)	(283)	595	n.m.
	35,464	3,839	824	15,424	9,678	59

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	Non- controlling interests	Total equity
	Share capital S\$'000	Other reserves * S\$'000	Retained earnings S\$'000	Total S\$'000			
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 restated	838,250	(27,577)	2,401,040	3,211,713	296,375	73,227	3,581,315
Total comprehensive income	-	2,536	32,819	35,355	-	109	35,464
Cost of share-based payment	-	1,378	-	1,378	-	-	1,378
Reissuance of treasury shares	-	48	(48)	-	-	-	-
Accrued perpetual securities distribution	-	-	(6,472)	(6,472)	6,472	-	-
Ordinary and special dividends paid	-	-	(38,453)	(38,453)	-	-	(38,453)
Perpetual securities distribution paid	-	-	-	-	(6,456)	-	(6,456)
Tax credit arising from perpetual securities distribution	-	-	120	120	-	-	120
Balance at 31 December 2019	838,250	(23,615)	2,389,006	3,203,641	296,391	73,336	3,573,368
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	-	(14,924)	18,344	3,420	-	419	3,839
Cost of share-based payment	-	1,506	-	1,506	-	-	1,506
Reissuance of treasury shares	-	(205)	205	-	-	-	-
Purchase of treasury shares	-	(10,716)	-	(10,716)	-	-	(10,716)
Accrued perpetual securities distribution	-	-	(3,085)	(3,085)	3,085	-	-
Ordinary and special dividends paid	-	-	(61,418)	(61,418)	-	-	(61,418)
Perpetual securities distribution paid	-	-	-	-	(3,069)	-	(3,069)
Balance at 31 December 2018	838,250	2,911	2,377,676	3,218,837	147,794	72,772	3,439,403

* 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	-	-	-	-	(13,938)	-	(13,938)
Cost of share-based payment	-	1,378	-	-	-	-	1,378
Reissuance of treasury shares	-	(2,141)	-	2,189	(48)	-	-
Accrued perpetual securities distribution	-	-	-	-	(6,472)	6,472	-
Ordinary and special dividends paid	-	-	-	-	(38,453)	-	(38,453)
Perpetual securities distribution paid	-	-	-	-	-	(6,456)	(6,456)
Tax credit arising from perpetual securities distribution	-	-	-	-	120	-	120
Balance at 31 December 2019	838,250	1,398	-	(40,730)	320,189	296,391	1,415,498
Balance at 1 July 2018	838,250	1,769	577	(33,990)	460,777	147,778	1,415,161
Total comprehensive expense	-	-	(449)	-	(23,084)	-	(23,533)
Cost of share-based payment	-	1,506	-	-	-	-	1,506
Reissuance of treasury shares	-	(1,992)	-	1,787	205	-	-
Purchase of treasury shares	-	-	-	(10,716)	-	-	(10,716)
Accrued perpetual securities distribution	-	-	-	-	(3,085)	3,085	-
Ordinary and special dividends paid	-	-	-	-	(61,418)	-	(61,418)
Perpetual securities distribution paid	-	-	-	-	-	(3,069)	(3,069)
Balance at 31 December 2018	838,250	1,283	128	(42,919)	373,395	147,794	1,317,931

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

	<u>Number of shares</u>
<u>Issued ordinary shares</u>	
Balance at 1 October and 31 December 2019	<u>793,927,260</u>

At 31 December 2019, the Company's issued share capital (excluding treasury shares) comprises 769,061,760 (30 June 2019: 767,725,460) ordinary shares. The total number of treasury shares held by the Company as at 31 December 2019 was 24,865,500 (31 December 2018: 26,201,800) which represents 3.2% (31 December 2018: 3.4%) of the total number of issued shares (excluding treasury shares).

There were 1,336,300 (31 December 2018: 1,091,000) treasury shares reissued pursuant to the employee share plans for the half year ended 31 December 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. The cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings as at 1 July 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 \$32.7 million and \$32.7 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		Group	
	Half Year ended	Half Year ended	Second Quarter ended	Second Quarter ended
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	<u>cents</u>	<u>cents</u>	<u>cents</u>	<u>cents</u>
(a) Based on the weighted average number of ordinary shares issued excluding treasury shares	3.43	1.99	2.96	1.90
(b) On a fully diluted basis	3.42	1.98	2.95	1.89

7 **Net asset value per ordinary share**

	Group		Company	
	As at	As at	As at	As at
	31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Net asset value per ordinary share based on issued share capital excluding treasury shares	4.17	4.19	1.46	1.53

8 **Review of performance of the group**

For the half year ended 31 December 2019 (“current period”), the Group recorded a total revenue of S\$183.5 million. This represents a 5% decrease from the S\$193.9 million revenue recorded for the half year ended 31 December 2018 (“corresponding period”). The current period revenue from development properties was mainly attributable to the additional units sold in Le Nouvel Ardmore in Singapore.

The Group recorded an operating profit of S\$18.0 million in the current period mainly due to the contribution from Le Nouvel Ardmore.

The Group’s share of profits of associated and joint venture companies increased by 12% to S\$35.8 million in the current period largely due to the higher contribution from The Crest in Singapore and the additional units sold in Malaren Gardens in Shanghai.

In the current period, the Group’s net profit attributable to shareholders was S\$32.8 million as compared to the S\$18.3 million recorded in the corresponding period.

The Group’s net asset value per share as at 31 December 2019 was S\$4.17 as compared to S\$4.19 as at 30 June 2019. The Group’s net gearing ratio as at 31 December 2019 was 0.13 times as compared to 0.12 times as at 30 June 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 first quarter ended 30 September 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 private residential property price index increased by 2.7% in 2019, as compared to the 7.9% increase in 2018. The total number of new residential units sold islandwide increased by 13% from 8,795 new units sold in 2018 to 9,912 units in 2019.

In view of the outbreak of the 2019 Novel Coronavirus, the Group will monitor the property markets closely.

- 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 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 half year ended 31 December 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
12 February 2020