

Financial Statements and Related Announcement::Third Quarter 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	31/03/2018
Attachments	<p> 3Q Results Mar 2018.pdf</p> <p>Total size =96K</p>

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

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 MARCH 2018

The Company announces the unaudited consolidated results for the nine months and third quarter ended 31 March 2018.

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

	Group			Group			Note
	Nine Months ended 31-Mar-18 S\$'000	Nine Months ended 31-Mar-17 S\$'000	+ / (-) %	Third Quarter ended 31-Mar-18 S\$'000	Third Quarter ended 31-Mar-17 S\$'000	+ / (-) %	
Revenue	267,453	204,568	31	70,340	73,477	(4)	
Cost of sales	<u>(142,277)</u>	<u>(100,534)</u>	42	<u>(34,033)</u>	<u>(36,546)</u>	(7)	
Gross profit	125,176	104,034	20	36,307	36,931	(2)	
Other gains - net	10,738	11,639	(8)	693	1,378	(50)	
Expenses							
- Distribution	(47,927)	(50,492)	(5)	(15,579)	(15,992)	(3)	(a)
- Administrative and other	(63,079)	(64,029)	(1)	(14,297)	(20,223)	(29)	(b)
Operating profit	24,908	1,152	n.m.	7,124	2,094	240	
Finance costs	(24,339)	(30,253)	(20)	(7,177)	(9,281)	(23)	
Share of profits of associated and joint venture companies	<u>96,313</u>	41,250	133	<u>71,951</u>	16,909	326	
Profit before income tax	96,882	12,149	697	71,898	9,722	640	
Income tax (expense)/credit	<u>(8,985)</u>	1,399	n.m.	<u>(2,164)</u>	(1,083)	100	
Total profit	<u>87,897</u>	13,548	549	<u>69,734</u>	8,639	707	
Attributable to:							
Equity holders of the Company	89,009	10,625	738	68,188	7,433	817	
Non-controlling interests	<u>(1,112)</u>	2,923	n.m.	<u>1,546</u>	1,206	28	
	<u>87,897</u>	13,548	549	<u>69,734</u>	8,639	707	

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

	Group			Group		
	Nine Months ended 31-Mar-18 S\$'000	Nine Months ended 31-Mar-17 S\$'000	+ / (-) %	Third Quarter ended 31-Mar-18 S\$'000	Third Quarter ended 31-Mar-17 S\$'000	+ / (-) %
(A) Investment income	958	136	604	134	-	n.m.
(B) Interest income	5,605	5,296	6	1,980	1,661	19
(C) Finance costs	(24,339)	(30,253)	(20)	(7,177)	(9,281)	(23)
(D) Depreciation and amortisation	(5,641)	(6,199)	(9)	(1,837)	(2,058)	(11)
(E) Write-back of allowance/ (allowance) for doubtful debts	27	(263)	n.m.	(23)	3	n.m.
(F) (Allowance)/write-back of allowance for stock obsolescence	(497)	(942)	(47)	(922)	21	n.m.
(G) Impairment in value of investments	-	-	-	-	-	-
(H) Foreign exchange gain/(loss)	4,801	701	585	2,311	(600)	n.m.
(I) Adjustment for tax in respect of prior years	-	-	-	-	-	-
(J) Gain on disposal of property, plant and equipment	62	251	(75)	42	1	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 decrease in distribution expenses is largely due to the lower rental from retail outlets in Singapore.

(b) The decrease in administrative and other expenses for the current quarter is largely due to lower accrued operating expenses.

n.m. - not meaningful

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

	Group		Company		Note
	As at 31-Mar-18 S\$'000	As at 30-Jun-17 S\$'000	As at 31-Mar-18 S\$'000	As at 30-Jun-17 S\$'000	
ASSETS					
Current assets					
Cash and cash equivalents	835,329	847,373	661,665	641,423	
Trade and other receivables	67,800	123,506	521,765	522,701	(a),(f)
Inventories	21,001	19,421	-	-	
Development properties	688,290	739,930	-	-	(b)
Tax recoverable	8,266	6,467	-	-	
Other current assets	6,805	2,188	6,805	2,062	
Assets held for sale	-	252,208	-	-	
	1,627,491	1,991,093	1,190,235	1,166,186	
Non-current assets					
Trade and other receivables	288,300	213,984	497,673	617,872	(c),(f)
Investments in associated and joint venture companies	1,613,251	1,604,409	-	-	
Investments in subsidiary companies	-	-	282,063	282,063	
Investment properties	651,837	651,805	-	-	
Property, plant and equipment	116,323	115,928	10,594	10,992	
Deferred income tax assets	6,023	5,662	-	-	
Other non-current assets	43,448	32,954	17,143	10,780	
	2,719,182	2,624,742	807,473	921,707	
Total assets	4,346,673	4,615,835	1,997,708	2,087,893	
LIABILITIES					
Current liabilities					
Trade and other payables	96,708	172,690	4,979	32,741	(d)
Current income tax liabilities	32,045	36,834	566	834	
Borrowings	3,361	4,253	-	-	(e)
Other current liabilities	8,924	80	-	-	
Liabilities held for sale	-	2,147	-	-	
	141,038	216,004	5,545	33,575	
Non-current liabilities					
Borrowings	780,643	925,371	600,716	602,793	(e)
Deferred income tax liabilities	38,324	38,139	-	-	
Other non-current liabilities	7,188	20,614	-	979	
	826,155	984,124	600,716	603,772	
Total liabilities	967,193	1,200,128	606,261	637,347	
NET ASSETS	3,379,480	3,415,707	1,391,447	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	(62,747)	(13,489)	(27,880)	(21,169)	
Retained earnings	2,386,466	2,321,935	431,774	485,687	
	3,161,969	3,146,696	1,242,144	1,302,768	
Perpetual securities	149,303	147,778	149,303	147,778	
Non-controlling interests	68,208	121,233	-	-	
TOTAL EQUITY	3,379,480	3,415,707	1,391,447	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 current trade and other payables is mainly due to the settlement of project related costs.
- (e) The decrease in the Group's borrowings is primarily attributable to the repayment of bank borrowings.
- (f) The decrease in the Company's trade and other receivables is 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-Mar-18		As at 30-Jun-17	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	3,361	4,253	-

Amount repayable after one year

As at 31-Mar-18		As at 30-Jun-17	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
84,781	695,862	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	
	Nine Months ended 31-Mar-18 <u>S\$'000</u>	Nine Months ended 31-Mar-17 <u>S\$'000</u>	Third Quarter ended 31-Mar-18 <u>S\$'000</u>	Third Quarter ended 31-Mar-17 <u>S\$'000</u>
Cash flows from operating activities				
Total profit	87,897	13,548	69,734	8,639
Adjustments for:				
Non-cash items	<u>(62,739)</u>	(12,937)	<u>(57,892)</u>	(4,379)
Operating cash flow before working capital changes	25,158	611	11,842	4,260
Changes in operating assets and liabilities:				
Development properties	55,389	151,983	13,565	16,330
Other current assets/liabilities	<u>1,450</u>	(42,210)	<u>(12,464)</u>	(35,340)
Cash generated from/(used in) operations	81,997	110,384	12,943	(14,750)
Income tax paid	<u>(15,201)</u>	(32,602)	<u>(5,828)</u>	(26,216)
Net cash generated from/(used in) operating activities	<u>66,796</u>	77,782	<u>7,115</u>	(40,966)
Cash flows from investing activities				
Acquisition of additional interest in a subsidiary company	(70,662)	-	-	-
Acquisition of additional interest in a joint venture company	(1,600)	-	-	-
Purchase of available-for-sale financial assets	(2,735)	(17,589)	-	(17,589)
Additions to investment properties	-	(34,596)	-	-
Additions to property, plant and equipment	(5,502)	(5,177)	(2,799)	(1,013)
Disposal of a joint venture company	-	498,958	-	-
Disposal of subsidiary companies	272,605	-	-	-
Disposal of property, plant and equipment	895	266	786	1
Liquidation of joint venture companies	-	152	-	-
Advancement of the loans to joint venture companies	(75,546)	(28,317)	(13,449)	(27,716)
Dividends received	20,796	8,920	4,899	-
Interest received	5,997	4,420	1,860	1,324
Net cash generated from/(used in) investing activities	<u>144,248</u>	427,037	<u>(8,703)</u>	(44,993)
Cash flows from financing activities				
Reissuance of treasury shares	-	470	-	-
(Advancement)/repayment of the loans to non-controlling interests	(10,784)	18,624	4,007	-
Net (repayment of)/proceeds from borrowings	(139,189)	(414,413)	191	(11,369)
Ordinary and special dividends paid	(46,468)	(46,426)	-	-
Perpetual securities distribution paid	(3,068)	-	-	-
Dividends paid to non-controlling interests	-	(1,583)	-	-
Interest paid	(26,157)	(34,072)	(8,993)	(11,644)
Net cash used in financing activities	<u>(225,666)</u>	(477,400)	<u>(4,795)</u>	(23,013)
Net (decrease)/increase in cash and cash equivalents	<u>(14,622)</u>	27,419	<u>(6,383)</u>	(108,972)
Cash and cash equivalents at beginning of financial period	847,373	722,883	839,959	861,557
Effects of currency translation on cash and cash equivalents	2,578	(2,263)	1,753	(4,546)
Cash and cash equivalents at end of financial period	<u>835,329</u>	748,039	<u>835,329</u>	748,039

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		
	Nine Months ended 31-Mar-18 S\$'000	Nine Months ended 31-Mar-17 S\$'000	+ / (-) %	Third Quarter ended 31-Mar-18 S\$'000	Third Quarter ended 31-Mar-17 S\$'000	+ / (-) %
Total profit	87,897	13,548	549	69,734	8,639	707
Other comprehensive (expense)/income, net of tax:						
Items that may be reclassified subsequently to profit or loss:						
Fair value (losses)/gains on available-for-sale financial assets	(698)	-	n.m.	189	-	n.m.
Cash flow hedges	3,657	4,358	(16)	1,611	(1,766)	n.m.
Currency translation differences	(58,468)	14,831	n.m.	(23,962)	(59,503)	(60)
Share of other comprehensive income/(expense) of associated and joint venture companies	8,486	(3,405)	n.m.	8,058	(7,222)	n.m.
	(47,023)	15,784	n.m.	(14,104)	(68,491)	(79)
Total comprehensive income/(expense)	40,874	29,332	39	55,630	(59,852)	n.m.
Attributable to:						
Equity holders of the Company	44,149	33,069	34	54,863	(55,158)	n.m.
Non-controlling interests	(3,275)	(3,737)	(12)	767	(4,694)	n.m.
	40,874	29,332	39	55,630	(59,852)	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 SS\$'000	Non- controlling interests SS\$'000	Total equity SS\$'000
	Share capital SS\$'000	Other reserves * SS\$'000	Retained earnings SS\$'000	Total SS\$'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	-	(44,860)	89,009	44,149	-	(3,275)	40,874
Transfer from share-based payment reserve	-	(9,634)	9,634	-	-	-	-
Cost of share-based payment	-	987	-	987	-	-	987
Reissuance of treasury shares	-	(110)	110	-	-	-	-
Ordinary and special dividends paid	-	-	(46,468)	(46,468)	-	-	(46,468)
Accrued perpetual securities distribution	-	-	(4,593)	(4,593)	4,593	-	-
Perpetual securities distribution paid	-	-	-	-	(3,068)	-	(3,068)
Acquisition of additional interest in a subsidiary company	-	(298)	16,839	16,541	-	(49,750)	(33,209)
Disposal of a subsidiary company	-	4,657	-	4,657	-	-	4,657
Balance at 31 March 2018	838,250	(62,747)	2,386,466	3,161,969	149,303	68,208	3,379,480
Balance at 1 July 2016	838,250	(33,657)	2,318,116	3,122,709	-	209,817	3,332,526
Total comprehensive income/(expense)	-	22,444	10,625	33,069	-	(3,737)	29,332
Realisation of reserves	-	(11,124)	11,124	-	-	-	-
Transfer to statutory reserve	-	1,571	(1,571)	-	-	-	-
Cost of share-based payment	-	790	-	790	-	27	817
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	-	-	-	-	-	(1,583)	(1,583)
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 March 2017	838,250	(20,582)	2,291,615	3,109,283	-	204,777	3,314,060

* 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**

	<u>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
Balance at 1 July 2017	838,250	10,486	(1,058)	(30,597)	485,687	147,778	1,450,546
Total comprehensive income/(expense)	-	-	1,273	-	(11,664)	-	(10,391)
Transfer from share-based payment reserve	-	(8,702)	-	-	8,702	-	-
Cost of share-based payment	-	828	-	-	-	-	828
Reissuance of treasury shares	-	(1,196)	-	1,086	110	-	-
Ordinary and special dividends paid	-	-	-	-	(46,468)	-	(46,468)
Accrued perpetual securities distribution	-	-	-	-	(4,593)	4,593	-
Perpetual securities distribution paid	-	-	-	-	-	(3,068)	(3,068)
Balance at 31 March 2018	838,250	1,416	215	(29,511)	431,774	149,303	1,391,447
Balance at 1 July 2016	838,250	10,889	471	(32,493)	499,357	-	1,316,474
Total comprehensive income/(expense)	-	-	3,607	-	(5,283)	-	(1,676)
Cost of share-based payment	-	737	-	-	-	-	737
Reissuance of treasury shares	-	(1,426)	-	1,896	-	-	470
Ordinary and special dividends paid	-	-	-	-	(46,426)	-	(46,426)
Balance at 31 March 2017	838,250	10,200	4,078	(30,597)	447,648	-	1,269,579

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

	<u>Number of shares</u>
<u>Issued ordinary shares</u>	
Balance at 1 January and 31 March 2018	<u>793,927,260</u>

At 31 March 2018, 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 March 2018 was 19,452,900 (31 March 2017: 20,168,500) which represents 2.5% (31 March 2017: 2.6%) of the total number of issued shares (excluding treasury shares). At 31 March 2018, the total number of unexercised options under the Share Option Scheme was nil (31 March 2017: 1,199,000).

There were 715,600 (31 March 2017: 1,249,600) treasury shares reissued pursuant to the employee share plans and share options for the nine months ended 31 March 2018.

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	
	Nine Months ended <u>31-Mar-18</u>	Nine Months ended <u>31-Mar-17</u>	Third Quarter ended <u>31-Mar-18</u>	Third Quarter ended <u>31-Mar-17</u>
(a) Based on the weighted average number of ordinary shares issued excluding treasury shares (cents)	10.90	1.37	8.61	0.96
(b) On a fully diluted basis (cents)	10.87	1.37	8.58	0.96

7 **Net asset value per ordinary share**

	Group		Company	
	As at <u>31-Mar-18</u>	As at <u>30-Jun-17</u>	As at <u>31-Mar-18</u>	As at <u>30-Jun-17</u>
Net asset value per ordinary share based on issued share capital excluding treasury shares (S\$)	4.08	4.07	1.60	1.68

8 **Review of performance of the group**

For the nine months ended 31 March 2018 (“current period”), the Group recorded a total revenue of S\$267.5 million. This is a 31% increase from the S\$204.6 million revenue recorded in the nine months ended 31 March 2017 (“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 and the contribution from BM Mahkota in Penang. BM Mahkota obtained its Temporary Occupation Permit (TOP) in the current period and the revenue for the units sold has been fully recognized.

The Group recorded operating profit of S\$24.9 million in the current period as compared to S\$1.2 million in the corresponding period mainly due to higher contributions from Le Nouvel Ardmore and BM Mahkota as well as the gain on disposal of Huai Hai project in Shanghai.

The Group’s share of profits of associated and joint venture companies increased by 133% to \$96.3 million in the current period from S\$41.2 million in the corresponding period, largely due to the Group’s share of gain recognized by Wing Tai Properties Limited in Hong Kong from the disposal of Winner Godown Building, an industrial building located in Tsuen Wan. In addition, there was contribution from Malaren Gardens in Shanghai from the residential units sold to date and handed over to purchasers in the current period.

The Group’s net profit attributable to shareholders increased from S\$10.6 million in the corresponding period to S\$89.0 million in the current period.

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

The Group's net asset value per share as at 31 March 2018 was S\$4.08 as compared to S\$4.07 as at 30 June 2017. The Group was in a net cash position as at 31 March 2018. 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 half year ended 31 December 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 3.9% in the first quarter of 2018 as compared to 0.8% increase in the previous quarter. The total number of new private residential units sold islandwide in the first quarter of 2018 was 1,581 units, as compared to 1,864 new units sold in the previous quarter.

In April 2018, the Group together with Abacus Property Group entered into a contract of sale to acquire 464 St Kilda Road in Melbourne as tenants in common in equal shares. The property is an office building which also provides for car parking spaces on site and at a neighbouring property. The total consideration for the acquisition is AUD95.38 million and is expected to complete by the end of May 2018.

The Group will continue to look for investment opportunities in Singapore and overseas markets.

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 nine months ended 31 March 2018.

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 nine months ended 31 March 2018 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
10 May 2018