

WING TAI HOLDINGS LIMITED

(UEN: 196300239D)

(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING TO BE HELD ON 22 OCTOBER 2024
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

Wing Tai Holdings Limited would like to thank shareholders for submitting their questions in advance of the Company's 60th Annual General Meeting ("**AGM**") to be held on 22 October 2024 at 11.00 am.

Please refer to our responses as set out in [Appendix A](#).

By Order of the Board

Gabrielle Tan
Company Secretary

16 October 2024

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM SHAREHOLDERS

A. PROPERTY

- 1. What is the Company's view of the real estate market in Singapore? Specifically, how do the recent acquisitions of the River Valley Green land parcel and Lakeside Apartments align with the Group's broader strategic objectives?**

With inflation moderating and interest rates trending downwards, the Company is cautiously optimistic and expects the buying sentiment for private residential property in Singapore to improve over time.

The acquisitions of the River Valley Green land parcel and Lakeside Apartments (The LakeGarden Residences) are in line with the Group's strategic objectives and its view of the real estate market in Singapore.

- 2. Has the sales performance of The LakeGarden Residences met the Company's expectations? Could the Company provide a detailed analysis of the key market drivers that supported the decision to bid 14% above the reserve price for Lakeside Apartments and how does this decision align with anticipated market demand and profitability targets for the development?**

The LakeGarden Residences has currently achieved approximately 60% sales, which is in line with the Company's expectation. The development is located within the Jurong Lake District, earmarked as the second Central Business District, with plans to develop an integrated tourist attraction as well as the future Jurong Innovation District. The acquisition is aligned with the Company's view on the market demand and profitability of this development.

- 3. Could the Company provide insights into how the BCA Green Mark Platinum certification enhances The LakeGarden Residences' marketability, especially in light of rising sustainability-driven demand? How does this translate into a competitive advantage in pricing and buyer sentiment? How much increase in overall construction costs was needed to achieve this certification?**

The BCA Green Mark Platinum Scheme is a government-led certification scheme that sets out specific guidelines on sustainable practices in the Built Environment industry. The Company is committed to pursuing the highest possible standards of sustainable practices in all its developments and meeting the rising sustainability-driven demand from the market.

This development is designed to the high standards of the BCA Green Mark Platinum Scheme which not only covers Environmental aspects of the design but elements that benefits the homeowners through lower energy consumption, cross-ventilated apartments, good mix of green and blue spaces for recreational and relaxation needs as well as a host of other direct benefits, which outweighs the incremental costs.

4. For the Company's property business, what is the number of units and corresponding value that are expected to be handed over in FY2025?

There are no residential units completing in Singapore in FY2025. As such, no units will be handed over in Singapore. There will be handover of residential units in Malaysia. There will be percentage of completion recognition in the profit and loss accounts in accordance with the Group's accounting policies.

B. INVESTMENT IN WING TAI PROPERTIES LTD ("WTP")

5. What is the Company's outlook for the Hong Kong real estate market, particularly in light of its ongoing economic and geo-political challenges?

According to the announcement of interim results for the six months ended 30 June 2024 by Wing Tai Properties Ltd ("WTP Announcement"), the Hong Kong economy will continue its slow recovery in the second half of 2024; However, the property market is likely to remain under pressure.

Over the medium to long term, demand for residential property is expected to remain resilient, supported by a potential interest rate cut, solid pent-up demand from home buyers, and growing demand from new immigrants arriving through various government initiatives.

6. Can the Company clarify which specific projects in Hong Kong contributed to the significant impairment and fair value losses?

According to WTP Announcement, the Hong Kong's economic recovery remained sluggish in the first half of 2024, hampered by global financial uncertainties, high interest rates, regional conflicts, and a slow Mainland China economic recovery.

Despite the Hong Kong Government lifting all property cooling measures in February 2024, the rebound in home buying demand has proven to be short-lived. The rental level of Grade A office remains under pressure due to the continued influx of new office supply and weak demand. Amid such subdued property market conditions in Hong Kong, both residential and office property prices dropped further in the first half of 2024, resulting in many Hong Kong property companies to continue mark down the property fair value for financial reporting at the end of June 2024.

7. Given the nearly \$1.2 billion gap between the carrying value and market value of Wing Tai Properties Ltd, how does the Company evaluate the potential for impairments, and what strategies are in place to mitigate the risk of material overstatements / misstatements in the financial statements?

The investment in WTP is held as long-term investment and the carrying value of its properties are supported by independent professional valuations. These valuations were also reviewed and agreed upon by the Group's independent auditors.

- 8. Given that Wing Tai Properties Ltd is an associated company, the Company has no management control over it. How does the Company exercise oversight and strategic influence to safeguard the Group's long-term interests, particularly in areas of operational performance, capital allocation, and risk management?**

The investment in WTP has been held for more than 30 years as long-term investment. On a half yearly basis, the Group equity accounts for the results of WTP which is a listed associated company. The results are being reviewed by the management as well as the independent auditors to safeguard the Company's long-term interests.

C. RETAIL

- 9. What are the key factors behind the decline in revenue for Uniqlo (Singapore) in FY2024? What were the underlying structural reasons for the sharp decline in Uniqlo (Singapore)'s total comprehensive income, from \$55.9 million to \$25.8 million?**

Uniqlo (Singapore) revenue decline by 2% in FY2024 as compared to the previous year. The decrease in the total comprehensive income is largely attributable to the lower sales density, gross profit margins and tax related adjustment.

- 10. With 29 stores currently in Singapore, has the Company evaluated whether the brand has reached a saturation point in the Singapore market? What alternative strategies are in place for future growth, such as enhancing customer engagement, improving operational efficiencies, or exploring omnichannel opportunities? What growth potential, both in terms of store count and revenue, has the Company projected for Uniqlo (Malaysia)?**

The Company continues to evaluate the brand's distribution points in Singapore and Malaysia as well as to explore omnichannel opportunities. It has also focused on enhancing customer engagement and improving operational efficiencies to drive the growth of the brand.

- 11. Can the Company elaborate further on its business model in the retail segment? What are the reasons for EBIT to be higher than revenue?**

The retail business has a portfolio of franchise as well as joint ventures business model.

The EBIT for retail segment included the share of profit of joint venture companies (Uniqlo and G2000) while their sales figures were not included in the Group's revenue in accordance with the accounting principles.

12. What are the key factors driving decisions to expand or refurbish stores in the Group's retail portfolio? How does the Group prioritise investments, and what return on investment (ROI) thresholds are considered for these initiatives?

The Group has a policy on the timing of store refurbishment and depending on the market demand. On a case-by-case basis, the store size will remain, expand or downsize accordingly. For the Group's investment, it has set investment thresholds which are aligned with the market benchmark.

D. THE COMPANY

13. Despite significant losses in FY2024, the Group's NAV per share as at 30 June 2024 stood at \$3.90, compared to \$4.13 in FY2023. The Group's net gearing ratio was 0.06 times as at 30 June 2024. Has the Company evaluated and assessed the optimal capital structure that would support the Group's strategic goals?

The Company has been prudent in managing its net gearing ratio. It maintained an appropriate capital structure to ensure sufficient general working capital and funds are set aside for new investment opportunities to grow its business.

14. What specific step has the Company taken to optimise working capital management, particularly to reduce the net borrowing costs and improve cash flow utilisation?

The Company will always exercise prudence in cash and liquidity management.

15. According to SGX StockFacts, the Company trades at a price-to book ratio of approximately 0.3 times. Apart from acknowledging that there are many external factors influencing the share price, would the Company consider disclosing and implementing targeted strategies to narrow the discount gap on the share price, thereby creating value for shareholders?

The Company will continue to focus on building a quality portfolio to create sustainable value for the shareholders.

16. The Group has spent close to S\$200 million over the last 3 years investing in Singapore equities, which were valued at about S\$166 million at year-end. How does this equity investment fit into the Group's overall strategy?

The quoted equities investment provides liquidity and complement the Group's investment in property business which are longer term in nature.

17. Can the Company explain the logic behind increasing director fees when the Company financial performance has deteriorated, and shareholders are receiving less in dividends?

The non-executive directors' fees are subject to review every three years in order to align with market benchmark. The current year directors' fees of \$580,000 is a 4% increase as compared to last year directors' fees of \$559,490.