Curating Our Portfolio

Wing Tai Holdings Limited
Annual Report 2019

WING TAI ASIA

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On the front cover is an abstract digital watercolour rendering of the upcoming Middle Road development of over 80,000 sq ft, for over 500 innovative live-work-play residences in the city. Blue denotes its contemporary spatial experience, while grey relates to its advanced building technology and superb connectivity with the CBD. Energetic green strokes illustrate sustainable landscapes and a spectrum of orange-pink hues portray the rich vitalities residents enjoy in the arts and cultural district.

Le Nouvel KLCC, Malaysia

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Malaren Gardens, China

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Uniqlo, Singapore and Malaysia

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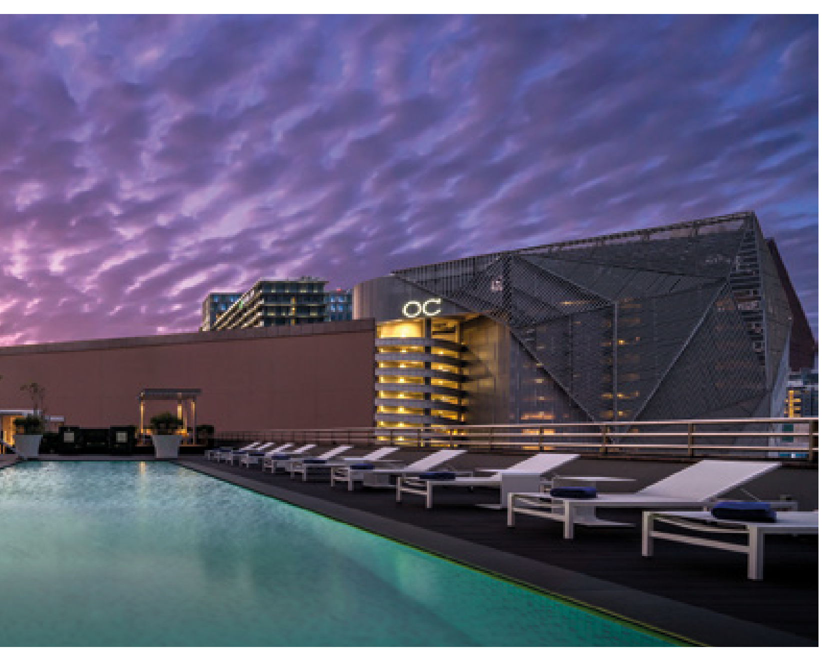

Red Planet Tokyo Asakusa, Japan

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Chairman's Message

Overview

Singapore's economy grew by 3.2% in 2018, down from the 3.6% growth in 2017. In the second quarter of 2019, the Ministry of Trade and Industry reported a marginal growth of 0.1% on a year-on-year basis; the projected economic growth is 0% to 1% for 2019.

The Property Price Index slowed to a 0.5% increase in third quarter 2018 to 149.7 and eventually fell 0.1% to 149.6 by end 2018. The PPI continued to decline 0.7% to 148.6 in first quarter 2019 before rebounding by 1.5% to 150.8 in second quarter 2019. The total number of new residential units sold in Singapore in 2018 declined 16% to 8,795 units compared to 10,566 units sold in 2017. New cooling measures were introduced last July to further dampen demand. In the first half 2019, developers sold 4,188 new homes, 6% higher than the first half 2018.

Group Performance

For the financial year ended 30 June 2019, the Group recorded a total revenue of S$322.6 million. This represents a 10% decrease from the S$360.4 million revenue recorded in the previous year. This decrease is mainly due to the lower contributions from development properties. The current year revenue from development properties was largely attributable to the additional units sold in Le Nouvel Ardmore in Singapore and the increase in property sales in Malaysia.

The Group recorded a net profit before tax of S$46.3 million in the current year as compared to S$245.9 million in the previous year. This decrease is mainly due to the absence of one-off gain on disposal of a subsidiary company and the lower contribution from Wing Tai Properties Limited in Hong Kong. The share of profits of Wing Tai Properties Limited in the previous year included one-off gains on disposal of Winner Godown Building, an industrial building and W Square, a Grade A office building located in Hong Kong.

In the current year, the Group's net profit attributable to shareholders was S$46.8 million as compared to the S$225.2 million recorded in the previous year.

The Group's net asset value per share as at 30 June 2019 was S$4.19 as compared to S$4.26 as at 30 June 2018. The Group's net gearing ratio was 0.12 times as at 30 June 2019.

Dividend

The Board recommended a first and final dividend of 3 cents per share and a special dividend of 2 cents per share for the current year.

Curating Our Portfolio

Diversification by Geography, Asset Class

The Group has been carefully managing a portfolio strategy to diversify and expand our investments by geography and asset class. It has actively sought out investment opportunities outside Singapore, in the Asia Pacific region. Over the last three years, it has acquired investment properties in Melbourne, Australia and, this past June, the Group added to its investments a hotel property in Tokyo, Japan. Such investments provide stable yield and recurring income.

In April this year, the Group won the URA tender bid to develop a prime land parcel at Middle Road, targeting a new segment of homebuyers desiring a contemporary live-work-play urban lifestyle. This exciting new city development, comprising three 20-storey residential towers and one block of 6-storey residences atop a row of commercial units, offers over 500 residential units. This latest project extends our product class into a new customer segment to broaden the Group's residential property offering.

The Group shall continue with its disciplined approach to build up a diversified and resilient portfolio in the year ahead. Keeping Singapore as its base, it will focus on stable, high quality assets viz. investment and development properties in attractive locations, even as it expands overseas.

Having benefitted from its operations consolidation exercise, the Group maintains its position as a leading retailer in Singapore and Malaysia with 243 stores across an aggregated floor

The Group has been carefully managing a portfolio strategy to diversify and expand our investments by geography and asset class.

area of 1.3 million square feet and a portfolio of 19 fashion brands as at 30 June 2019. Keeping pace with shifts in consumer spending patterns, the Group introduced new brands and product categories, and opened new stores at the Jewel Changi Airport and Suria KLCC; Uniqlo, its joint venture with Fast Retailing, continues to experience healthy sales growth.

Positioned for Growth

To enhance its competitiveness for longer-term prospects, the Group will continue to invest in its people and in technology to achieve digital innovation in the business. It will strengthen its partnership networks to position itself well in growth sectors and regions; it will continue to give back to the community.

Community Investment

The Group continues to invest in solutions for the economic and social benefit of the communities in which it does business. Working through the Wing Tai Foundation, it supports the needy elderly and underprivileged young through its financial aid programmes. During the year, it helped at-risk children and youths from disadvantaged families and funded better healthcare of needy elderly persons. Staff also contributed towards voluntary food drives to help low-income families, and engaged in efforts to promote environmental sustainability among its customers and business partners.

Board Movement

In January this year Mr Loh Soo Eng stepped down from the Board, having been with the Company since 22 February 1991; my colleagues and I greatly appreciate his invaluable guidance and unstinting support to the Company over the years. Mrs Mildred Tan joined the Board as an Independent Non-Executive Director and a member of the Audit & Risk Committee on 2 January 2019, and we welcome her.

Appreciation

On behalf of the Board, I extend my sincere thanks and appreciation to our stakeholders including our shareholders, customers, bankers and business associates, for their continued support of the Group. I also thank my fellow Directors for their invaluable insights, and the Management and staff for their unwavering focus and dedication as we strengthen and grow our business.

Cheng Wai Keung
Chairman
Wing Tai Holdings Limited
12 September 2019

Board of Directors

Cheng Wai Keung, 69
Chairman and Managing Director

Date of first appointment as director
17 April 1973

Date of last re-appointment as director
26 October 2018

Board committee(s) served on
Nominating Committee (Member)

Academic and professional qualification(s)
Bachelor of Science, Indiana University, USA
Master of Business Administration, University of Chicago, USA

Current directorships in other listed companies and other principal commitments
Other listed companies
Nil

Other principal commitments
Temasek Holdings (Private) Limited (Deputy Chairman)
Singapore-Suzhou Township Development Pte Ltd (Vice Chairman)
Singapore Health Services Pte Ltd (Director)
Kidney Dialysis Foundation Limited (Director)

Past directorships in other listed companies held over preceding three years
Wing Tai Malaysia Berhad *(now known as Wing Tai Malaysia Sdn. Bhd.)*

Edmund Cheng Wai Wing, 67
Deputy Chairman and Deputy Managing Director

Date of first appointment as director
11 May 1981

Date of last re-appointment as director
23 October 2017

Board committee(s) served on
Nil

Academic and professional qualification(s)
Bachelor of Engineering (Civil Engineering), Northwestern University, USA
Master of Architecture, Carnegie Mellon University, USA

Current directorships in other listed companies and other principal commitments
Other listed companies
Nil

Other principal commitments
Mapletree Investments Pte Ltd (Chairman)
Civil Aviation Authority of Singapore (Chairman)
Singapore Art Museum (Chairman)
The Esplanade Co Ltd (Member)

Past directorships in other listed companies held over preceding three years
SATS Ltd.
Wing Tai Malaysia Berhad *(now known as Wing Tai Malaysia Sdn. Bhd.)*

Boey Tak Hap, 67
Independent Non-Executive Director

Date of first appointment as director
2 May 1997

Date of last re-appointment as director
23 October 2017

Board committee(s) served on
Audit & Risk Committee (Member)
Remuneration Committee (Member)

Academic and professional qualification(s)
Bachelor of Science in Automatic Control and System Engineering with Management Sciences, University of Manchester Institute of Science and Technology
Diploma in Business Administration, National University of Singapore
Harvard Advanced Management Program, Harvard Business School, Boston, USA

Current directorships in other listed companies and other principal commitments
Other listed companies
Nil

Other principal commitments
Nil

Past directorships in other listed companies held over preceding three years
Nil

Cheng Man Tak, 59
Non-Executive Director

Date of first appointment as director
11 May 1981

Date of last re-appointment as director
26 October 2018

Board committee(s) served on
Nil

Academic and professional qualification(s)
Bachelor of Science, University of Southern California, USA
Master of Business Administration, Pepperdine University, USA

Current directorships in other listed companies and other principal commitments
Other listed companies
Nil

Other principal commitments
Federation of Hong Kong Industries – Group 24 (Woven Garments and other Woven Made-Up Goods) (Chairman)
Chamber of Commerce of Guangzhou Foreign Investment Enterprises (Vice President)
Federation of Hong Kong Garment Manufacturers (Director)
Hong Kong Commerce and Industry Association (Director)
Clothing Industry Training Authority (Chairman)
Yunnan Provincial Federation of Industry and Commerce of Macau (Honorary President)
Yunnan Friendship and Fraternity Association of Macau (Honorary President)
Hong Kong Asia Youth Association (Honorary President)

Past directorships in other listed companies held over preceding three years
Nil

Christopher Lau Loke Sam, 72
Independent Non-Executive Director

Date of first appointment as director
28 October 2013

Date of last re-appointment as director
23 October 2017

Board committee(s) served on
Remuneration Committee (Chairman)
Audit & Risk Committee (Member)

Academic and professional qualification(s)
Barrister-at-Law, Gray's Inn, England

Current directorships in other listed companies and other principal commitments
Other listed companies
Nil

Other principal commitments
Independent Arbitrator
Mediator
Member LCIA Court

Past directorships in other listed companies held over preceding three years
Nil

Paul Hon To Tong, 74
Lead Independent Director

Date of first appointment as director
16 August 2007

Date of last re-appointment as director
27 October 2016

Board committee(s) served on
Audit & Risk Committee (Chairman)
Nominating Committee (Member)

Academic and professional qualification(s)
Barrister-at-Law, Middle Temple, England
Bachelor of Science (Economics) (Honours), University of London, England
Certificate of Management Studies, University of Oxford, England
Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants
Associate Member of The Institute of Chartered Secretaries and Administrators

Current directorships in other listed companies and other principal commitments
Other listed companies
Chinney Investments Limited *(Listed on the Stock Exchange of Hong Kong)*

Other principal commitments
Nil

Past directorships in other listed companies held over preceding three years
Nil

Guy Daniel Harvey-Samuel, 62
Independent Non-Executive Director

Date of first appointment as director
2 January 2018

Date of last re-appointment as director
26 October 2018

Board committee(s) served on
Nominating Committee (Chairman)
Remuneration Committee (Member)

Academic and professional qualification(s)
An associate of the Chartered Institute of Bankers (Accountancy Law Relating to Banking Services Monetary Economics Nature of Management)
Qualified Marshall Goldsmith Leadership Coach
Executive Certificate in Directorship, Singapore Management University

Current directorships in other listed companies and other principal commitments
Other listed companies
Mapletree Industrial Trust Management Ltd

Other principal commitments
Capella Hotel Group Pte Ltd (Chairman)
M1 Limited (Director)
Board of Trustees of the National Youth Achievement Award Advisory Board (Chairman)
Surbana Jurong Private Limited (Director)
JTC Corporation (Member)
National Parks Board (Director)
Community Chest Committee (Vice Chairman)

Past directorships in other listed companies held over preceding three years
M1 Limited *(Delisted from the official list of the Singapore Exchange on 24 April 2019)*

Tan Sri Dr Zulkurnain Bin Hj. Awang, 69
Independent Non-Executive Director

Date of first appointment as director
2 January 2018

Date of last re-appointment as director
26 October 2018

Board committee(s) served on
Nil

Academic and professional qualification(s)
Bachelor of Economics (Honours), University of Malaya, Malaysia
Master of Arts in International Affairs Management, Ohio University, USA
Master of Arts in Political Science, Ohio University, USA
Certificate in Public Administration, Ohio University, USA
PhD, University of Leeds, England
Harvard Advanced Management Program, Harvard Business School, Boston, USA

Current directorships in other listed companies and other principal commitments
Other listed companies
Nil

Other principal commitments
Wing Tai Malaysia Sdn. Bhd. (Chairman)
Asia Metropolitan University Sdn Bhd (Chairman)

Past directorships in other listed companies held over preceding three years
Wing Tai Malaysia Berhad *(now known as Wing Tai Malaysia Sdn. Bhd.)*

Sim Beng Mei Mildred (Mrs Mildred Tan), 61
Independent Non-Executive Director

Date of first appointment as director
2 January 2019

Date of last re-appointment as director
N.A.

Board committee(s) served on
Audit & Risk Committee (Member)

Academic and professional qualification(s)
Bachelor of Arts (Honours), Middlesex University, UK
Master in Education, University of Sheffield, UK
HR Executive Program, Cornell University, USA
Harvard Executive Leaderships Program, Harvard Business School, Boston, USA
Graduate Member of the British Psychological Society

Current directorships in other listed companies and other principal commitments
Other listed companies
Nil

Other principal commitments
National Volunteer and Philanthropy Centre (Chairman)
Council for Board Diversity (Co-Chair)
Gardens by the Bay (Director)
Lee Kuan Yew Fund for Bilingualism (MOE) (Director)
Community Foundation of Singapore (Director)

Past directorships in other listed companies held over preceding three years
Nil

Tan Hwee Bin, 56
Executive Director

Date of first appointment as director
5 December 2008

Date of last re-appointment as director
26 October 2018

Board committee(s) served on
Nil

Academic and professional qualification(s)
Bachelor of Accountancy, National University of Singapore
Chartered Accountant of Singapore
Harvard Advanced Management Program, Harvard Business School, Boston, USA

Current directorships in other listed companies and other principal commitments
Other listed companies
Nil

Other principal commitments
NTUC Health Co-operative Ltd (Chairman)
Singapore Labour Foundation (Director)
Singapore National Employers Federation (Member)
NTUC Enterprise Co-operative Limited (Director)

Past directorships in other listed companies held over preceding three years
Nil

Key Management

Wing Tai Holdings Limited

Ng Kim Huat
Group Chief Financial Officer

- Oversees financial reporting and controls, treasury, and tax functions
- More than 10 years' auditing experience with an international public accounting firm in Singapore
- Bachelor of Accountancy (Honours), National University of Singapore
- Chartered Accountant of Singapore

Karine Lim
Group Chief Human Resource Officer

- More than 20 years' human resource management experience in retail, property and public transport industries
- Bachelor of Arts (Honours), National University of Singapore
- Diploma in Human Resource Management, Singapore Human Resource Institute

Wing Tai Property Management Pte Ltd

Helen Chow
Director

- Held various positions in Company since 1975
- Responsible for marketing and sales functions in property division; develops and implements strategies to achieve optimal marketing mix for property products manages sales operations across geographies to achieve revenue goals
- Bachelor of Arts, Mills College, Oakland, California, USA

Stacey Ow Yeong Suit Yeng
Senior General Manager

- Responsible for sales and marketing of Company's portfolio of residential properties in Singapore, Malaysia and China
- Over 25 years of sales and marketing experience, including 10 years in residential and integrated properties industry in Asia and Middle East
- Bachelor of Arts, National University of Singapore

Wing Tai Retail Pte. Ltd.

Helen Khoo
Executive Director

- Drives growth and expansion of Company's portfolio of retail brands
- Conferred Miflora M. Gatchalian Medal for Women Global Quality Leadership in 2013; Achievers & Leaders Award (Business Leadership) 2012
- Member of ITE's Business & Services Academic Advisory Committee
- Honorary Secretary of Singapore Retailers Association
- Honorary Secretary of Orchard Road Business Association
- Bachelor of Arts (Honours), University of Hong Kong

Corporate Data

Board of Directors

Executive

Cheng Wai Keung
Chairman/Managing Director

Edmund Cheng Wai Wing
Deputy Chairman/
Deputy Managing Director

Tan Hwee Bin
Executive Director

Non-Executive

Boey Tak Hap
Independent Director

Cheng Man Tak

Christopher Lau Loke Sam
Independent Director

Paul Hon To Tong
Lead Independent Director

Guy Daniel Harvey-Samuel
Independent Director

Tan Sri Dr Zulkurnain
bin Hj. Awang
Independent Director

Sim Beng Mei Mildred
(Mrs Mildred Tan)
Independent Director

Audit & Risk Committee

Paul Hon To Tong
Chairman

Boey Tak Hap

Christopher Lau Loke Sam

Sim Beng Mei Mildred
(Mrs Mildred Tan)

Nominating Committee

Guy Daniel Harvey-Samuel
Chairman

Cheng Wai Keung

Paul Hon To Tong

Remuneration Committee

Christopher Lau Loke Sam
Chairman

Boey Tak Hap

Guy Daniel Harvey-Samuel

Company Secretary

Gabrielle Tan

Registered Office

3 Killiney Road
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Singapore 239519
Tel: 6280 9111
Fax: 6732 9956
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Share Registrar

Tricor Barbinder Share
Registration Services
(A division of Tricor
Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

Auditors

PricewaterhouseCoopers LLP
Public Accountants and
Certified Public Accountants
7 Straits View
Marina One East Tower
Level 12
Singapore 018936
Audit Partner: Theresa Sim
(Year of Appointment: 2016)

Principal Bankers

DBS Bank Limited
12 Marina Boulevard
DBS Asia Central @ Marina Bay
Financial Centre Tower 3
Singapore 018982

The Hongkong and Shanghai Banking Corporation Limited
21 Collyer Quay
HSBC Building
Singapore 049320

Malayan Banking Berhad
2 Battery Road
Maybank Tower
Singapore 049907

Overseas-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

MUFG Bank, Ltd
7 Straits View #23-01
Marina One East Tower
Singapore 018936

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Property

Located in the heart of the bustling city… the new development branded The M will have three 20-storey residential towers and one block of 6-storey residences atop a row of commercial units.

Singapore

The Group was awarded a land parcel at Middle Road by the Urban Redevelopment Authority on 5 April 2019. Located in the heart of the bustling city with close proximity to the Central Business District and Orchard Road, the new development branded The M will have three 20-storey residential towers and one block of 6-storey residences atop a row of commercial units. With over 500 units ranging from studio apartments to 3-bedroom dual-key units in this exciting project, the Group remains committed to its investments in Singapore.

The Garden Residences, a 99-year leasehold joint venture development with Keppel Land, was awarded Green Mark Gold Plus in March 2019 for its achievements in green, sustainable and renewable energy design and smart building features. This 613-unit development was launched in June 2018 with more than 25% of the total development sold as at 30 June 2019. It is targeted for completion in August 2024.

The Garden Residences offers expansive views of the heritage-rich Serangoon Gardens (perspective of evening rooftop view)

The Crest comprises three towers and four 5-storey island villas which are interconnected with the waterscape and greenery

The exclusive 43-unit freehold development at Ardmore Park, the Le Nouvel Ardmore designed by Pritzker Prize laureate Jean Nouvel was 20 units sold as at 30 June 2019. Marketing and sales activities for this luxury development are continuing.

The Crest, designed by Pritzker Prize winner Toyo Ito, is a 99-year leasehold development at Prince Charles Crescent in the Tanglin precinct. It comprises 469 units over three 23-storey towers and four 5-storey island villas. As at 30 June 2019, it was about 90% sold. Marketing and sales of the project are on-going.

The Group's investment properties Winsland House I and Winsland House II achieved over 90% average occupancy rate.

The Lanson Place Winsland Serviced Suites in Singapore was closed in May 2017 for renovation and re-opened on 1 March 2018, and has been steadily building up its occupancy rate to above 70% since July 2018.

Cookhouse@9 is a fully-equipped communal kitchen at the newly renovated Lanson Place Winsland Serviced Suites

Malaysia

The Group's property business activities in Malaysia are conducted through its subsidiary company, Wing Tai Malaysia Sdn. Bhd.

In Kuala Lumpur, the dual-tower Le Nouvel KLCC also designed by Jean Nouvel, is a 195-unit freehold development on the prime site at Jalan Ampang. As at 30 June 2019, around 40% of 30 units previewed were sold. Sales and marketing activities are extended beyond Malaysia to China, Singapore, Indonesia, Hong Kong and Japan. As a response to slowed market demand, selected units in the development were launched for leasing.

Also in the Malaysian capital, Nobleton Crest was 50% sold as at 30 June 2019. This is a 25-unit freehold development with three blocks of 5-storey residential units in the prestigious Jalan U-Thant neighbourhood.

In Penang, as at 30 June 2019, Phase 4 of Taman Bukit Minyak Utama, comprising 98 units of 2-storey terrace houses and 3-storey semi-detached houses, was completed and over 75% sold; Phase 5, comprising 97 units of 2-storey terrace houses and 2-storey semi-detached houses, was completed and over 90% sold.

Phase 2 of Jesselton Hills comprising 2-storey terrace houses, was more than 95% sold as at 30 June 2019. Impiana Commercial Hub, comprising 2 and 3-storey shop offices along Jalan Rozhan, was completed and over 85% sold.

Mahkota Impian is a mixed development of over seven acres comprising three high-rise blocks of 360 serviced suites, 23 units of 3½-storey shop offices and a 5-storey shop office at Bukit Mertajam. As at 30 June 2019, more than 95% of the apartments and over 60% of the shop offices were sold.

Garden Terraces is a low density residential development which sprawls across 7.2 acres of land in Machang Bubok, Bukit Mertajam. It comprises 84 units of double-storey terrace houses, nestled in a well-established neighbourhood in Machang Bubok. Launched in February 2019, the project was around 40% sold as at 30 June 2019.

Lanson Place Bukit Ceylon Serviced Residences in Kuala Lumpur achieved an average occupancy of 80%.

Le Nouvel KLCC Sky Gallery, housed in the link bridge, offers spectacular views of the Kuala Lumpur Skyline

Serene living in Malaren Gardens, complete with French-style gardens and quality finishes and fittings

In Shanghai, Malaren Gardens... is a low-density residential estate located in Luodian New Town of Baoshan District.

China

The Group's property business activities in China are conducted through its subsidiary companies, Wing Tai China Pte. Ltd. and Suzhou Property Development Pte Ltd.

In Shanghai, Malaren Gardens which comprises 301 units of terraced houses, duplexes and apartments is a low-density residential estate located in Luodian New Town of Baoshan District. It was about 75% sold as at 30 June 2019.

In Suzhou, Phase 2 of The Lakeside comprising 24 units of terraced houses is in planning and design phase to meet with authorities' requirements.

Japan

In June 2019, the Group made its first investment in Japan with the acquisition of Red Planet Hotel Asakusa Tokyo. The 134-room hotel is located in Tokyo's Asakusa district, in close proximity to the Sensō-ji Temple. The acquisition was made via Winrise (Japan) TMK, a special purpose Tokutei Mokuteki Kaisha. The hotel achieved a healthy average occupancy rate of over 85% as at 30 June 2019.

Australia

The Group's property business activities in Australia are conducted through its investment arm. The Group's portfolio of properties in Australia includes a freehold commercial building on Flinder's Street and a 50% stake in a freehold 8-level office building within the St Kilda office precinct in Melbourne, as well as two data centres in Sydney and Melbourne. All properties continued to achieve high occupancy rate of close to 100% as at 30 June 2019.

The Group made its first investment in Japan with the acquisition of Red Planet Hotel Asakusa Tokyo.

Red Planet Hotel Asakusa provides 134 modern and comfortable rooms catering to middle-class travellers

Full occupancy achieved in 30 Gresham Street, London

Hong Kong

The Group's property interest in Hong Kong are represented by its associated company, Wing Tai Properties Limited.

As at 30 June 2019, Homantin Hillside, Providence Peak and Providence Bay were fully sold. In Kau To Shan, Shatin, Le Cap and La Vetta, two low-density high-end residential projects are completed and launched for sale. As at 30 June 2019, around 30% and 25% of the residential units of Le Cap and La Vetta were sold, respectively.

In Tuen Mun, The Carmel, a low-density residential site located at Siu Sau, Tai Lam, is scheduled for completion in 2020. As at 30 June 2019, around 80% of the residential units were pre-sold. Two other medium-density residential sites located at So Kwun Wat Road and Castle Peak Road in Tai Lam, are scheduled for completion in 2021 and 2022, respectively.

In Central, the mixed use commercial complex comprising a Grade A office tower, hotel, retail shops and public green space will form an integral part of a mega redevelopment of the Hong Kong Central Business District under the initiative of the Urban Renewal Authority. The project is scheduled for completion in 2023.

The commercial investment property, Landmark East in Kowloon East, continued to achieve healthy occupancy rate of around 95%.

In December 2018, through a joint venture with an independent third party, an acquisition was made of a 50% interest in a 9-storey commercial property located at 30 Gresham Street in the City of London, United Kingdom. The property comprises Grade A office, retail space and ancillary accommodation. As at 30 June 2019, the property achieved full occupancy.

The Group's branded chain of Lanson Place hotels and serviced apartments continues to grow steadily in terms of rental rates and occupancy. Lanson Place currently has 14 management contracts across Singapore, Malaysia, Manila, China, Hong Kong and Australia.

The Lanson Place hotels and serviced apartments in Hong Kong and China maintained occupancy rates of 80% each. Waterfront Suites, the wholly-owned prime harbour-front project managed by Lanson Place in Shau Kei Wan, Hong Kong Island East, obtained occupation permit in August 2018. Fully furnished, it was opened for leasing in April 2019.

In May 2019, a new management contract was signed to operate a development comprising 150-unit serviced apartment and 250-room hotel located in the Mall of Asia area, along the seashore in Bay City in Metro Manila. This marks Lanson Place's first entry into The Philippines, scheduled to open in 2022.

Retail

The Group has increased its efforts in introducing new brands and product categories.

Furla, known for its Italian-designed products, launched its flagship store in Kuala Lumpur's prime shopping centre

The Group's retail division continued to be a leading retailer in Singapore and Malaysia. As at 30 June 2019, the Group's retail footage spanned over 1.3 million square feet with 243 stores, an increase from 229 stores in the previous year, and a portfolio of 17 brands in Singapore and 14 in Malaysia.

Meanwhile, in keeping with consumers' changing needs, interests and tastes, the Group has increased its efforts in introducing new brands and product categories, as joint venture brand Uniqlo continues to be the staple brand in both markets operating 27 stores in Singapore and 49 stores in Malaysia.

In Malaysia, the Group opened 16 new stores across various brands bringing distribution to 91 outlets. Newer brands like Cath Kidston, Sergent Major and Du Pareil au Même expanded its footprint with a total of 8 new stores. Furla also unveiled its flagship store in Kuala Lumpur's Suria KLCC in September 2018.

In conjunction with Earth Hour, the Group's retail division partnered with World Wide Fund for Nature–Singapore (WWF–Singapore) to raise consumer awareness to dispose of garments responsibly. Garment recycle bins were placed at Wing Tai Retail stores from 30 March to 31 December 2019 so customers could drop off pre-owned or unwanted garments for repurposing. This was met with positive response; over 1,000 kgs of garments had been collected by 30 June 2019.

Calendar of Events

August 2018

Company celebrated 55th Anniversary, Singapore

Announced full-year results for year ended 30 June 2018, Singapore

September 2018

Food Drive supported needy elderly patients at Kwong Wai Shiu Hospital, Singapore

Launch of Furla flagship store in Suria KLCC, Malaysia

Launch of Cath Kidston in TANGS at Tang Plaza, Singapore

October 2018

Staff volunteered at Willing Hearts, Soup Kitchen to prepare meals for needy families, Singapore

November 2018

Launch of Cath Kidston in Sky Avenue Genting, Malaysia

December 2018

Launch of Mark Nason by Skechers in Bugis Junction with celebrity brand ambassador Wu Zun, Singapore

Associated company Wing Tai Properties acquired 50% interest in a 9-storey commercial property in London through a joint venture, Hong Kong

Wing Tai-Boys' Brigade Share-A-Gift project supported needy members in the community, Singapore

January 2019

Lanson Place Bukit Ceylon Serviced Residences was awarded 3 accolades from TripAdvisor viz. TripAdvisor Travelers' Choice Awards 2019, Top 25 Hotels – Malaysia and Top 25 Hotels for Service, Malaysia

February 2019

Launched Garden Terraces at Machang Bubok, Bukit Mertajam, Malaysia

March 2019

Participated in Earth Hour to support environmental sustainability, Singapore, Malaysia, China and Australia

Wing Tai Retail partnered World Wide Fund for Nature –Singapore to repurpose unwanted garments in recycle bins placed at participating retail stores, Singapore

Lanson Place Hotel was awarded "Best Design Hotel in China" at TTG China Travel Awards 2019, Hong Kong

The Garden Residences was awarded Green Mark Gold Plus by the Building Construction & Authority, Singapore

Staff participated in tree-planting mission by the Global Environment Centre at Raja Musa Forest Reserve, Malaysia

April 2019

Awarded state tender for site in Middle Road for private residential with commercial at first storey use, Singapore

Waterfront Suites in Shau Kei Wan officially opened for leasing, Hong Kong

One Sunland Serviced Suites managed by Lanson Place won "Best Serviced Apartments of China" at Hotel Starlight Awards 2019, China

May 2019

Du Pareil au Même launched in City Square Mall, Singapore

Lanson Place signed new Management Contract in Manila, The Philippines

June 2019

Acquired Red Planet Hotel Asakusa Tokyo, Japan

Wing Tai Retail supported Experience Singapore in the new Great Singapore Sale campaign, Singapore

Corporate Social Responsibility

Staff preparing meals for distribution to the needy community in Singapore

Wing Tai Foundation

The Group is committed to fulfilling its corporate social responsibility (CSR) through the Wing Tai Foundation which extends assistance to the community through financial aid and donations to the needy elderly and needy young. Through this, it recognises the contributions of the elderly in Singapore's progress and nation-building, and aspires to nurture the younger generation.

In the year under review, the Group financially supported the basic needs of disadvantaged children in their growing years through the Community Foundation of Singapore. The Group contributed to at-risk children and youths from needy and disadvantaged families through NTUC U-Care. The Group also provided funding for better healthcare for elderly needy patients through SingHealth Fund and Kidney Dialysis Foundation, and contributed towards the Community Chest and its beneficiaries.

The Group believes in giving back and caring for the society. A dollar-for-dollar matching programme under the Foundation contributes to employees' financial donations to charities that support the needy young and needy elderly in Singapore.

Further engaging staff in its CSR efforts, the Group participated in the Wing Tai-Boys' Brigade Share-A-Gift project which collected donations of food and daily necessities for the less fortunate young and old and delivery of food hampers to beneficiary households. Staff also supported a food drive to help the needy elderly patients at Kwong Wai Shiu Hospital, and volunteered with the non-profit Willing Hearts soup kitchen to prepare and deliver daily meals to needy elderly persons in the community.

Corporate Governance Report

The Company is committed towards good corporate governance and it has adopted a comprehensive corporate governance framework that meets best practice principles. Outlined below are the policies, processes and practices adopted by the Company in compliance with the principles and provisions of the Code of Corporate Governance 2018 (the "Code"). Where there is any deviation from the Code, appropriate explanations are provided in this report on each area of non-compliance and how the Company's practices are consistent with the aim and philosophy of the principle in question.

Board Matters

Principle 1: The Board's Conduct of its Affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The board of directors (the "Board" or "Directors") is responsible for the overall management of the Company, and the Directors objectively make important decisions in the best interests of the Company.

The principal functions of the Board include:-

- providing overall strategy and direction for the Group;
- reviewing the corporate policies and financial performance of the Company and its subsidiaries (the "Group");
- review management's performance;
- establishing an enterprise risk management framework of prudent and effective controls to assess and manage risks;
- consider sustainability issues including environmental and social factors, as part of its strategic formulation;
- identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation; and
- setting the Company's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met.

Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict *(Provision 1.1)*.

The Board conducts regular meetings on a quarterly basis and whenever necessary as circumstances arise. A total of six Board meetings were held in the financial year ended 30 June 2019 ("FY2019"). To assist the Board in discharging its duties and functions, the Board has delegated authorities to the Board Committees, namely the Audit & Risk Committee ("ARC"), Remuneration Committee ("RC") and

Directors' Attendance at AGM, Board and Board Committee Meetings for FY2019

Name	Board	Audit & Risk Committee	Remuneration Committee	Nominating Committee	AGM
	Meetings Held: 6	Meetings Held: 4	Meetings Held: 2	Meeting Held: 1	Meeting Held: 1
	Meetings Attended	Meetings Attended	Meetings Attended	Meeting Attended	Meeting Attended
Cheng Wai Keung	6	–	–	1	1
Edmund Cheng Wai Wing	6	–	–	–	1
Boey Tak Hap	6	4	2	–	1
Cheng Man Tak	6	–	–	–	1
Christopher Lau Loke Sam [(a)]	5	4	1	1	1
Loh Soo Eng [(b)]	2	2	1	–	1
Paul Hon To Tong	5	4	–	1	1
Tan Hwee Bin	6	–	–	–	1
Guy Daniel Harvey-Samuel	5	–	2	1	1
Tan Sri Dr Zulkurnain bin Hj. Awang	6	–	–	–	1
Mrs Mildred Tan [(c)]	3	1	–	–	–

(a) Mr Christopher Lau was appointed as Chairman of the RC with effect from 2 January 2019.
(b) Mr Loh Soo Eng retired from the Board and relinquished all Board Committee appointments on 2 January 2019.
(c) Mrs Mildred Tan was appointed as an independent non-executive Director and a member of the ARC on 2 January 2019.

Nominating Committee ("NC"). Each of the ARC, RC and NC has been constituted with terms of reference setting out their compositions, authorities and duties approved by the Board and may recommend and/or decide on matters within its terms of reference. The Board reviews the composition of the membership of the Board Committees whenever there are changes to the Board membership. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report *(Provision 1.4)*.

The details of the Directors' attendance at the Board, Board Committee and Annual General Meeting ("AGM") for the year are set out on page 18 of this Annual Report *(Provision 1.5)*.

When a Director serves on multiple boards of different companies, that Director ensures that sufficient time and attention are allocated to the affairs of each company with assistance from the Management, which provides relevant and complete information to that Director on a regular basis for the effective discharge of his/her duties.

To address the competing time commitments that a Director may face in holding multiple board appointments, the internal guideline recommended by the NC provides that the maximum number of listed company board representations which any Director may hold at any one point in time is five directorships. The NC is satisfied that for FY2019, each of the Director has given sufficient time and attention in discharging his/her responsibilities as Director by providing invaluable guidance, advice and support to the Group *(Provision 1.5)*.

The Constitution of the Company ("Constitution") allows the Directors to participate in Board and Board Committee meetings by way of telephone, video conference or other similar means of communication equipment whereby all persons participating in the meetings are able to hear each other, without requiring their physical presence at the meetings. In this regard, alternative means of participation by way of telephone and video conference have been adopted in the Board and Board Committee meetings, whenever necessary.

As the Chairman has a deciding vote in the event of any matter, there is no presence of board interlock within the Company.

Matters which require the Board's approval include, *inter alia*, those involving material acquisitions and disposal of assets of the Company, annual budget, quarterly and full year results announcements, annual report and financial statements, distribution of dividends and other returns to shareholders, fund raising exercises, corporate and financial restructuring, and interested person transactions of a material nature *(Provision 1.3)*.

Upon appointment of each Director, the Company will provide a formal letter to the Director, setting out clearly the Directors' duties and obligations. Newly appointed Directors are given orientation briefings by the Management including site visits to the Company's assets to ensure that they are familiar with the Group's businesses, directions and policies. The Board is regularly updated on the latest amendments to the law as well as changes to regulations and accounting standards. Every Director will receive from time to time further relevant training or briefings by professionals, particularly on the enactment of relevant new laws and regulations as well as on new and evolving or emerging commercial risks. The Company Secretary readily keep the Directors informed as and when there are appropriate courses, conferences and seminars such as those conducted by the Accounting and Corporate Regulatory Authority ("ACRA"), the Singapore Exchange Securities Trading Limited ("SGX-ST") and Singapore Institute of Directors ("SID") *(Provision 1.2)*.

The Directors are encouraged to regularly attend such training which are funded by the Company. During FY2019, the Directors attended a number of courses and seminars, namely, 2019 ACRA-SGX - SID Audit Committee Seminar and LED2 Board Dynamics and sessions conducted by external counsels and professionals to update the Board on changes to the revised Code of Corporate Governance 2018 and SGX-ST Listing Rules.

A Director's contribution may extend beyond the confines of formal Board meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

Prior to each meeting and when the need arises, the Board is furnished with complete and adequate information in a timely manner to enable full deliberation of the issues to be considered. To ensure that the Board is able to fulfil its responsibilities, the Management readily provides the Board with board papers and related materials, background or explanatory information and copies of disclosure documents, management reports, forecasts, budgets, financial statements and other relevant information of the Group on a quarterly basis *(Provision 1.6)*.

The Board has separate and independent access to the Management and the Company Secretary at all times. Directors are entitled to request from and are provided by the Management, in a timely manner, with such additional information as may be needed to make informed decisions. The Board also seeks independent professional advice at the Company's expense as and when necessary to enable the Directors (whether individually or as a group) to discharge their responsibilities effectively.

The Company Secretary attend all Board meetings and ensure that Board procedures are strictly adhered to. The Company Secretary, together with the Management, also ensure that the Company complies with all applicable statutory and regulatory rules. In addition, the Company Secretary ensure that there is good information flow within the Board and the Board Committees, and between Management and non-executive Directors. The Company Secretary facilitate orientation and assist with professional development of the Directors as may be required. The appointment and removal of the Company Secretary is subject to the approval of the Board *(Provision 1.7)*.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board currently comprises a majority of non-executive Directors, with more than one-half of the Board being made up of independent Directors as the Chairman of the Board is also the Managing Director *(Provisions 2.2 and 2.3)*.

The Nominating Committee ("NC") reviews the independence of each Director annually based on the definition of "independence" as prescribed in the Code to ensure that there is a strong element of independence and autonomy on the Board. Pursuant to the Code, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company *(Provision 2.1)*. There is no existence of a relationship as stated in the Code that would otherwise deem any independent director to be non-independent.

Mr Loh Soo Eng retired from the Board on 2 January 2019 and Mrs Mildred Tan was appointed on the same day as an independent non-executive Director. There are currently ten members on the Board, three of whom are executive Directors and six of whom are independent non-executive Directors *(Provisions 2.2 and 2.3)*.

To further enhance the independence of the Board and the Board Committees, it is the Company's policy that no director or independent director sits in all three committees, the ARC, NC and RC.

Although two of the independent Directors, namely, Mr Boey Tak Hap and Mr Paul Hon To Tong, have served on the Board for more than nine years, the Board has, with the NC's recommendation, reviewed their appointments and considers each of them to be independent, having satisfied itself on the more important inquiry as to whether each of the Directors has truly demonstrated integrity, independent judgment, objectivity in the discharge of his duties, and professionalism and that there is no conflict of interest in dealings with the Company, rather than simply imposing a maximum number of years that he should serve on the Board, which can be arbitrary. In this regard, the Board is fully satisfied as to the performance and continued independent judgment of each of these Directors. Further, the Board does not consider it to be in the best interests of the Company or shareholders to require all these Directors who have served on the Board for more than nine years to retire at the same time, but rather, continue to build on the Company's acquired experience and expertise by preserving continuity and stability within the Company through orderly succession. There is no relationship or circumstance that is likely to affect the judgement of any of these Directors.

The Company has a policy to appoint members of the Board from diverse and varied skills, experience, gender and knowledge and have ensured that there is at least one independent director in the Board who has experience in the industry in which the Company operates. The Board will examine its size and composition whenever circumstances require *(Provision 2.4)*. The Company adopts the principle of collective decisions process and hence, no individual or smaller group of individuals dominates the Board's decision-making process.

Given the present scope and nature of the Company's operations, the Board considers its current size and profile of its members, whose core competencies, qualifications, skills and experience are diverse, extensive and complementary, to be appropriate.

Non-executive directors and/or independent directors, led by an independent director, will meet regularly without the presence of Management. The chairman of such meetings will provide feedback to the Board and/ or Chairman as appropriate *(Provision 2.5)*.

The profiles of the Directors are set out on pages 4 to 6 of this Annual Report.

Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Chairman of the Board, Mr Cheng Wai Keung, is also the Managing Director ("MD") of the Group and has overall responsibility for the management and operations of the Group.

In order to address the issue of independence given that the Chairman and the MD are the same person, the Board has formally appointed Mr Paul Hon To Tong as Lead Independent Director to serve as a sounding board for the Chairman and also as an intermediary between the non-executive Directors and the Chairman to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. In addition, Mr Paul Hon To Tong is available to the shareholders whenever they have any concerns which cannot be resolved or which may not be appropriate to be raised through normal contact channels of the executive Directors or the chief financial officer ("CFO") *(Provision 3.1 & 3.3)*.

Mr Cheng Wai Keung's primary role as Chairman of the Board is to lead the Board in developing sound policies and strategies for the Company and ensuring that they are implemented effectively, as well as to promote high standards of corporate governance. Mr Cheng Wai Keung also provides leadership to the Board, and ensures that Board meetings are held whenever necessary to promote a culture of openness and debate at the Board and that Board members are provided with complete, adequate and timely information. As the MD, Mr Cheng Wai Keung makes key decisions on the management and operations of the Group and is responsible for the conduct of the business and affairs of the Group, supported by the key management. The continued growth of the Company under Mr Cheng Wai Keung's leadership over the years clearly demonstrates his ability to discharge the responsibilities of both his roles as Chairman and MD effectively *(Provision 3.2)*.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

To assist the Board in the discharge of its responsibilities and to enhance the Company's corporate governance framework, the Board, without abdicating its responsibility, delegates specific functions to the various Board Committees, namely, the Audit & Risk Committee ("ARC"), the NC and the Remuneration Committee ("RC"). Each of these Board Committees has its own terms of reference and reports its activities regularly to the Board.

The NC comprises three members, namely, Mr Guy Daniel Harvey-Samuel – appointed as Chairman of the NC on 2 January 2019, Mr Paul Hon To Tong, Lead Independent Director and Mr Cheng Wai Keung, MD *(Provision 4.2)*.

The NC has adopted its own specific written terms of reference. The principal functions of the NC are to make recommendations to the Board for succession plans for directors, the appointment and re-appointment of Directors to the Board and to review the independence of each Director annually and as and when circumstances require. The NC also recommends to the Board the process for evaluation of the performance of the Board, the Board Committees and the individual Directors. In addition, the NC reviews the training and professional development programmes for the Board *(Provision 4.1)*.

Pursuant to the Company's Constitution, Directors are required to submit themselves for re-nomination and re-election once every three years. At least one-third of the Directors retire at each Annual General Meeting ("AGM") subject to re-election annually. The Directors to retire every year shall be those who have been longest in office since the last re-election, and as between persons who became Directors on the same day, those to retire shall be determined by lot. The Company has no alternate Directors.

The NC will make recommendations relating to the review of board succession plans for Directors and the composition of the Board, from time to time, and to search for and identify suitable candidates with the right qualifications, expertise and experience to be appointed as Directors. Each candidate will be evaluated based on his ability to enhance the Board's capabilities through his contributions in his area of expertise and to improve the Group's business strategies, controls and/or corporate governance *(Provision 4.3)*.

All directors and members of the Board are appointed following a comprehensive and extensive external search based on their credentials and qualities.

When considering the independence of the Directors, the NC also reviews the annual declaration by the independent non-executive Directors regarding their independence and the Directors' disclosures of interests in transactions *(Provision 4.4)*.

For first-time directors, the Company provides training in areas such as accounting, legal or such other industry-specific knowledge, where appropriate. As mentioned before, upon appointment of each Director, the Company will provide a formal letter to the Director, setting out clearly the Directors' duties and obligations to ensure that new directors are aware of their duties and obligations *(Provision 4.5)*.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

With the assistance of KPMG Services Pte Ltd ("KPMG"), the Company's objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole was developed, established and approved for use to ascertain the effectiveness of the Board as a whole, its Board committees and each Director. This framework is reviewed and refined annually or when required, to incorporate better practices to enable an effective and relevant assessment process *(Provision 5.1)*.

The NC's assessment of the effectiveness and performance of the Board as a whole and its Board Committees is conducted on an annual basis (by circulating board evaluation forms amongst the Directors) taking into account the level of participation and contribution of each individual Director towards the Board's effectiveness and competencies, as well as the strategic insight, financial literacy, business judgment, integrity and relevant industry knowledge rendered for the benefit of the Group. The aim of the assessment is to assess whether each Director is able to and continues to contribute effectively and demonstrate commitment to his/her role. Individual evaluation and self-assessment of each Director are also conducted on an annual basis. Additional performance criteria based on the Code have been incorporated recently. These performance criteria allow for comparison with industry peers and go towards enhancing long-term shareholder value. Based on the results of the evaluations, the Board has met its performance objectives *(Provision 5.2)*.

The Chairman of the Board will act on the results of the evaluation and, in consultation with the NC, may propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

Remuneration Matters

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises three members, all of whom, including the Chairman of the RC, are independent non-executive Directors. The RC members are Mr Christopher Lau Loke Sam – appointed as Chairman of the RC on 2 January 2019, Mr Boey Tak Hap and Mr Guy Daniel Harvey-Samuel *(Provision 6.2)*. The former Chairman of the RC, Mr Loh Soo Eng, retired from the Board on 2 January 2019.

The RC has adopted its own specific written terms of reference. The principal functions of the RC are to review and recommend to the Board a general framework for remuneration within the Company and the specific remuneration packages for each Director as well as for the key management personnel of the Group *(Provision 6.1)*. As and when required, the RC obtains independent and professional advice on remuneration matters (including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits-in-kind) from human resource advisers and an external management consultancy firm specialising in people-pay-performance management strategies, Carrots Consulting Pte Ltd ("Carrots"). Other than its professional appointment, Carrots has no affiliation or relationship with the Company or any of its Directors that will affect the independence and objectivity of its performance *(Provision 6.4)*. The RC reviews the structure of the remuneration packages for the Directors and key management personnel to ensure that they are competitive and sufficient to attract, retain and motivate key executives. No Director is involved in deciding his or her own remuneration.

The RC reviews the Company's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable terms of termination which are industry norm and not overly generous, onerous or adverse to the Company. There is no termination, retirement and post-employment benefits granted to the executive Directors and key management personnel *(Provision 6.3)*.

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Company's remuneration framework for executive Directors and key management personnel comprises a fixed component (in the form of a base salary, annual wage supplement, fixed allowances where applicable, together with other benefits-in-kind in accordance with the Company's prevailing human resource policies), a variable component in the form of variable bonuses, as well as a share-based component, where applicable. The remuneration packages take into account the individual's performance, the Group's overall performance, as well as acceptable market practices and employment conditions within the industry. Such performance-related remuneration takes into account the risk policies of the Company, is symmetric with risk outcomes and is sensitive to the time horizon of risks. In assessing the performance of the executive Directors and key management personnel, the RC takes into account the financial and operational performance of the Group. Carrots undertakes a benchmarking exercise on the remuneration packages of the executive Directors and key management personnel of the Group on an annual basis.

The Company seeks to remunerate all employees based on their individual performances and contributions towards the Company. To this end, the Company has in place a robust performance management system with which to appraise the employees' performance against a set of key performance indicators on an annual basis *(Provision 7.1)*.

Non-executive Directors are paid a fixed fee appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities. Directors who participate in Board Committees receive higher fees for the additional responsibilities they take on. The Company recognises that non-executive Directors should not be over-compensated to the extent that their independence may be compromised. All Directors' fees are approved by shareholders at the AGM of the Company before they are paid *(Provision 7.2)*.

The Company uses the Wing Tai Performance Share Plan ("Wing Tai PSP") and the Wing Tai Restricted Share Plan ("Wing Tai RSP") to incentivise both employees and Executive Director to promote the long-term success of the Company. The performance conditions which the Wing Tai PSP seeks to promote are broader targets aimed at sustaining more extensive and longer-term growth, and they are set over a three-year performance period. On the other hand, the performance conditions prescribed under the Wing Tai RSP are shorter-term targets aimed at encouraging continued service, and the shares have a vesting schedule of three years. Other than the Wing Tai RSP and Wing Tai PSP ("Share Plan Shares") granted to the Executive Director, Ms Tan Hwee Bin, no Share Plan Shares was granted to the other Executive Directors during the financial year *(Provision 7.3)*.

The RC has the discretion not to award variable incentive in any year if an Executive Director or a key management personnel is involved in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

The Company currently has contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Principle 8: Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration packages of Directors and key management personnel are a competitive advantage of the Group. The Company uses both short term and long term incentives such as variable bonus and share plans, to motivate its Directors and employees to deliver greater performance for the Company. Given the sensitivity and confidentiality of such information, the Company has chosen to make such disclosure in bands of $250,000 (except for key management where there is no upper limit for the top band) with a breakdown in percentage terms of base salary, bonus, share awards and other benefits. The Company is of the view that such disclosures would provide adequate information on the remuneration policies and practices for Directors and key management personnel *(Provision 8.1)*.

The breakdown (in percentage terms) of the Directors' remuneration paid in FY2019 is as follows *(Provisions 8.1 and 8.3)*:-

Remuneration Bands	Fees (%)	Salary (%)	Bonus (%)	Other benefits (%)	Total (%)	Shares granted during the year
$4,250,001 to $4,500,000						
Cheng Wai Keung	–	31	63	6	100	–
$4,000,001 to $4,250,000						
Edmund Cheng Wai Wing	–	30	61	9	100	–
$2,250,001 to $2,500,000						
Tan Hwee Bin	–	26	54	20^	100	325,000
Below $250,000						
Boey Tak Hap	100	–	–	–	100	–
Cheng Man Tak	100	–	–	–	100	–
Christopher Lau Loke Sam	100	–	–	–	100	–
Loh Soo Eng*	100	–	–	–	100	–
Paul Hon To Tong	100	–	–	–	100	–
Guy Daniel Harvey-Samuel	100	–	–	–	100	–
Tan Sri Dr. Zulkurnain bin Hj. Awang	100	–	–	–	100	–
Mrs Mildred Tan+	–	–	–	–	–	–

^ Includes the fair value of restricted shares and performance shares
* Retired on 2 January 2019
\+ Appointed on 2 January 2019

The breakdown of the remuneration of the five key management personnel (Ms Helen Chow is the spouse of the MD) in bands of $250,000 for FY2019 is set out below *(Provision 8.1)*.

The total remuneration paid to the five key management personnel for FY2019 amounted to $5.1 million.

Remuneration Bands	Salary (%)	Bonus (%)	Share awards^ (%)	Other benefits (%)	Total (%)
Above $750,000					
Helen Chow	50	40	-	10	100
Helen Khoo	47	27	21	5	100
Ng Kim Huat	40	40	16	4	100
Karine Lim	40	40	16	4	100
$500,001 to $750,000					
Stacey Ow Yeong	44	39	11	6	100

^ Includes the fair value of restricted shares and performance shares (where applicable)

Mrs Kit Cheng, who is the spouse of the Deputy Chairman, Mr Edmund Cheng Wai Wing, received remuneration that is between $200,000 and $300,000 during FY2019 *(Provision 8.2)*.

Having consulted Carrots as well as the Company's Human Resource department, there is assurance from the Board and/or the ARC that the level and structure of remuneration are aligned with the long-term interests and risk management policies of the Company.

Accountability And Audit

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board places great importance in having adequate and effective internal controls and risk management practices within the Company in order to achieve good corporate governance. The Group's internal controls provide reasonable assurance that the Group's assets are safeguarded, proper accounting records are well-maintained, financial information are reliable and applicable laws and regulations are properly complied with.

The Board ensures that the Management maintains an adequate and effective system of internal controls and risk management which addresses key material risks including those posed in financial, operational, compliance and information technology domains. The Board requires the ARC to fully review and report annually on the adequacy and effectiveness of the internal controls and risk management as well as to assist in its risk management oversight.

The Group has in place an enterprise risk management ("ERM") framework to provide the Board with a Group-wide view of the risks in the respective business units. The ERM framework enables the identification, assessment, management and monitoring of key risks to the Group's business. It also sets out the risk tolerance and describes the tolerance for various classes of risk by the Board based on the percentage of the Company's net tangible asset (NTA). As part of this framework, risk registers are set up to document the identified key material risks and mitigating controls/actions. The policies and procedures within the ERM framework allow the Group to regularly review the significance of its key material risks, consider the adequacy and effectiveness of the Group's system of internal controls to limit, mitigate and monitor the identified key material risks and the implementation of further action plans to manage strategic business risks, especially financial, operational, compliance and information technology risks.

As part of its continuing efforts to improve the risk management policies and systems, the Board, with the assistance of KPMG, reviews the Group's existing internal controls and the risk registers annually. Risk workshops are carried out with the risk owners to identify, assess and prioritise these risks. Mitigating actions in managing the key risks, as well as action plans to address the gaps, are considered and documented. Risk tolerance limits are set up to align with the Group's risk appetite and are subject to annual reviews. Operating within risk tolerance limits provides the Management with greater assurance that the Group operates within its risk appetite *(Provision 9.1)*.

The Board has received assurance from the MD and the CFO that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Group's framework of risk management and internal controls is adequate and effective in addressing the key material risks relating to financial, operational, compliance and information technology controls, which the Company may face in the day-to-day operation of its businesses *(Provision 9.2)*.

Based on the internal controls established, the assurances received by the MD and CFO regarding financial records, risk management and internal controls, the work performed by the internal and external auditors and the existing management controls in place, the Board, with the concurrence of the ARC, is of the opinion that there are adequate and effective internal controls and risk management systems in place within the Group addressing the key material risks relating to financial, operational, compliance, and information technology controls, to meet the needs of the Group in its current business environment as at 30 June 2019.

The system of risk management and internal controls which has been established by the Group provides reasonable assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board, however, notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities. The Board, together with the ARC and the Management, will continue to enhance and improve the existing risk management and internal control frameworks to identify and mitigate these risks.

Principle 10: Audit & Risk Committee

The Board has an ARC which discharges its duties objectively.

The ARC comprises four members, all of whom are independent non-executive Directors. The ARC members are Mr Paul Hon To Tong – appointed as Chairman of the ARC on 2 January 2019, Mr Boey Tak Hap, Mr Christopher Lau Loke Sam and Mrs Mildred Tan (who was appointed on 2 January 2019). A former member of the ARC, Mr Loh Soo Eng retired from the Board on 2 January 2019.

The Board considers the members of the ARC appropriately qualified to discharge the roles and responsibilities of the ARC. The members of the ARC have sufficient accounting and financial management expertise and experience *(Provision 10.2)*. The ARC held four meetings in FY2019. The ARC met with the internal and external auditors without the presence of the Management during FY2019 *(Provision 10.5)*.

The ARC is guided by its own written terms of reference setting out its authority and duties. The ARC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management, complete discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions effectively and properly.
The ARC maintains a high standard of corporate governance by reviewing, *inter alia*, the significant financial reporting issues and judgements, annual audit plan, internal audit processes and the adequacy and effectiveness of risk management and internal controls, including financial, operational, compliance and information technology controls within the Company as well as any interested person transactions which may arise during the course of the Company's businesses. During the financial year, the ARC reviewed the quarterly and annual financial statements of the Group including the assurance from the MD and the CFO on the financial records and financial statements before submitting the same to the Board for its approval. Any changes to existing accounting standards and issues which have a direct impact on financial statements are raised and discussed at such meetings *(Provision 10.1)*. The ARC also reviews the procedures for detecting fraud and whistle-blowing, and ensure that arrangements are in place by which staff of the Company and any other persons may, in confidence raise concerns about possible improprieties in matters of financial reporting, financial control, or any other matters.

In presenting the annual financial statements and announcement of financial results to the shareholders, the Board aims to provide shareholders with a fair, balanced and complete assessment of the Company's performance, financial position and prospects on a quarterly basis, as well as other price-sensitive public reports, and reports to regulators, where required. The Management furnishes the Board with quarterly management reports which present an independent and accurate appraisal of the Company and its businesses, and all other information that will enable the Board to make a balanced and well-informed assessment of the Company's performance, position and prospect, as the Board may require from time to time. The Board has put in place adequate steps to ensure compliance with legislative and regulatory requirements.

In the review of the financial statements for FY2019, the ARC has discussed with the Management and the external auditors on the accounting principles that were applied and their judgment of issues that might affect the integrity of the financial statements. The following are key audit matters reported by the external auditors for FY2019:-

Key Audit Matters	How these issues were addressed by the ARC
Valuation of development properties	The ARC has considered the approach and methodology applied to the valuation of development properties, focusing on development properties with slower-than-expected sales, low or negative margins. The ARC was periodically briefed by the Management on the development of key projects, the market trends and the strategies to sell the development properties. The ARC also considered the work performed by the external auditors on their assessment of the reasonableness of the estimates and assumptions used in the valuation of development properties. The ARC was satisfied with the valuation process, the methodologies used and the basis of the valuation for the development properties as adopted and disclosed in the financial statements.
Valuation of investment properties	The ARC considered and discussed with Management on the approach and methodology applied to the valuation of investment properties. The ARC also considered the work performed by the external auditors on their assessment of the appropriateness of the valuation techniques and the reasonableness of the underlying assumptions made for key inputs used by the external valuers in determining the valuation of investment properties. The ARC was satisfied with the valuation process, the methodologies used and the basis of the valuation for the investment properties as adopted and disclosed in the financial statements.

The ARC also takes steps to keep itself abreast of new developments in and changes to accounting standards and issues which have a material impact on financial statements by participating in training conducted, and regular updates provided, by professionals or external auditors and consultants.

The ARC meets on a periodic basis to perform, *inter alia*, the following:

- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's performance;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's risk management and internal controls, including financial, operational, compliance and information technology controls;
- recommend the appointment, re-appointment and removal of the external auditors;
- review the scope, results and cost effectiveness of the audit exercise;
- evaluate the independence and objectivity of the external auditors; and
- review the adequacy and effectiveness of the internal audit function *(Provisions 10.1(a)-(e))*.

The ARC makes recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors. Having reviewed the value of the non-audit services provided by the external auditors to the Group, the ARC is satisfied that the nature and extent of such services do not prejudice the independence and objectivity of the external auditors when carrying out its audit function of the Company. The external auditors have also provided confirmation of their independence to the ARC. The aggregate amount of fees paid by the Company, broken down into audit and non-audit services as provided by the auditors to the Company for FY2019 is disclosed on page 73 of this Annual Report.

The ARC is primarily responsible for proposing to the Board, the appointment and removal of the external auditors. The ARC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation *(Provision 10.3)*. The external auditors are a completely independent function. No Director or senior managers have an employment relationship with the current external auditors. The Company has complied with Rules 712 and 715 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") in relation to the appointment of its external auditors.

The ARC is the body which approves the appointment, removal, evaluation and compensation of the internal audit function in the Group. The ARC ensures that the internal audit function is independent, effective, adequately resourced and has appropriate standing within the Company. The internal audit function is outsourced to KPMG, which is a reputable accounting and auditing firm staffed by qualified professionals with the relevant qualifications and experience. The audit methodology is in conformance with the *International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors*. These standards cover attributes as well as performance and implementation principles. KPMG reports to the Chairman of the ARC and has unfettered access to all of the Group's documents, records, properties and personnel, including unrestricted access to the ARC. On an annual basis, the ARC reviews the adequacy and effectiveness of the internal audit function. For the financial year, the ARC concludes that the internal audit function is adequate (including adequately resourced), effective and independent *(Provision 10.4/SGX Listing Rule 1207(10C))*.

The Company also adopts a set of internal controls which sets out approval limits for expenditure, monetary withdrawals, investments and divestments and cheque signatory arrangements within the Company. KPMG assists the ARC in its functions by reporting its audit findings to the ARC and the senior management. The scope of KPMG's role is to perform detailed work to assist the ARC and the Board in their evaluation of internal controls and risk management in the Company's day-to-day operations. Wherever required, KPMG submits its plans and recommendations to the ARC for approval.

Whistle-blowing Policy

The Company has put in place a policy on whistle-blowing to facilitate the reporting of activities or practices which are in violation of the Group's work ethics and rules. Key details are published on the corporate website and anonymous reporting is allowed. The Group encourages employees or any other parties to report unlawful, unethical or fraudulent activities or practices in strict confidence. All whistle-blowing reports are submitted either to the internal auditors ("IA") or the Chairman of the ARC so that independent investigation and appropriate follow-up action can be carried out under strict confidentiality. The ARC has the responsibility of overseeing this whistle-blowing policy, which is administered with the assistance of the IA. The process of raising concerns about possible improprieties in matters of financial reporting or other matters has been properly communicated to all employees in the Company and the whistle-blowing hotline is disclosed to all other persons on the Company's website. It is believed that this will not only encourage openness and promote transparency but also act as a form of check and balance against the internal controls and risk management practices of the Group *(Provision 10.1(f))*.

Interested Person Transactions

The Company has an established internal policy when dealing with interested person transactions ("IPT") which sets out clear procedures for their review and approval. The Company did not have to obtain any shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual.

The Company has established clear policies that require Directors of the Board to refrain from participation in Board discussions and decision making process on a particular agenda when they have conflict of interests. The Company also takes steps to ensure that IPTs are conducted fairly and on arm's length basis.

Particulars of IPT for FY2019 as required under Rule 907 of the SGX-ST Listing Manual are as follows:-

Name of interested person	Aggregate value of all interested person transactions during the financial year under review	Aggregate value of all interested person transactions conducted under the shareholders' mandate
	$'000	$'000
Management and other related fees		
Lanson Place Hospitality Management (Singapore) Pte Ltd #	201	N.A.
Lanson Place Hospitality Management (Malaysia) Limited #	518	N.A.

The Group has a 33.1% interest in this company

Shareholder Rights and Conduct Of General Meetings

Principle 11: Shareholder Rights

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

In line with the disclosure obligations under the SGX-ST Listing Manual and the Companies Act (Cap. 50), and to facilitate the exercise of ownership rights by the shareholders, the Company promptly informs its shareholders of all developments that materially impact the Group. Shareholders are updated on the businesses and affairs of the Company through the quarterly release of the Company's results. Material and price-sensitive information is publicly released by the Company via the Singapore Exchange Network ("SGXNET") on an immediate basis where required by the SGX-ST. The Company does not practise selective disclosure of information. Timely and detailed disclosure of pertinent corporate information is communicated via SGXNET and the Company's website.

Shareholders are given the opportunity to raise questions and communicate their views on the Company at general meetings and minutes of these general meetings will be posted on the Company's website. Shareholders are also given the opportunity, presented through the general meeting agenda, to approve remuneration (fees, allowances, benefit-in-kind and other emoluments) or any increases in remuneration for the non-executive directors. The Chairman and Board of Directors were present at the latest AGM, to address any questions that the shareholders may have. The external auditors of the Company are also present to assist the Board in addressing any queries posed by the shareholders about the conduct of audit and the preparation and content of the auditors' report *(Provision 11.3)*. The Company passes separate resolutions at general meetings on each distinct issue placed before it *(Provision 11.2)*. A shareholder can vote in person or by way of proxy at general meetings. All resolutions at the general meetings are put to the vote by way of poll and the detailed results of the voting for each of the resolutions are announced on the SGX-ST. The Company's constitution provides that a registered shareholder who is not a relevant intermediary (as defined in the Companies Act) and who is unable to attend may choose to appoint up to two proxies to attend and vote on his behalf, while relevant intermediaries may appoint more than two proxies to attend and participate in general meetings. Voting in absentia by mail, facsimile or email is currently not permitted so as to ensure proper authentication of the identity of shareholders and their voting intent *(Provision 11.4)*.

Voting and vote tabulation procedures used are disclosed before the general meetings proceed with appointed independent scrutineer to validate the voting process and procedures. Currently, the Company has appointed TS Tay Public Accounting Corporation as an independent scrutineer to count and validate the votes at the AGM *(Provision 11.1)*.

The Company has a dividend policy of around 30% payout ratio based on underlying net profits, taking into consideration the Company's financial position, capital needs, plans for expansion and other factors as the Board may deem appropriate. Currently, the Company pays dividend to all its shareholders within 30 days after the shareholders' approval of the dividend(s) at the shareholders general meetings *(Provision 11.6)*.

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

In line with our sustainability practices and efforts, we have discontinued the CD-ROM version of the annual report to shareholders with effect from 2018. Shareholders can, from now on, access the annual reports and the circulars of the Company available on our website. The notices of the Company's AGMs (which are also advertised in the press) and Company's results are published via SGXNET. In order to address its shareholders' concerns and to share views, the Company also conducts media and analysts briefing for its full-year results to provide market updates on the Group's businesses as well as the steps and measures being taken to further understand shareholders' viewpoints and concerns. A Corporate Finance team carries out established investor relation policies in order to ensure regular and effective conveyance of pertinent information to shareholders *(Provision 12.1)*.

The Company makes timely disclosure of material and price-sensitive information to help investors make informed decisions. Shareholders, investors and analysts are kept informed with updated information, including financial statements and presentation slides via announcements, press releases, annual general meetings and briefing sessions, where appropriate *(Provision 12.2)*.

If shareholders have any query on investor relations, they may contact investors@wingtaiasia.com.sg. *(Provision 12.3)*.

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company's engagement with all stakeholders will be set out in detail in the Sustainability Report to be published annually on the Company's corporate website.

The Company takes its corporate social responsibility seriously and it is not involved nor does it have any legal violation pertaining to labour, employment, consumer, insolvency, commercial, competition or environmental issues.

The Company's latest financial results, annual reports and Code of Conduct are available on the Company's website at www.wingtaiasia.com.sg.

Dealings In Securities

The Company has adopted and implemented an internal guideline on share dealings in the Company's securities in compliance with Rule 1207(19)(c) of the SGX-ST Listing Manual. All officers of the Company are prohibited from dealing in securities of the Company whilst in possession of price-sensitive information. They are also precluded from dealing in securities of the Company during the closed period, which is two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year and one month before the date of announcement of the full-year financial results. In addition, officers of the Company are also strongly discouraged from dealing in the Company's securities on short-term considerations.

Professional Conduct and Discipline

The Company has established various policies on employees' conduct, confidentiality, conflict of interests, intellectual property, software use, and internet usage. The Company continues to remind all employees that they are required to conduct and carry themselves in a professional manner while at work, and undertake to observe and adhere with all prevailing policies.

Financial Reports

for the Financial Year 2019

Five-Year Financial Summary

	2019 $'000	2018[1] $'000	2017[1] $'000	2016[1] $'000	2015[1] $'000
Revenue	**322,616**	360,428	263,203	544,531	676,715
Property	**177,502**	215,262	111,462	367,234	467,720
Retail	**134,465**	136,126	143,948	169,640	199,012
Investment and others	**10,649**	9,040	7,793	7,657	9,983
Earnings before interest and tax	**66,835**	270,706	54,744	78,893	215,069
Profit before income tax	**46,278**	245,897	19,679	41,373	175,295
Total profit	**48,757**	227,317	26,399	15,661	165,943
Profit attributable to equity holders of the Company	**46,771**	225,166	20,119	7,079	150,304
Equity attributable to ordinary shareholders of the Company	**3,213,041**	3,289,130	3,108,877	3,122,709	3,173,169
Total assets	**4,359,643**	4,499,204	4,581,947	4,977,483	4,887,560
Total liabilities, perpetual securities and non-controlling interests	**1,146,602**	1,210,074	1,473,070	1,854,774	1,714,391
Earnings per share[2] (cents)	**5.21**	28.29	2.59	0.91	19.16
Net tangible assets per share[2] ($)	**4.19**	4.26	4.02	4.04	4.07
Cash dividends per share (cents)	**5.00**	8.00	6.00	6.00	3.00

Note:

1. From 1 July 2018, the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") and applied all of the specific transition and other requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)s*. As a result, the Group's 2018 financial figures have been adjusted, as disclosed in pages 46 to 55 of the financial statements. The financial figures for 2015 to 2017 are prepared in accordance with Singapore Financial Reporting Standards, and the financial figures extracted from the 2017 statement of financial position have been reclassified for comparability purposes. Consequently, the affected financial ratios have been adjusted accordingly.

2. The weighted average number of ordinary shares used for this purpose is as follows:

	'000
2019	**767,544**
2018	774,165
2017	773,526
2016	777,271
2015	784,455

Directors' Statement

For the Financial Year Ended 30 June 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2019 and the statement of financial position of the Company as at 30 June 2019.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 40 to 125 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

Cheng Wai Keung *(Chairman and Managing Director)*
Edmund Cheng Wai Wing *(Deputy Chairman and Deputy Managing Director)*
Boey Tak Hap
Cheng Man Tak
Christopher Lau Loke Sam
Paul Hon To Tong
Guy Daniel Harvey-Samuel
Tan Sri Dr Zulkurnain bin Hj. Awang
Sim Beng Mei Mildred (Mrs Mildred Tan) *(appointed on 2 January 2019)*
Tan Hwee Bin

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in the "Share Plans" sections of this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) The interests of the directors holding office at the end of the financial year in the shares, share options and share plans of the Company and related corporations according to the register of the directors' shareholdings were as follows:

	Holdings registered in the name of director			Holdings in which director is deemed to have interest		
Name of director	**As at 01.07.2018**	**As at 30.06.2019**	**As at 21.07.2019**	**As at 01.07.2018**	**As at 30.06.2019**	**As at 21.07.2019**
The Company						
Ordinary Shares						
Cheng Wai Keung	-	**-**	-	395,038,656	**395,038,656**	**395,038,656**
Edmund Cheng Wai Wing	-	**-**	-	318,021,664	**318,021,664**	**318,021,664**
Tan Hwee Bin	1,650,635	**1,774,335**	1,774,335	-	**-**	-
Performance Share Plan *						
Tan Hwee Bin	393,000	**458,000**	458,000	-	**-**	-
Restricted Share Plan						
Tan Hwee Bin	103,200	**176,700**	176,700	-	**-**	-

* Shares awarded are contingent upon achievement of threshold targets.

Except for the above, none of the directors of the Company at the end of the financial year had any interest in the shares or debentures of the Company or any other related corporations.

Directors' Statement

For the Financial Year Ended 30 June 2019

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES *(continued)*

(b) By virtue of Section 7 of the Singapore Companies Act, Cheng Wai Keung and Edmund Cheng Wai Wing, who by virtue of their interest of not less than 20% in the issued capital of the Company, are also deemed to have an interest in the shares of the various subsidiary companies held by the Company.

SHARE PLANS

The Wing Tai Performance Share Plan ("Wing Tai PSP") and the Wing Tai Restricted Share Plan ("Wing Tai RSP")
The Wing Tai PSP and the Wing Tai RSP (collectively referred to as the "Wing Tai New Share Plans") were adopted by the members of the Company at an AGM held on 26 October 2018. The Wing Tai Share Plans are administered by a committee (the "Committee") comprising two directors, namely Cheng Wai Keung and Tan Hwee Bin.

(a) *Wing Tai PSP*
One of the primary objectives of the Wing Tai PSP is to increase the Company's flexibility and effectiveness in its continuous efforts to reward, retain and motivate key management staff. The Wing Tai PSP is primarily targeted at executives in key positions who are able to drive the growth of the Company through innovation, creativity and superior performance.

Full-time executives (including executive directors) of the Company, its subsidiary companies or associated companies who hold such rank as may be designated by the Committee from time to time are eligible to participate in the Wing Tai PSP.

Under the Wing Tai PSP, performance conditions are set over a three-year performance period. A specified number of shares will be released by the Committee to the participants at the end of the performance period, provided the threshold targets are achieved. The total number of shares released varies depending on the achievement of pre-set performance targets over the performance period. The achievement factor ranges from 0% to 200%.

Details of the movement in the awards of the Company during the year were as follows:

Date of grant	As at 01.07.2018	Number of shares granted	Adjustment of shares awarded arising from targets achieved	Number of shares released	As at 30.06.2019
14.09.2015	191,000	-	(155,800)	(35,200)	-
21.09.2016	323,000	-	-	-	**323,000**
25.09.2017	333,000	-	-	-	**333,000**
26.09.2018	-	315,000	-	-	**315,000**
Total	**847,000**	**315,000**	**(155,800)**	**(35,200)**	**971,000**

Directors' Statement

For the Financial Year Ended 30 June 2019

SHARE PLANS *(continued)*

The Wing Tai Performance Share Plan ("Wing Tai PSP") and the Wing Tai Restricted Share Plan ("Wing Tai RSP") *(continued)*

(b) *Wing Tai RSP*
The objective of the Wing Tai RSP is to serve as an additional motivational tool to recruit and retain employees.

Full-time executives (including executive directors) of the Company, its subsidiary companies or associated companies who hold such rank as may be designated by the Committee from time to time and non-executive directors are eligible to participate in the Wing Tai RSP.

Under the Wing Tai RSP, performance conditions are set over a one-year performance period. A specified number of shares will be awarded to eligible participants at the end of the performance period depending on the extent of achievement of the performance conditions established. These shares have a vesting schedule of three tranches. The participant will receive fully paid shares, without any cash consideration payable by the participant.

Details of the movement in the awards of the Company during the year were as follows:

Date of grant	As at 01.07.2018	Number of shares granted	Number of shares released	Number of shares forfeited	As at 30.06.2019
14.09.2015	290,800	-	(290,800)	-	**-**
21.09.2016	345,100	-	(147,900)	(8,400)	**188,800**
25.09.2017	729,000	-	(218,700)	(30,100)	**480,200**
26.09.2018	-	1,328,000	(398,400)	(42,000)	**887,600**
Total	**1,364,900**	**1,328,000**	**(1,055,800)**	**(80,500)**	**1,556,600**

The information on a director of the Company participating in the Wing Tai PSP and Wing Tai RSP is as follows:

Name of director	Awards granted during the year	Aggregate awards granted since commencement of plans to the end of the year	Aggregate awards released since commencement of plans to the end of the year	Aggregate awards outstanding as at the end of the year
Tan Hwee Bin				
Wing Tai PSP	142,000	866,000	309,400	458,000
Wing Tai RSP	183,000	1,552,000	1,345,300	176,700

Directors' Statement

For the Financial Year Ended 30 June 2019

AUDIT & RISK COMMITTEE

The Audit & Risk Committee consists of four non-executive independent directors. The members of the Committee at the date of this report are as follows:

Paul Hon To Tong *(Chairman)*
Boey Tak Hap
Christopher Lau Loke Sam
Sim Beng Mei Mildred (Mrs Mildred Tan)

The Audit and Risk Committee reviewed the Group's accounting policies and system of internal controls on behalf of the Board of Directors and performed the functions specified in Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

(a) the audit plans of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(b) the scope and results of internal audit procedures with the internal auditor;

(c) the assistance given by the Company's management to the independent auditor; and

(d) the quarterly results and the full year consolidated financial statements of the Group for the financial year ended 30 June 2019 before their submission to the Board of Directors for approval and the Independent Auditor's Report on these financial statements.

The Audit & Risk Committee also assists the Board of Directors with risk governance and overseeing the Company's risk management framework and policies.

The Audit & Risk Committee has nominated PricewaterhouseCoopers LLP for re-appointment as auditor of the Company at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

CHENG WAI KEUNG
Director
12 September 2019

EDMUND CHENG WAI WING
Director

Independent Auditor's Report to the Members of Wing Tai Holdings Limited

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Wing Tai Holdings Limited ("the Company") and its subsidiary companies ("the Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the financial year ended 30 June 2019;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the statements of financial position of the Group and of the Company as at 30 June 2019;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Wing Tai Holdings Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of development properties	
As at 30 June 2019, the carrying amount of the Group's development properties of S$1,092.1 million accounted for 25% of the Group's total assets. The disclosures relating to these development properties are included in Note 14 to the financial statements. The Group has significant development properties in Singapore and Malaysia. During the financial year, no allowance for foreseeable loss of development properties is recorded arising from management's evaluation of the development properties as at 30 June 2019. In addition, valuation of development properties held by the Group's associated and joint venture companies affects the carrying value of the Group's investments and the share of profits of associated company and joint venture companies. The disclosures relating to the investments in associated and joint venture companies are in Note 17 to the financial statements. The determination of valuation of development properties, and whether to recognise or write back any allowance for foreseeable losses on development properties, as disclosed in Note 2.9, involve significant management judgement as this is highly dependent on the Group's estimated selling prices, taking into consideration market demand for private residential units, local government policies and prevailing regulatory restrictions.	In assessing the valuation of development properties, we focused on development properties with slower-than-expected sales, low or negative margins. Our audit procedures to assess the adequacy of management's estimated development costs and the reasonableness of the assumptions used, where applicable, included the following: • compared actual costs incurred against underlying contracts with vendors and supporting documents; • assessed the reasonableness of costs-to-complete by substantiating costs that have been committed to quotations from and/or contracts with suppliers; • discussed with the project managers and management on the status of the development properties and the basis for the estimated cost to complete and challenged the underlying assumptions by benchmarking against the Group's past projects; and • assessed the competency, capabilities and objectivity of the quantity surveyors used by management for the certification of proportion of construction cost to date. We also evaluated management's key assumptions relating to estimated selling prices to, where available, recently transacted prices based on sales achieved to date and/or prices of comparable properties located in the same vicinity as the development projects, comparable market data and market price trends. We have checked the computations of the foreseeable losses for projects which are expected to sell or otherwise realised below cost. For the Group's interest in associated and joint venture companies accounted for under the equity method of accounting, we have ensured that the work performed by the in-scope component auditors on valuation of development properties with slower-than-expected sales, low or negative margins is in accordance with our instructions to them and consistent with the audit procedures as described above. The evidence we obtained from performing our procedures indicated that management's estimates and assumptions were reasonable. In addition, we also assessed the adequacy of disclosures relating to development properties in the financial statements.

Independent Auditor's Report to the Members of Wing Tai Holdings Limited

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
As at 30 June 2019, the carrying amount of the Group's investment properties of S$792.7 million accounted for 18% of the Group's total assets. The disclosures relating to these investment properties are included in Notes 19 and 32(e) to the financial statements. In addition, valuation of investment properties held by the Group's significant associated company, Wing Tai Properties Limited ("WTP") affects the carrying value of the Group's investment and the share of profits of the associated company. The disclosures relating to the investment in associated company are in Note 17 to the financial statements. The valuations of the investment properties are highly judgemental due to the use of estimates in the valuation techniques based on key assumptions. The key inputs include market values per square metre / per room, estimated monthly rental rate per square metre / per bay, capitalisation and discount rates.	Our audit procedures included the following: • assessed the competence, capabilities and objectivity of the external valuers engaged by the Group; • obtained an understanding of the valuation techniques used by the external valuers in determining the valuation of individual investment properties to assess the applicability of the valuation techniques for the property type; • discussed with the external valuers the key assumptions made for the key inputs used in the valuation techniques; • tested the integrity of key inputs, as well as underlying leases and financial information provided to the valuers; and • assessed the reasonableness of market values per square metre / per room, estimated monthly rental rates per square metre / per bay, capitalisation and discount rates used, by benchmarking these rates against comparable properties and/or prior year inputs. For the Group's interest in WTP, accounted for under the equity method of accounting, we have ensured that the work performed by the auditor of WTP on valuation of investment properties is in accordance with our instructions to them and consistent with the audit procedures as described above. We found the external valuers to be members of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the Group's investment properties and the key inputs used were within the range of market data. We also assessed the adequacy of the disclosures relating to the valuation techniques and key inputs for the valuation of the Group's investment properties, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations.

Independent Auditor's Report to the Members of Wing Tai Holdings Limited

Other Information

Management is responsible for the other information. The other information comprises all sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report to the Members of Wing Tai Holdings Limited

Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Sim May Ling Theresa.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 12 September 2019

Consolidated Income Statement

For the Financial Year Ended 30 June 2019

	Note	Group 2019 $'000	2018 $'000
Revenue	3	**322,616**	360,428
Cost of sales		**(174,801)**	(176,760)
Gross profit		**147,815**	183,668
Other gains – net	4	**27,125**	38,368
Expenses			
– Distribution		**(62,764)**	(63,521)
– Administrative and other		**(87,547)**	(88,563)
Operating profit		**24,629**	69,952
Finance costs	7	**(30,849)**	(32,533)
Share of profits of associated and joint venture companies		**52,498**	208,478
Profit before income tax		**46,278**	245,897
Income tax credit/(expense)	8(a)	**2,479**	(18,580)
Total profit		**48,757**	227,317
Attributable to:			
Equity holders of the Company		**46,771**	225,166
Non-controlling interests		**1,986**	2,151
		48,757	227,317
Earnings per share attributable to ordinary shareholders of the Company (cents):			
Basic	9(a)	**5.21**	28.29
Diluted	9(b)	**5.19**	28.18

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 30 June 2019

	Note	Group 2019 $'000	2018 $'000
Total profit		**48,757**	227,317
Other comprehensive (expense)/income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value losses on available-for-sale ("AFS") financial assets		**-**	(739)
Cash flow hedges		**(3,401)**	4,449
Currency translation differences		**(33,646)**	(13,242)
Share of other comprehensive (expense)/income of associated and joint venture companies		**(5,290)**	6,048
		(42,337)	(3,484)
Items that will not be reclassified subsequently to profit or loss:			
Fair value losses on financial investments at fair value through other comprehensive income ("FVOCI")		**(3,951)**	-
Currency translation differences		**(837)**	(648)
Share of other comprehensive income of associated and joint venture companies		**5**	91
		(4,783)	(557)
Other comprehensive expense, net of tax	8(a)	**(47,120)**	(4,041)
Total comprehensive income		**1,637**	223,276
Attributable to:			
Equity holders of the Company		**483**	221,682
Non-controlling interests		**1,154**	1,594
		1,637	223,276

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 30 June 2019

	Note	Group 2019 $'000	Group 2018 $'000	Group 1 July 2017 $'000	Company 2019 $'000	Company 2018 $'000	Company 1 July 2017 $'000
ASSETS							
Current assets							
Cash and cash equivalents	10	**217,332**	792,151	847,373	**68,770**	609,945	641,423
Trade and other receivables	12	**24,104**	57,708	41,501	**423,469**	585,571	519,350
Inventories	13	**19,592**	23,716	19,421	**-**	-	-
Development properties	14	**1,092,108**	640,427	718,538	**-**	-	-
Tax recoverable		**5,678**	7,693	6,467	**-**	-	-
Other assets	21	**25,302**	30,908	74,444	**1,109**	1,330	5,413
Assets held for sale	15	**-**	-	252,208	**-**	-	-
		1,384,116	1,552,603	1,959,952	**493,348**	1,196,846	1,166,186
Non-current assets							
Trade and other receivables	16	**278,558**	278,098	203,619	**1,162,002**	533,454	617,872
Investments in associated and joint venture companies	17	**1,734,660**	1,761,669	1,604,293	**-**	-	-
Investments in subsidiary companies	18	**-**	-	-	**282,063**	282,063	282,063
Investment properties	19	**792,663**	733,250	651,805	**-**	-	-
Property, plant and equipment	20	**112,441**	115,099	115,922	**13,015**	10,549	10,992
Deferred income tax assets	8(b)	**8,783**	10,041	10,867	**-**	-	-
Other assets	21	**48,422**	48,444	35,489	**10,825**	12,982	10,780
		2,975,527	2,946,601	2,621,995	**1,467,905**	839,048	921,707
Total assets		**4,359,643**	4,499,204	4,581,947	**1,961,253**	2,035,894	2,087,893
LIABILITIES							
Current liabilities							
Trade and other payables	22	**61,919**	96,494	141,266	**9,883**	17,476	32,741
Current income tax liabilities		**22,426**	42,609	36,834	**1,179**	293	834
Borrowings	23	**-**	-	4,253	**-**	-	-
Other liabilities	25	**11,390**	20,660	36,115	**-**	-	-
Liabilities held for sale	15	**-**	-	2,147	**-**	-	-
		95,735	159,763	220,615	**11,062**	17,769	33,575
Non-current liabilities							
Borrowings	23	**627,128**	780,066	925,371	**467,271**	599,248	602,793
Deferred income tax liabilities	8(b)	**36,046**	36,568	38,344	**-**	-	-
Other liabilities	25	**18,091**	13,546	20,614	**10,073**	3,716	979
		681,265	830,180	984,329	**477,344**	602,964	603,772
Total liabilities		**777,000**	989,943	1,204,944	**488,406**	620,733	637,347
NET ASSETS		**3,582,643**	3,509,261	3,377,003	**1,472,847**	1,415,161	1,450,546
EQUITY							
Capital and reserves attributable to ordinary shareholders of the Company							
Share capital	26	**838,250**	838,250	838,250	**838,250**	838,250	838,250
Other reserves	28	**(27,577)**	38,799	56,936	**(40,758)**	(31,644)	(21,169)
Retained earnings	29	**2,402,368**	2,412,081	2,213,691	**378,980**	460,777	485,687
		3,213,041	3,289,130	3,108,877	**1,176,472**	1,267,383	1,302,768
Perpetual securities	27	**296,375**	147,778	147,778	**296,375**	147,778	147,778
Non-controlling interests		**73,227**	72,353	120,348	**-**	-	-
TOTAL EQUITY		**3,582,643**	3,509,261	3,377,003	**1,472,847**	1,415,161	1,450,546

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2019

		Attributable to ordinary shareholders of the Company						
	Note	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Perpetual securities $'000	Non-controlling interests $'000	Total equity $'000
2019								
Balance at 1 July 2018, as previously reported		838,250	(23,203)	2,514,733	3,329,780	147,778	72,514	3,550,072
Effects of transition to SFRS(I)s and adoptions of SFRS(I) 15 & 1-23		-	62,002	(102,652)	(40,650)	-	(161)	(40,811)
Balance at 1 July 2018, as adjusted		838,250	38,799	2,412,081	3,289,130	147,778	72,353	3,509,261
Effect of adoption of SFRS(I) 9		-	(11,549)	11,549	-	-	-	-
Balance at 1 July 2018, as reported		838,250	27,250	2,423,630	3,289,130	147,778	72,353	3,509,261
Total comprehensive (expense)/income		-	(46,288)	46,771	483	-	1,154	1,637
Issuance of perpetual securities, net of transaction costs		-	-	-	-	147,897	-	147,897
Cost of share-based payment		-	2,384	-	2,384	-	-	2,384
Reissuance of treasury shares		-	(205)	205	-	-	-	-
Purchase of treasury shares		-	(10,716)	-	(10,716)	-	-	(10,716)
Accrued perpetual securities distribution	27	-	-	(6,820)	(6,820)	6,820	-	-
Ordinary and special dividends paid	24	-	-	(61,418)	(61,418)	-	-	(61,418)
Perpetual securities distribution paid		-	-	-	-	(6,120)	-	(6,120)
Dividends paid by a subsidiary company to non-controlling interests		-	-	-	-	-	(280)	(280)
Liquidation of subsidiary companies		-	(2)	-	(2)	-	-	(2)
End of financial year		**838,250**	**(27,577)**	**2,402,368**	**3,213,041**	**296,375**	**73,227**	**3,582,643**
2018								
Balance at 1 July 2017, as previously reported		838,250	(13,489)	2,321,935	3,146,696	147,778	121,233	3,415,707
Effects of transition to SFRS(I)s and adoptions of SFRS(I) 15 & 1-23		-	70,425	(108,244)	(37,819)	-	(885)	(38,704)
Balance at 1 July 2017, as adjusted		838,250	56,936	2,213,691	3,108,877	147,778	120,348	3,377,003
Total comprehensive (expense)/income		-	(3,484)	225,166	221,682	-	1,594	223,276
Expiry of share options		-	(9,634)	9,634	-	-	-	-
Cost of share-based payment		-	1,342	-	1,342	-	-	1,342
Reissuance of treasury shares		-	(110)	110	-	-	-	-
Purchase of treasury shares		-	(4,479)	-	(4,479)	-	-	(4,479)
Accrued perpetual securities distribution	27	-	-	(6,120)	(6,120)	6,120	-	-
Ordinary and special dividends paid	24	-	-	(46,468)	(46,468)	-	-	(46,468)
Perpetual securities distribution paid		-	-	-	-	(6,120)	-	(6,120)
Dividends paid by a subsidiary company to non-controlling interests		-	-	-	-	-	(720)	(720)
Acquisition of additional interest in a subsidiary company	18	-	(413)	16,068	15,655	-	(48,869)	(33,214)
Disposal of a subsidiary company		-	(1,359)	-	(1,359)	-	-	(1,359)
End of financial year		838,250	38,799	2,412,081	3,289,130	147,778	72,353	3,509,261

An analysis of the movement in each category within "Other reserves" is presented in Note 28.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2019

	Note	Group 2019 $'000	Group 2018 $'000
Cash flows from operating activities			
Total profit		**48,757**	227,317
Adjustments for:			
Income tax (credit)/expense		**(2,479)**	18,580
Depreciation of property, plant and equipment		**8,063**	7,557
Write-off of property, plant and equipment		**70**	323
Dividend income		**(1,407)**	(958)
Fair value gains on investment properties		**(9,502)**	(12,696)
Fair value gains on financial investments at fair value through profit or loss ("FVPL")		**(7,636)**	-
Fair value (gains)/losses on derivative financial instruments		**(4)**	950
Allowance for stock obsolescence		**799**	1,404
Impairment loss on property, plant and equipment		**121**	-
Dilution loss on interest in an associated company		**4,263**	3,534
Allowance for foreseeable losses on development properties		**-**	4,498
Gain on disposal of property, plant and equipment		**(2,213)**	(716)
Gain on disposal of subsidiary companies		**-**	(22,705)
Gain on liquidation of subsidiary companies		**(2)**	-
Realised gain on settlement of derivative financial instruments		**(1,127)**	-
Interest income		**(10,292)**	(7,724)
Finance costs		**30,849**	32,533
Share of profits of associated and joint venture companies		**(52,498)**	(208,478)
Share-based payment		**2,384**	1,342
Currency translation differences		**2,459**	3,248
Operating cash flow before working capital changes		**10,605**	48,009
Changes in operating assets and liabilities:			
Balances with associated and joint venture companies		**(195)**	2,834
Development properties		**(471,033)**	89,233
Inventories		**3,010**	(5,328)
Trade and other receivables and other current assets		**39,525**	12,891
Trade and other payables and other current liabilities		**(28,480)**	(26,441)
Cash (used in)/generated from operations		**(446,568)**	121,198
Income tax paid		**(13,488)**	(15,982)
Net cash (used in)/generated from operating activities		**(460,056)**	105,216

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2019

		Group	
	Note	2019 $'000	2018 $'000
Cash flows from investing activities			
Acquisition of additional interest in a subsidiary company		**-**	(70,667)
Acquisition of interest in a joint venture company		**-**	(1,600)
Additions to investment properties		**(53,523)**	(66,918)
Additions to property, plant and equipment		**(9,512)**	(9,438)
Purchase of financial investments at FVOCI/AFS		**(11,343)**	(9,774)
Disposal of subsidiary companies	10	**-**	267,784
Disposal of property, plant and equipment		**4,486**	1,805
Proceeds from settlement of derivative financial instruments relating to net investment hedges		**8,179**	-
Advancement of the loans to joint venture companies		**-**	(79,326)
Advancement of the loans to non-controlling interests		**(852)**	(15,810)
Dividends received		**52,698**	39,795
Interest received		**10,024**	7,898
Net cash generated from investing activities		**157**	63,749
Cash flows from financing activities			
Issuance of perpetual securities, net of transaction costs		**147,897**	-
Purchase of treasury shares		**(10,716)**	(4,479)
Repayment of borrowings		**(150,700)**	(144,662)
Ordinary and special dividends paid		**(61,418)**	(46,468)
Perpetual securities distribution paid		**(6,120)**	(6,120)
Dividends paid to non-controlling interests		**(280)**	(720)
Interest paid		**(28,324)**	(31,424)
Net cash used in financing activities		**(109,661)**	(233,873)
Net decrease in cash and cash equivalents		**(569,560)**	(64,908)
Cash and cash equivalents at beginning of financial year		**792,151**	852,572
Effects of currency translation on cash and cash equivalents		**(5,259)**	4,487
Cash and cash equivalents at end of financial year	10	**217,332**	792,151

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Wing Tai Holdings Limited (the "Company") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its registered office is 3 Killiney Road, #10-01 Winsland House I, Singapore 239519.

The principal activity of the Company is that of an investment holding company. The principal activities of the Company's subsidiary companies are shown in Note 35.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"), under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Notes 8, 14, 17, 19 and 32(e).

2.2 Adoption of SFRS(I)

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 July 2018. These financial statements for the year ended 30 June 2019 are the first set of financial statements the Group has prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 30 June 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 July 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 30 June 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In addition to the below adjustments, certain reclassifications relating to rental advances, tenancy and other deposits, prepayments and derivative financial instruments have been made to the Group's statements of financial position as at 30 June 2018 and 2017 to conform to the presentation as at 30 June 2019.

The Group's opening balance sheet has been prepared as at 1 July 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I)

As at 1 July 2017	Reported under SFRS $'000	Effects of applying SFRS(I) 1 $'000	Effects of applying SFRS(I) 15 $'000	Effects of applying SFRS(I) 1-23 $'000	Reclassifications $'000	Reported under SFRS(I) $'000
ASSETS						
Current assets						
Cash and cash equivalents	847,373	-	-	-	-	847,373
Trade and other receivables	125,694	-	(25,213)	-	(58,980)	41,501
Inventories	19,421	-	-	-	-	19,421
Development properties	739,930	-	12,316	(40,985)	7,277	718,538
Tax recoverable	6,467	-	-	-	-	6,467
Other assets		-	22,586	155	51,703	74,444
Assets held for sale	252,208	-	-	-	-	252,208
	1,991,093	-	9,689	(40,830)	-	1,959,952

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Adoption of SFRS(I) *(continued)*

(a) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) *(continued)*

As at 1 July 2017	Reported under SFRS $'000	Effects of applying SFRS(I) 1 $'000	Effects of applying SFRS(I) 15 $'000	Effects of applying SFRS(I) 1-23 $'000	Reclassifications $'000	Reported under SFRS(I) $'000
Non-current assets						
Trade and other receivables	213,984	-	-	(7,830)	(2,535)	203,619
Investments in associated and joint venture companies	1,604,409	-	(116)	-	-	1,604,293
Investment properties	651,805	-	-	-	-	651,805
Property, plant and equipment	115,928	(6)	-	-	-	115,922
Deferred income tax assets	5,662	-	1,010	4,195	-	10,867
Other assets	32,954	-	-	-	2,535	35,489
	2,624,742	(6)	894	(3,635)	-	2,621,995
Total assets	4,615,835	(6)	10,583	(44,465)	-	4,581,947
LIABILITIES						
Current liabilities						
Trade and other payables	172,770	-	-	-	(31,504)	141,266
Current income tax liabilities	36,834	-	-	-	-	36,834
Borrowings	4,253	-	-	-	-	4,253
Other liabilities		-	4,611	-	31,504	36,115
Liabilities held for sale	2,147	-	-	-	-	2,147
	216,004	-	4,611	-	-	220,615
Non-current liabilities						
Borrowings	925,371	-	-	-	-	925,371
Deferred income tax liabilities	38,139	-	205	-	-	38,344
Other liabilities	20,614	-	-	-	-	20,614
	984,124	-	205	-	-	984,329
Total liabilities	1,200,128	-	4,816	-	-	1,204,944
NET ASSETS	3,415,707	(6)	5,767	(44,465)	-	3,377,003
EQUITY						
Capital and reserves attributable to ordinary shareholders of the Company						
Share capital	838,250	-	-	-	-	838,250
Other reserves	(13,489)	70,425	-	-	-	56,936
Retained earnings	2,321,935	(70,431)	5,068	(42,881)	-	2,213,691
	3,146,696	(6)	5,068	(42,881)	-	3,108,877
Perpetual securities	147,778	-	-	-	-	147,778
Non-controlling interests	121,233	-	699	(1,584)	-	120,348
Total equity	3,415,707	(6)	5,767	(44,465)	-	3,377,003

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Adoption of SFRS(I) *(continued)*

(a) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) *(continued)*

	As at 30 June 2018 reported under SFRS $'000	Effects of applying SFRS(I) 1 $'000	Effects of applying SFRS(I) 15 $'000	Effects of applying SFRS(I) 1-23 $'000	Reclassifications $'000	As at 30 June 2018 reported under SFRS(I) $'000	Effects of applying SFRS(I) 9 $'000	As at 1 July 2018 reported under SFRS(I) $'000
ASSETS								
Current assets								
Cash and cash equivalents	792,151	-	-	-	-	792,151	-	792,151
Trade and other receivables	94,227	-	-	-	(36,519)	57,708	-	57,708
Inventories	23,716	-	-	-	-	23,716	-	23,716
Development properties	656,355	-	13,305	(34,814)	5,581	640,427	-	640,427
Tax recoverable	7,693	-	-	-	-	7,693	-	7,693
Other assets	-	-	2	(32)	30,938	30,908	-	30,908
	1,574,142	-	13,307	(34,846)	-	1,552,603	-	1,552,603
Non-current assets								
Trade and other receivables	285,715	-	-	(6,184)	(1,433)	278,098	-	278,098
Investments in associated and joint venture companies	1,766,611	-	(4,942)	-	-	1,761,669	-	1,761,669
Investment properties	733,250	-	-	-	-	733,250	-	733,250
Property, plant and equipment	117,044	(1,945)	-	-	-	115,099	-	115,099
Deferred income tax assets	7,935	-	(1,140)	3,246	-	10,041	-	10,041
Other assets	47,011	-	-	-	1,433	48,444	-	48,444
	2,957,566	(1,945)	(6,082)	(2,938)	-	2,946,601	-	2,946,601
Total assets	4,531,708	(1,945)	7,225	(37,784)	-	4,499,204	-	4,499,204
LIABILITIES								
Current liabilities								
Trade and other payables	108,925	-	(6,282)	-	(6,149)	96,494	-	96,494
Current income tax liabilities	42,609	-	-	-	-	42,609	-	42,609
Other liabilities	-	-	14,511	-	6,149	20,660	-	20,660
	151,534	-	8,229	-	-	159,763	-	159,763
Non-current liabilities								
Borrowings	780,066	-	-	-	-	780,066	-	780,066
Deferred income tax liabilities	36,490	-	78	-	-	36,568	-	36,568
Other liabilities	13,546	-	-	-	-	13,546	-	13,546
	830,102	-	78	-	-	830,180	-	830,180
Total liabilities	981,636	-	8,307	-	-	989,943	-	989,943
NET ASSETS	3,550,072	(1,945)	(1,082)	(37,784)	-	3,509,261	-	3,509,261

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Adoption of SFRS(I) *(continued)*

(a) Reconciliation of the Group's equity reported in accordance with SFRS to SFRS(I) *(continued)*

	As at 30 June 2018 reported under SFRS $'000	Effects of applying SFRS(I) 1 $'000	Effects of applying SFRS(I) 15 $'000	Effects of applying SFRS(I) 1-23 $'000	Reclassifications $'000	As at 30 June 2018 reported under SFRS(I) $'000	Effects of applying SFRS(I) 9 $'000	As at 1 July 2018 reported under SFRS(I) $'000
EQUITY								
Capital and reserves attributable to ordinary shareholders of the Company								
Share capital	838,250	-	-	-	-	838,250	-	838,250
Other reserves	(23,203)	62,433	165	(596)	-	38,799	(11,549)	27,250
Retained earnings	2,514,733	(64,378)	(1,086)	(37,188)	-	2,412,081	11,549	2,423,630
	3,329,780	(1,945)	(921)	(37,784)	-	3,289,130	-	3,289,130
Perpetual securities	147,778	-	-	-	-	147,778	-	147,778
Non-controlling interests	72,514	-	(161)	-	-	72,353	-	72,353
Total equity	3,550,072	(1,945)	(1,082)	(37,784)	-	3,509,261	-	3,509,261

(b) Reconciliation of the Group's income statement reported in accordance with SFRS to SFRS(I)

For the financial year ended 30 June 2018	Reported under SFRS $'000	Effects of applying SFRS(I) 1 $'000	Effects of applying SFRS(I) 15 $'000	Effects of applying SFRS(I) 1-23 $'000	Reported under SFRS(I) $'000
Revenue	373,230	-	(12,802)	-	360,428
Cost of sales	(193,055)	-	9,672	6,623	(176,760)
Gross profit	180,175	-	(3,130)	6,623	183,668
Other gains – net	32,426	5,936	6	-	38,368
Expenses					
– Distribution	(63,717)	-	196	-	(63,521)
– Administrative and other	(88,570)	7	-	-	(88,563)
Operating profit	60,314	5,943	(2,928)	6,623	69,952
Finance costs	(32,497)	-	-	(36)	(32,533)
Share of profits of associated and joint venture companies	211,620	-	(4,788)	1,646	208,478
Profit before income tax	239,437	5,943	(7,716)	8,233	245,897
Income tax expense	(18,328)	-	704	(956)	(18,580)
Total profit	221,109	5,943	(7,012)	7,277	227,317

Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Adoption of SFRS(I) *(continued)*

(b) Reconciliation of the Group's income statement reported in accordance with SFRS to SFRS(I) *(continued)*

For the financial year ended 30 June 2018	Reported under SFRS $'000	Effects of applying SFRS(I) 1 $'000	Effects of applying SFRS(I) 15 $'000	Effects of applying SFRS(I) 1-23 $'000	Reported under SFRS(I) $'000
Attributable to:					
Equity holders of the Company	218,803	5,943	(6,857)	7,277	225,166
Non-controlling interests	2,306	-	(155)	-	2,151
	221,109	5,943	(7,012)	7,277	227,317

(c) Reconciliation of the Group's total comprehensive income reported in accordance with SFRS to SFRS(I)

For the financial year ended 30 June 2018	Reported under SFRS $'000	Effects of applying SFRS(I) 1 $'000	Effects of applying SFRS(I) 15 $'000	Effects of applying SFRS(I) 1-23 $'000	Reported under SFRS(I) $'000
Total profit	221,109	5,943	(7,012)	7,277	227,317
Other comprehensive (expense)/income:					
Items that may be reclassified subsequently to profit or loss:					
Fair value losses on AFS financial assets	(739)	-	-	-	(739)
Cash flow hedges	4,449	-	-	-	4,449
Currency translation differences	(12,811)	-	165	(596)	(13,242)
Share of other comprehensive income of associated and joint venture companies	6,048	-	-	-	6,048
	(3,053)	-	165	(596)	(3,484)
Item that will not be reclassified subsequently to profit or loss:					
Currency translation differences	(646)	-	(2)	-	(648)
Revaluation gains on property, plant and equipment	2,012	(2,012)	-	-	-
Share of other comprehensive income of associated and joint venture companies	91	-	-	-	91
	1,457	(2,012)	(2)	-	(557)
Other comprehensive expense, net of tax	(1,596)	(2,012)	163	(596)	(4,041)
Total comprehensive income	219,513	3,931	(6,849)	6,681	223,276

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Adoption of SFRS(I) *(continued)*

(d) There were no material adjustments to the Group's statement of cash flows arising from the transition from SFRS to SFRS(I).

(e) Reconciliation of the Company's equity reported in accordance with SFRS to SFRS(I)
The Company's opening statement of financial position was prepared as at 1 July 2017, which was the Company's date of transition to SFRS(I). There were no material impact to the Company's balances on adoption of SFRS(I), except for the effects arising from the application of SFRS(I) 9, as follows.

Classification and measurement of financial assets
For financial assets held by the Company on 1 July 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under the SFRS(I) 9. Material reclassifications resulting from management's assessment are as follows:

(i) Equity investments reclassified from AFS to FVPL
The Company's equity investments amounting to $3.2 million were reclassified from "AFS financial assets" to "financial investments at FVPL" on 1 July 2018.

(ii) Impairment of financial assets
The Company has the following types of financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- Cash and cash equivalents
- Loans to subsidiary companies and other receivables at amortised costs; and
- Issued financial guarantees for bank borrowings of subsidiary companies.

The impairment methodology under SFRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 32(b). There was no material impact on the financial statements from the application of the expected credit loss model on the above financial assets on 1 July 2018.

(f) Explanatory notes to reconciliations
The effects of transition to SFRS(I) mainly arises from the optional exemptions provided for under SFRS(I) 1 and the adoption of SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers.*

(i) Optional exemptions applied
SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I). The exemptions that resulted in adjustments to the previously issued SFRS financial statements are as follows:

(a) Business combinations
SFRS(I) 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 July 2017. The same classification as in its previous SFRS financial statements has been adopted.

The Group has not applied SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 July 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Adoption of SFRS(I) *(continued)*

(f) Explanatory notes to reconciliations *(continued)*

(i) Optional exemptions applied (continued)

(b) Deemed cost
The Group has elected to regard the carrying amount of certain property, plant and equipment stated at valuation as their deemed cost at the date of transition to SFRS(I) on 1 July 2017. As a result, $24.2 million of the Group's asset revaluation reserve was reclassified directly into retained earnings on that date.

By electing this optional exemption, the Group's property, plant & equipment (leasehold land and building) as at 30 June 2018 decreased by $1.9 million (1 July 2017: $6,000) and retained earnings decreased by $1.9 million (1 July 2017: $6,000). The depreciation expense for the year ended 30 June 2018 decreased by $7,000.

(c) Cumulative translation differences
The Group has elected to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 July 2017. As a result, currency translation reserve and share of capital reserves of associated and joint venture companies as at 1 July 2017 was increased by $87.3 million and $7.3 million respectively, and retained earnings decreased by $94.7 million on the same date.

Consequently, the disposal of the Group's interest in a subsidiary company, Yong Yue (Shanghai) Property Development Co., Ltd in the previous financial year resulted in a decrease in currency translation reserve of $6.0 million and an increase in retained earnings of $6.0 million. The gain on disposal of the subsidiary company for the year ended 30 June 2018 increased by $6.0 million.

(d) Leases
The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease.*

(ii) Adoption of SFRS(I) 9
The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 July 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 30 June 2018. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

The accounting policies for financial assets under SFRS(I) 9 is as disclosed in Note 2.11.

Classification and measurement of financial assets:

		Financial assets	
	AFS	**FVPL**	**FVOCI**
	$'000	**$'000**	**$'000**
Balance as at 30 June 2018 – before adoption of SFRS(I)	31,743	-	-
Reclassify non-trading equities from AFS to FVOCI [Note 2.2(ii)(a)]	(28,554)	-	28,554
Reclassify non-trading equities from AFS to FVPL [Note 2.2(ii)(b)]	(3,189)	3,189	-
Balance as at 1 July 2018 – after adoption of SFRS(I)	-	3,189	28,554

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Adoption of SFRS(I) *(continued)*

(f) Explanatory notes to reconciliations *(continued)*

(ii) Adoption of SFRS(I) 9 (continued)

(a) Equity investments reclassified from AFS to FVOCI
The Group has elected to recognise changes in the fair value of certain equity investments not held for trading and previously classified as AFS, in other comprehensive income. Accordingly, assets with a fair value of $28.6 million were reclassified from “AFS financial assets” to “financial investments at FVOCI”.

(b) Equity investments reclassified from AFS to FVPL
Investments in certain equity shares of the Group amounting to $3.2 million respectively were reclassified from “AFS financial assets” to “financial investments at FVPL” on 1 July 2018.

In addition, the Group’s associated company has reclassified its AFS financial assets to financial investments at FVPL as they do not meet the criteria for classification at amortised cost. As a result, the Group’s share of the related fair value gains of $11.5 million was transferred from share of capital reserves of associated and joint venture companies directly to retained earnings on 1 July 2018 to be consistent with the associated company. For the financial year ended 30 June 2019, fair value gains related to these investments amounting to $3.1 million were recognised in the income statement.

(c) Impairment of financial assets
SFRS(I) 9 requires the Group and the Company to apply the expected credit loss impairment model on financial assets measured at amortised cost and FVOCI, and contract assets. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Note 32(b). There was no material impact on the financial statements from the application of the expected credit loss model on 1 July 2018.

(iii) Adoption of SFRS(I) 15
The Group has applied all of the requirements of SFRS(I) 15 retrospectively, and have used the practical expedients for completed contracts in accordance with the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 July 2017. Under these practical expedients, completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not adjusted. The Group has also voluntarily changed the presentation of comparative figures of assets and liabilities related to contracts with customers.

The adoption of SFRS(I) 15 resulted in adjustments to the previously issued SFRS financial statements as explained below:

(a) Accounting for sale of development properties
Under SFRS(I) 15, the Group’s revenue from the sale of development properties is recognised when or as the control of assets is transferred to the customers, depending on the terms of the contract and the laws that apply to the contract. The Group identified certain contracts relating to the sale of development properties where there are two distinct performance obligations which are satisfied at different timings (i.e. sale of properties, and sale of other items that are delivered on completion of the properties), and concluded that the revenue recognition for these contracts are affected by the change in accounting policy. For properties sold under these contracts, the Group has determined that they have no alternative use to the Group due to contractual restrictions, and the Group has enforceable rights to payment from the customers for performance completed to date. Accordingly, the Group recognises revenue as the performance obligation is satisfied over time by reference to the stage of completion of the properties. Revenue for the sale of the other items is recognised at a point in time when the control of those items is passed to the customer upon transfer of legal title of the completed property.

Equity accounting for share of results of associated company
In addition, in accordance with the requirements of SFRS(I) 1, the Group’s associated company has applied the requirements of SFRS(I) 15 retrospectively. The Group has adjusted the carrying value of its investment in associated company and its share of profits of associated company in line with the adoption.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Adoption of SFRS(I) *(continued)*

(f) Explanatory notes to reconciliations *(continued)*

(iii) Adoption of SFRS(I) 15 (continued)

(a) Accounting for sale of development properties *(continued)*
Along with the impact separately disclosed in (b) and (c) below, the total impact is summarised in the table disclosed in Note 2.2(f)(iii).

(b) Accounting for costs to obtain a contract
Under SFRS(I), the Group capitalises sales commission paid to property agents on the sale of property, which were previously recognised as expenses, if these costs are recoverable. Sales commission will be amortised to profit or loss as the Group recognises the related revenue.

As at 30 June 2018, $2,000 (1 July 2017: $35,000) which was presented within “distribution expenses” under SFRS has been reclassified to contract assets – costs to obtain a contract within “other assets”.

(c) Presentation of contract assets and contract liabilities
The Group has also changed the presentation of certain comparatives in the balance sheet as at 30 June 2018 and 30 June 2017 on adopting SFRS(I) 15:

(i) Contract assets in respect of the property development business which relate primarily to the Group’s right to consideration for work completed but have not been billed at the reporting date.

As at 30 June 2018, $nil (1 July 2017: $22.6 million) which was presented as accrued receivables within “trade and other receivables” under SFRS has been reclassified to contract assets – unbilled revenue within “other assets”.

(ii) Contract liabilities in respect of the property development business which relate mainly to advance consideration received from customers and progress billings in excess of the Group’s right to the consideration.

As at 30 June 2018, $8.2 million and $6.3 million (1 July 2017: $4.6 million and $nil) which were presented as “development properties” and “trade and other payables” under SFRS have been reclassified to contract liabilities within “other liabilities”.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Adoption of SFRS(I) *(continued)*

(f) Explanatory notes to reconciliations *(continued)*

(iii) Adoption of SFRS(I) 15 (continued)

Accordingly, the following adjustments were effected:

Statement of financial position	Increase/(decrease) As at 30 June 2018 $'000	As at 1 July 2017 $'000
Trade and other receivables	-	(25,213)
Development properties	13,305	12,316
Other current assets	2	22,586
Investments in associated and joint venture companies	(4,942)	(116)
Deferred income tax assets	(1,140)	1,010
Trade and other payables	(6,282)	-
Other current liabilities	14,511	4,611
Deferred income tax liabilities	78	205
Other reserves	165	-
Retained earnings	(1,086)	5,068
Non-controlling interests	(161)	699

Statement of comprehensive income	Year ended 30 June 2018 $'000
Revenue	(12,802)
Cost of sales	9,672
Other gains - net	6
Distribution and marketing expenses	196
Share of profits of associated and joint venture companies	(4,788)
Income tax expense	704

(iv) Adoption of SFRS(I) 1-23

In 2018, the IFRS Interpretations Committee ("IFRIC"), which works with the IASB in supporting the application of IFRS standards, received a submission on whether a real estate developer capitalises borrowing costs as part of the cost of units for a residential multi-unit real estate development, for which the developer recognises revenue over time for the sale of individual units in the development based on IFRS 15 *Revenue from Contracts with Customers.*

In November 2018, the IFRIC issued a Tentative Agenda Decision containing explanatory material for the decision and how the applicable principles and requirements in International Accounting Standards ("IAS") 23 *Borrowing Costs* apply to the fact pattern in the submission. The IFRIC tentatively concluded that such an entity should not capitalise borrowing costs. This Tentative Agenda Decision was finalised in its original form on 20 March 2019.

As SFRS(I) 1-23 and SFRS(I) 15 are aligned to IAS 23 and IFRS 15 respectively, the above Agenda Decision has relevant impact to the Group's activities as a property developer. Following this Agenda Decision, borrowing costs which were previously capitalised for development projects over the period of development are now expensed as incurred to the income statement.

Please refer to Note 2.2 (a) to (c) for the related adjustments.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Revenue recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and the rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue as follows:

(a) Revenue from property development – sale of development properties

Revenue from sale of development properties is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer at a point in time or over time.

For development properties where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, such as when the property is accepted by the customer, or deemed as accepted according to the contract, or when title has passed to the customer.

For development properties where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the stage of completion of the properties.

The stage of completion is measured by reference to the physical surveys of construction work completed as certified by the architects or quantity surveyors for the individual units sold. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. Payment is typically due within two weeks. A contract asset is recognised as "unbilled revenue" under other assets when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised as "contract liability from development properties" under other liabilities when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

For costs incurred in obtaining the contract which are within the scope of another SFRS(I) (e.g. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses. Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Revenue recognition *(continued)*

(b) Revenue from sale of goods

Revenue from the sale of goods is recognised when the goods are delivered to the customer (i.e. at a point in time).

Payment for the transaction price is due immediately when the customer purchases the goods. However, for goods purchased on-line, the customer has a right to return the goods to the Company within 30 days of delivery to the customer. Therefore, a refund liability (to be included in trade and other payables) and a right to the returned goods (to be included in other current assets) are recognised for products expected to be returned.

Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

The Retail division operates a customer loyalty programme called “wt+” that provides purchase credits in the form of points to program members based on sales transactions. The purchase credits can be redeemed in the form of discount against subsequent purchases. A portion of the revenue from the sale of goods attributable to the award of purchase credits, estimated based on expected redemption of these credits, is deferred until they are utilised. These are included under deferred revenue, within trade and other payables on the statement of financial position. Any remaining unutilised benefits are recognised as revenue upon expiry.

(c) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(d) Management fee

Management fee comprises charges for the management and maintenance of properties and finance and administration fees. Management fee is recognised when management services are rendered.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Interest income

Interest income is recognised using the effective interest method.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Group accounting

(a) Subsidiary companies

(i) Consolidation

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary company's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary company, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary company or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary company measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill. Please refer to Note 2.5 for the accounting policy on goodwill on acquisitions.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Group accounting *(continued)*

(a) Subsidiary companies *(continued)*

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary company results in a loss of control over the subsidiary company, the assets and liabilities of the subsidiary company including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.6 for the accounting policy on investments in subsidiary companies in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary company that do not result in a loss of control over the subsidiary company are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated and joint venture companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Joint venture companies are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities. Investments in associated and joint venture companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated and joint venture companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated and joint venture companies represents the excess of the cost of acquisition of the associated or joint venture companies over the Group's share of the fair value of the identifiable net assets of the associated or joint venture companies and is included in the carrying amount of the investments. Please refer to Note 2.5 for the accounting policy on goodwill on acquisitions.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associated or joint venture companies' post-acquisition profits or losses and its share of movements in other comprehensive income. Dividends received or receivable from the associated or joint venture companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated or joint venture company equals to or exceeds its interest in the associated or joint venture company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make, or has made, payments on behalf of the associated or joint venture company. If the associated or joint venture company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated or joint venture companies are eliminated to the extent of the Group's interest in the associated or joint venture companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated and joint venture companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Group accounting *(continued)*

(c) Associated and joint venture companies *(continued)*

(iii) Disposals
Investments in associated and joint venture companies are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated or joint venture company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

(d) Joint operations

The Group's interest in its unincorporated joint operations is accounted for by recognising the Group's assets and liabilities from the joint operations, as well as expenses incurred by the Group and the Group's share of income earned from the joint operations, in the consolidated financial statements.

2.5 Goodwill on acquisitions

Goodwill on acquisitions of subsidiary companies and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary companies is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associated and joint venture companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated and joint venture companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary, associated and joint venture companies include the carrying amount of goodwill relating to the entity sold.

2.6 Investments in subsidiary, associated and joint venture companies

Investments in subsidiary, associated and joint venture companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.7 Property, plant and equipment

(a) Measurement

(i) Land and buildings
Land and buildings are initially recognised at cost. Freehold and 999-year leasehold land are subsequently carried at cost less accumulated impairment losses. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment
All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs
The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purposes other than to produce inventories.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Property, plant and equipment *(continued)*

(b) Depreciation

Freehold and 999-year leasehold land are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The annual depreciation rates are as follows:

Leasehold land and buildings	1 – 3% or over the remaining lease period, whichever is shorter
Motor vehicles	20%
Office equipment	10 – 33%
Furniture and fittings	10% or over the remaining lease period, whichever is shorter

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other gains - net”.

2.8 Investment properties

Investment properties are held for long-term rental yields and/or for capital appreciation and are not occupied substantially by the Group.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in the profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.9 Development Properties

(a) Properties under development

Properties under development are stated at cost plus attributable profits, less allowance for foreseeable losses and progress billings. An allowance is made when the estimated net realisable value of the property has fallen below the carrying amount.

Cost includes cost of land and other direct and related expenditure, including interest on borrowings incurred in developing the properties for which revenue is recognised at a point in time. Interest and other related expenditure are capitalised as and when the activities that are necessary to get the asset ready for its intended development are in progress.

Significant estimates and assumptions are applied in assessing the stage of completion, total development costs, total contract costs and allowance for foreseeable losses on development properties. In making these estimates, management has relied on past experience and the work of specialists.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Development Properties *(continued)*

(a) Properties under development *(continued)*
The Group takes into account the estimated selling prices and estimated total development costs in assessing allowance for foreseeable losses. The forecasted selling prices are based on the recent transacted prices for the development properties or comparable properties and prevailing property market conditions. The estimated total development costs are based on the contracted amount and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. The allowance for foreseeable losses is included in "other gains – net".

(b) Properties held for sale
Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2.10 Impairment of non-financial assets

(a) Goodwill
Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

(b) Property, plant and equipment
Investments in subsidiary, associated and joint venture companies
Property, plant and equipment and investments in subsidiary, associated and joint venture companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Financial assets

The accounting for financial assets before 1 July 2018 are as follows:

(a) Classification
The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and AFS financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated as at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as “cash and cash equivalents” and “trade and other receivables” on the statement of financial position.

(iii) AFS financial assets
AFS financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

(b) Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement
Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement
AFS financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Investments in unquoted equity investments whose fair value cannot be reliably measured are carried at cost. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on AFS financial assets are recognised separately in income. Changes in the fair values of AFS equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Financial assets *(continued)*

(e) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) AFS financial assets

In addition to the objective evidence of impairment described in Note 2.11(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the AFS financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through the profit or loss in subsequent period.

The accounting for financial assets from 1 July 2018 are as follows:

(f) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

(i) Amortised cost
(ii) Fair value through other comprehensive income ("FVOCI")
(iii) Fair value through profit or loss ("FVPL")

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Financial assets *(continued)*

(f) Classification and measurement *(continued)*

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

(a) Amortised cost

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) FVOCI

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

(c) FVPL

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains – net".

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains – net", except for certain equity securities which are not held-for-trading. The Group has elected to recognise changes in fair value of certain equity securities not held-for-trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in OCI. Dividends from equity investments are recognised in profit or loss as "dividend income".

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Financial assets *(continued)*

(g) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(h) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.12 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary companies. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary companies fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Prior to 1 July 2018, financial guarantees were subsequently measured at the higher of (a) and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

Intra-group transactions are eliminated on consolidation.

2.13 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Borrowings and borrowing costs

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

2.15 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either fair value hedge, cash flow hedge or net investment hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and the hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability, if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

The Group has entered into interest rate and cross currency swaps that are cash flow hedges for the Group’s exposure to interest rate and currency risks on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts or on notional principal amounts denominated in a different currency, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rate borrowings denominated in the same or different currencies.

The fair value changes on the effective portion of interest rate and cross currency swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in cash flow hedge reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss and/or the hedged borrowing is settled. The fair value changes on the ineffective portion of the interest rate and cross currency swaps are recognised immediately in profit or loss.

The Group has entered into currency forwards to manage the Group’s exposure to currency risk on highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income. Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

(i) The gain or loss relating to the effective portion of the spot component of forward contracts is treated as follows: Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory, property, plant and equipment), the deferred hedging gains and losses are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales)

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Derivative financial instruments and hedging activities (continued)

(ii) The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

The Group has cross currency swaps and currency forwards that qualify as net investment hedges of foreign operations. These hedging instruments are accounted for similarly to cash flow hedges. The currency translation differences on the cross currency swaps and currency forwards relating to the effective portion of the hedge are recognised in other comprehensive income in the consolidated financial statements, accumulated in the currency translation reserve and reclassified to profit or loss as part of the gain or loss on disposal of the foreign operation. The currency translation differences relating to the ineffective portion of the hedge are recognised immediately in profit or loss.

2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at the end of each reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of interest rate and cross currency swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest and forward exchange rates. The fair values of currency forwards are determined using actively quoted forward exchange rates.

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.17 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.18 Operating leases

(a) When the Group is the lessee:
Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor:
Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised in profit or loss when earned.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary, associated and joint venture companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.21 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans
Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Share-based payment
The Group operates an equity-settled, share-based payment plan. The value of the employee services received in exchange for the grant of shares is recognised as an expense with a corresponding increase in the share-based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the shares granted on the grant date. Non-market vesting conditions are included in the estimation of the number of shares that are expected to vest on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

2.23 Currency translation

(a) Functional and presentation currency
Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances
Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment in the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the end of the reporting period.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to management, who are responsible for allocating resources and assessing the performance of the operating segments.

Sales between segments are carried out at market terms. The revenue from external parties reported to management is measured in a manner consistent with that in profit or loss.

Management assesses the performance of the operating segments based on a measure of earnings before interest and tax ("EBIT") for continuing operations. Interest income and finance costs are not allocated to the segments.

The amounts provided to management with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment. All assets and liabilities are allocated to the reportable segments other than tax recoverable, deferred income tax assets, current and deferred income tax liabilities and derivative financial instruments.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

2.25 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include fixed deposits with financial institutions and cash and bank balances, which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.26 Share capital, treasury shares and perpetual securities

Ordinary shares and perpetual securities are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares or perpetual securities are deducted against the share capital or perpetual securities account. The proceeds received net of any directly attributable transaction costs are credited to share capital or perpetual securities account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share plans, the cost of the treasury shares is reversed from the treasury shares reserve and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in a separate reserve within equity attributable to the equity holders of the Company.

2.27 Dividends to the equity holders of the Company

Dividends to the Company's equity holders are recognised when the dividends are approved for payment. Distributions arising from perpetual securities are treated as dividends which are directly debited from equity.

2.28 Disposal groups held for sale

Disposal groups are classified as held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

3. REVENUE

	Group 2019 $'000	2018 $'000
Revenue from contracts with customers under SFRS(I) 15		
Revenue from development properties:		
– recognised at a point in time	**109,765**	117,591
– recognised over time	**26,423**	61,787
Revenue from sale of goods:		
– recognised at a point in time	**134,465**	137,283
Management fees:		
– recognised over time	**9,242**	6,925
Other revenue		
Rental income	**41,314**	35,884
Dividend income		
– financial investments at FVOCI	**1,338**	-
– financial investments at FVPL	**69**	-
– AFS financial assets	**-**	958
	322,616	360,428

(a) Contract assets and liabilities

	30 June 2019 $'000	Group 30 June 2018 $'000	1 July 2017 $'000
Contract assets: Unbilled revenue [Note 21(a)]	**15,952**	-	22,551
Contract liabilities for development properties [Note 25]	**(7,182)**	(14,511)	(4,611)

Unbilled revenue primarily relates to the Group's rights to consideration for work completed but not billed at the reporting date on sale of development properties. Unbilled revenue is transferred to receivables when the rights to consideration become unconditional. The contract assets increased due to revenue recognised on the Group's development properties in the current financial year but unbilled at the reporting date.

Contract liabilities primarily relates to advance consideration received from customers for sale of development properties. The contract liabilities decreased due to revenue recognised on the Group's development properties in the current financial year where control of the properties have been transferred to the customer.

<u>Revenue recognised in relation to contract liabilities</u>

	Group 2019 $'000	2018 $'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period: – sale of development properties	**8,037**	4,679

(b) Assets recognised from costs to obtain contracts

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. The Group has applied the practical expedient and recognised the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

	30 June 2019 $'000	Group 30 June 2018 $'000	1 July 2017 $'000
Assets recognised from costs to obtain contracts [Note 21(a)]	**308**	2	35

	Group 2019 $'000	2018 $'000
Amortisation recognised to marketing and distribution expense during the period	**2**	35

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

3. REVENUE *(continued)*

As permitted under the transitional provisions in SFRS(I) 15, the transaction price allocated to partially or fully unsatisfied performance obligations as of 30 June 2018 and 1 July 2017 is not disclosed.

As permitted under SFRS(I) 15 the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

4. OTHER GAINS – NET

	Group	
	2019 **$'000**	**2018** **$'000**
Other gains:		
– Interest income	**10,292**	7,724
– Gain on disposal of subsidiary companies	**-**	22,705
– Gain on disposal of property, plant and equipment	**2,213**	716
– Gain on liquidation of subsidiary companies	**2**	-
– Fair value gains on investment properties	**9,502**	12,696
– Fair value gains on derivative financial instruments	**4**	-
– Fair value gains on financial investments at FVPL	**7,636**	-
– Other miscellaneous gains	**5,190**	5,435
	34,839	49,276
Other losses:		
– Fair value losses on derivative financial instruments	**-**	(950)
– Dilution loss on interest in an associated company	**(4,263)**	(3,534)
– Allowance for foreseeable losses on development properties	**-**	(4,498)
– Foreign exchange loss - net	**(3,142)**	(1,529)
– Other miscellaneous losses	**(309)**	(397)
	(7,714)	(10,908)
	27,125	38,368

5. EXPENSES BY NATURE

	Group	
	2019 **$'000**	**2018** **$'000**
Depreciation of property, plant and equipment	**8,063**	7,557
Employee compensation	**68,758**	69,518
Auditors' remuneration paid/payable to:		
– auditor of the Company	**432**	417
– other auditors	**347**	324
Other fees paid/payable to:		
– auditor of the Company	**89**	282
– other auditors	**179**	269
Allowance for stock obsolescence	**799**	1,404
Write-off of property, plant and equipment	**70**	323
Impairment loss on property, plant and equipment	**121**	-
Rental expense on operating leases	**35,475**	35,332
Development cost included in cost of sales	**36,139**	97,954
Raw materials and finished goods included in cost of sales	**63,081**	60,605

Included in the Group's rental expense on operating leases is contingent rent amounting to $2.3 million (2018: $4.7 million). Contingent rent on certain leases is based on a percentage of monthly sales in excess of specified amounts. Other contingent rent is based entirely on a percentage of sales.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

6. EMPLOYEE COMPENSATION

	Group	
	2019	**2018**
	$'000	**$'000**
Wages and salaries (including directors' remuneration)	**60,762**	62,145
Employer's contribution to defined contribution plans including Central Provident Fund	**5,612**	6,031
Share-based payment	**2,384**	1,342
	68,758	69,518

Please refer to Note 33(b) for directors' remuneration.

7. FINANCE COSTS

	Group	
	2019	**2018**
	$'000	**$'000**
Interest expense to banks	**30,849**	32,475
Redemption premium for borrowings	**-**	58
	30,849	32,533

8. INCOME TAXES

(a) Income tax (credit)/expense

	Group	
	2019	**2018**
	$'000	**$'000**
Tax expense attributable to profit is made up of:		
Current income tax		
– Singapore	**110**	15,583
– Foreign	**1,314**	9,668
	1,424	25,251
Deferred income tax	**4,392**	(3,781)
	5,816	21,470
Overprovision in preceding financial years		
– Current income tax	**(6,366)**	(2,843)
– Deferred income tax	**(1,929)**	(47)
	(2,479)	18,580

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in estimating capital allowances and determining deductibility of certain expenses and taxability of certain income in arriving at the provision for income taxes, the ultimate outcome of which is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

8. INCOME TAXES *(continued)*

(a) Income tax expense *(continued)*

The tax on the Group's profit before income tax excluding share of profits of associated and joint venture companies differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group 2019 $'000	2018 $'000
Tax calculated at Singapore standard rate of income tax	**(1,057)**	6,361
Different tax rates in other countries	**795**	2,873
Expenses not deductible for tax purposes	**12,589**	11,575
Income not subject to tax	**(5,785)**	(5,226)
Overprovision of tax	**(8,295)**	(2,890)
(Utilisation of previously unrecognised tax losses)/unrecognised tax losses	**(726)**	5,887
	(2,479)	18,580

The tax charge relating to each component of other comprehensive (expense)/income is as follows:

	Before tax $'000	Group Tax charge $'000	After tax $'000
2019			
Fair value losses on financial investments at FVOCI	(3,951)	-	(3,951)
Cash flow hedges	(3,401)	-	(3,401)
Currency translation differences	(34,483)	-	(34,483)
Share of other comprehensive income of associated and joint venture companies	(5,285)	-	(5,285)
	(47,120)	**-**	**(47,120)**
2018			
Fair value losses on AFS financial assets	(739)	-	(739)
Cash flow hedges	4,449	-	4,449
Currency translation differences	(13,890)	-	(13,890)
Share of other comprehensive income of associated and joint venture companies	6,139	-	6,139
	(4,041)	-	(4,041)

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

8. INCOME TAXES *(continued)*

(b) Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

		Group	
	2019	**2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Deferred income tax assets	**(8,783)**	(10,041)	(10,867)
Deferred income tax liabilities	**36,046**	36,568	38,344

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group had unrecognised tax losses of $150.7 million (2018: $146.4 million) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unutilised tax losses in their respective countries of incorporation. These tax losses have no expiry date.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follows:

Deferred income tax liabilities – Group

	Accelerated tax depreciation	**Revaluation gains**	**Recognition of profits on percentage of completion**	**Other temporary differences**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2019					
Beginning of financial year	3,431	30,507	622	2,038	36,598
Currency translation differences	7	(525)	-	(123)	(641)
(Credited)/charged to income statement	(2,621)	1,096	1,620	(6)	89
End of financial year	**817**	**31,078**	**2,242**	**1,909**	**36,046**
2018					
Beginning of financial year	4,021	28,298	4,410	2,064	38,793
Effect of adoption of SFRS(I) 15	-	-	205	-	205
Balance at 1 July 2017, as reported	4,021	28,298	4,615	2,064	38,998
Currency translation differences	9	242	577	53	881
(Credited)/charged to income statement	(599)	1,967	(4,697)	48	(3,281)
End of financial year	3,431	30,507	495	2,165	36,598

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

8. INCOME TAXES *(continued)*

(b) Deferred income taxes *(continued)*

Deferred income tax assets – Group

	Accelerated tax depreciation $'000	Tax losses $'000	Provisions and other temporary differences $'000	Total $'000
2019				
Beginning of financial year	195	11	9,865	10,071
Currency translation differences	(7)	-	1,093	1,086
Charged to income statement	(15)	(11)	(2,348)	(2,374)
End of financial year	**173**	**-**	**8,610**	**8,783**
2018				
Beginning of financial year	211	315	5,790	6,316
Effect of adoption of SFRS(I) 15	-	-	1,010	1,010
Effect of adoption of SFRS(I) 1-23	-	-	4,195	4,195
Balance at 1 July 2017, as reported	211	315	10,995	11,521
Currency translation differences	7	5	(2,009)	(1,997)
(Credited)/charged to income statement	(23)	(309)	879	547
End of financial year	195	11	9,865	10,071

9. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2019	Group 2018
Profit attributable to:		
– equity holders of the Company ($'000)	**46,771**	225,166
– holders of perpetual securities ($'000)	**(6,820)**	(6,120)
Profit attributable to ordinary shareholders of the Company ($'000)	**39,951**	219,046
Weighted average number of ordinary shares in issue ('000)	**767,544**	774,165
Basic earnings per share (cents)	**5.21**	28.29

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

9. EARNINGS PER SHARE *(continued)*

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

	Group	
	2019	**2018**
	$'000	**$'000**
Profit attributable to ordinary shareholders of the Company	**39,951**	219,046
Adjustments for share plans of:		
– an associated company	**(16)**	(333)
Profit used to determine diluted earnings per share	**39,935**	218,713

	2019	**2018**
	'000	**'000**
Weighted average number of ordinary shares in issue	**767,544**	774,165
Adjustment for share plans	**2,327**	2,035
Weighted average number of shares used to determine diluted earnings per share	**769,871**	776,200
Diluted earnings per share (cents)	**5.19**	28.18

10. CASH AND CASH EQUIVALENTS

	Group			Company		
	2019	**2018**	**1 July 2017**	**2019**	**2018**	**1 July 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Fixed deposits with financial institutions	**70,177**	241,225	231,161	**-**	150,000	154,500
Cash and bank balances	**147,155**	550,926	616,212	**68,770**	459,945	486,923
	217,332	792,151	847,373	**68,770**	609,945	641,423

The carrying amounts of cash and cash equivalents approximated their fair values.

Significant restrictions

Included in cash and cash equivalents are cash and short-term deposits of $44.7 million (2018: $49.1 million; 1 July 2017: $90.8 million) which are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

10. CASH AND CASH EQUIVALENTS *(continued)*

Disposal of subsidiary companies

In the previous financial year, the Group disposed of its 100% interest in Winnamax Investment Pte Ltd, Winmine Investment Pte Ltd and Yong Yue (Shanghai) Property Development Co., Ltd for a cash consideration of $272.6 million. The effects of the disposal on the cash flows of the Group were:

	Group 2018 $'000
Carrying amount of assets and liabilities disposed of:	
Cash and cash equivalents	4,821
Development properties	249,289
Other current assets	219
Trade and other payables	(3,061)
Current income tax liabilities	(9)
Net assets disposed of	251,259
Reclassification of currency translation reserve	(1,359)
Gain on disposal of subsidiary companies	22,705
Cash proceeds from disposal	272,605
Cash and cash equivalents in subsidiary companies disposed of	(4,821)
Net cash inflow on disposal	**267,784**

Reconciliation of liabilities arising from financing activities

	Group	
	Bank borrowings $'000	Interest payable $'000
2019		
Beginning of financial year	780,066	5,204
Principal and interest payments	(150,700)	(28,324)
Interest expense	1,829	29,020
Settlement of derivative financial instruments	(2,379)	-
Currency translation differences	(1,419)	(4)
Others	(269)	-
End of financial year	**627,128**	**5,896**
2018		
Beginning of financial year	929,624	5,451
Principal and interest payments	(144,662)	(31,424)
Interest expense	1,366	31,167
Transaction costs capitalised	(4,798)	-
Currency translation differences	(1,464)	(1)
Others	-	11
End of financial year	780,066	5,204

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

11. DERIVATIVE FINANCIAL INSTRUMENTS

	2019		2018		1 July 2017	
	Contract notional amount $'000	Fair value asset/ (liability) $'000	Contract notional amount $'000	Fair value asset/ (liability) $'000	Contract notional amount $'000	Fair value asset/ (liability) $'000
Group						
Current assets						
Net investment hedge						
– Cross currency swaps	-	-	-	-	85,470	2,062
Non-hedging instruments						
– Currency forwards	-	-	731	28	8,560	126
		-		28		2,188
Non-current assets						
Cash flow hedge						
– Interest rate and cross currency swaps	78,030	91	229,095	5,890	113,210	2,826
Net investment hedge						
– Cross currency swaps	-	-	143,325	9,378	147,207	7,420
		91		15,268		10,246
Current liability						
Non-hedging instruments						
– Currency forwards	22,531	**(99)**	143,838	(958)	3,216	(80)
Non-current liabilities						
Cash flow hedge						
– Interest rate swap	-	-	-	-	118,000	(979)
Net investment hedge						
– Cross currency swap	83,168	(6,734)	83,216	(3,716)	-	-
– Currency forwards	168,394	(3,339)	-	-	-	-
		(10,073)		(3,716)		(979)
Company						
Current asset						
Non-hedging instrument						
– Cross currency swaps*	-	-	-	-	85,470	2,062
Non-current assets						
Cash flow hedge						
– Interest rate and cross currency swaps	-	-	131,970	1,599	13,970	1,107
Non-hedging instrument						
– Cross currency swaps*	-	-	125,245	8,194	128,638	6,484
		-		9,793		7,591
Non-current liabilities						
Cash flow hedge						
– Interest rate swap	-	-	-	-	118,000	(979)
Non-hedging instrument						
– Cross currency swaps*	83,168	(6,734)	83,216	(3,716)	-	-
– Currency forwards	168,394	(3,339)	-	-	-	-
		(10,073)		(3,716)		(979)

*Relates to cross currency swaps of the Company entered into for the purpose of net investment hedge of the Group's investment in its associated company.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

11. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

As at 30 June 2019, the fixed interest rate on SGD interest rate swap is nil (2018: 3.1%; 1 July 2017: 3.1%) per annum and the fixed interest rates on HKD interest rate and cross currency swaps range from 1.5% to 4.5% (2018: 1.5% to 4.5%; 1 July 2017: 1.5% to 3.4%) per annum. The main floating rates are Singapore Swap Offered Rate and Hong Kong Interbank Offered Rate. The forward rate under currency forward contracts mainly on HKD is 5.939 (2018: nil) and the hedged rate under cross currency swaps contracts on HKD is 5.917 (2018: 5.470 to 5.917).

Interest rate swaps are transacted to hedge variable quarterly interest payments on borrowings and will mature in July 2022 (2018: November 2019 and July 2022; 1 July 2017: November 2019 and July 2022).

Cross currency swaps, that will mature in June 2023 (2018: June 2023; 1 July 2017: November 2019), are transacted to hedge (i) variable quarterly interest payments on borrowings and (ii) currency translation differences from the Group's investment in its associated company.

Currency forwards that will mature in September 2023 and January 2024 are transacted to hedge currency translation differences from the Group's investment in its associated company as well as its overseas investments.

Please refer to Note 2.15 for details of the financial instruments and hedging policies.

Hedging instruments used in the Group's hedging strategy during the financial year

	Contract notional amount $'000	Changes in fair value used in calculating hedge ineffectiveness: Hedging instrument $'000	Hedged item $'000	Hedge ineffectiveness recognised in profit or loss $'000
Group				
Cash flow hedge				
Interest rate risk				
- Interest rate swaps	**78,030**	**(2,653)**	**2,653**	**-**
Net investment hedge				
Currency risk				
- Cross currency swaps	**83,168**	**(3,018)**	**3,018**	**-**
- Currency forwards	**168,394**	**(3,339)**	**3,339**	**-**

12. TRADE AND OTHER RECEIVABLES – CURRENT

	Group 2019 $'000	Group 2018 $'000	Group 1 July 2017 $'000	Company 2019 $'000	Company 2018 $'000	Company 1 July 2017 $'000
Trade receivables	**7,205**	39,337	12,087	**-**	-	-
Allowance for impairment of receivables	**(73)**	(61)	(88)	**-**	-	-
	7,132	39,276	11,999	**-**	-	-
Due from subsidiary companies						
– non-trade [Note 12(a)]	**-**	-	-	**762,190**	904,312	826,624
Allowance for impairment of receivables	**-**	-	-	**(339,587)**	(320,477)	(308,906)
	-	-	-	**422,603**	583,835	517,718
Due from associated and joint venture companies						
– non-trade [Note 12(b)]	**4,981**	3,127	4,285	**300**	303	302
Due from non-controlling interests	**2,293**	2,284	-	**-**	-	-
Dividends receivable from an associated company	**-**	-	11,363	**-**	-	-
Sundry receivables	**9,698**	13,021	13,854	**566**	1,433	1,330
	24,104	57,708	41,501	**423,469**	585,571	519,350

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

12. TRADE AND OTHER RECEIVABLES – CURRENT *(continued)*

(a) Amounts due from subsidiary companies are unsecured and repayable on demand. Included in the amounts due from subsidiary companies are fixed-interest loan receivables of $331.1 million (2018: $429.8 million; 1 July 2017: $351.9 million).

(b) Amounts due from associated and joint venture companies are unsecured and repayable on demand.

The carrying amounts of current trade and other receivables approximated their fair values.

13. INVENTORIES

		Group	
	2019	**2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Raw materials	**20**	24	99
Work-in-progress	**-**	-	106
Finished goods	**19,572**	23,692	19,216
	19,592	23,716	19,421

The cost of inventories recognised as expense and included in "cost of sales" amounted to $63.1 million (2018: $60.6 million; 1 July 2017: $64.0 million).

14. DEVELOPMENT PROPERTIES

		Group	
	2019	**2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Properties under development			
– Land, at cost	**605,330**	103,919	101,589
– Development costs and overhead expenditure capitalised	**23,929**	32,072	49,519
	629,259	135,991	151,108
– Allowance for foreseeable losses	**(12,040)**	(16,481)	(11,528)
	617,219	119,510	139,580
Properties held for sale	**474,889**	520,917	578,958
	1,092,108	640,427	718,538
Value of development properties mortgaged to secure long term banking facilities granted (Note 23)	**-**	-	244,144

Significant estimates and judgement are applied in assessing the valuation of development properties in accordance with Note 2.9. Allowance for foreseeable losses on development properties is disclosed in Note 4.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

14. DEVELOPMENT PROPERTIES *(continued)*

The major development properties are as follows:

Location	Type of development	Tenure		% of completion at 30.06.2019	Expected completion date	Land area (Sq m)	Gross floor area (Sq m)	Group's interest in property (%)
Singapore								
Le Nouvel Ardmore at Ardmore Park	43 units of condominium housing	Freehold		100	n/a	5,624	15,746	100
The M at Middle Road	522 units of apartment with ground floor commercial unit	99-year lease expiring 2119		-	2024	7,963	31,343	100
Malaysia								
Le Nouvel KLCC at Section 43, Town of Kuala Lumpur	195 units of condominium housing	Freehold		100	n/a	6,084	40,565	100
Nobleton Crest at Section 89, Town of Kuala Lumpur	25 units of condominium housing	Freehold		100	n/a	4,047	4,496	100
Taman Bukit Minyak Utama at Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang	378 units of terrace and semi-detached houses and shop houses	Freehold	Phase 2 Phase 4A Phase 5	100 100 100	n/a n/a n/a	8,726	9,913	100
Impiana Boulevard and Impiana Gallery at Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang	80 units of shop houses	Freehold		100	n/a	6,327	7,324	100
Jesselton Hills at Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang	972 units of terrace and semi-detached houses	Freehold	Phase 1 Phase 1A Phase 2 Phase 3-5	100 100 100 -	n/a n/a n/a -	224,578	4,964	100
Mahkota Impian at Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang	386 units of shops and serviced apartments	Freehold		100	n/a	29,793	8,335	100
Vacant land at Mukim 14-16, Daerah Seberang Perai Tengah, Pulau Pinang	-	Freehold		-	-	479,812	n/a	100
The People's Republic of China								
The Lakeside at No. 1 Xingzhou Street, Suzhou Industrial Park	-	70-year lease expiring 2066	Phase 2	-	-	19,518	n/a	75

n/a: not applicable

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 6 June 2017, the Group's wholly-owned subsidiary company, Wing Tai China Pte. Ltd. entered into a Sale and Purchase agreement to dispose of its 100% interest in the issued share capital of and shareholder's loan to Winnamax Investment Pte. Ltd. ("Winnamax") for a cash consideration of $270.8 million, subject to adjustment. The disposal was completed on 5 September 2017. Upon completion, Winnamax and its 100% directly and indirectly owned subsidiary companies, Winmine Investment Pte. Ltd. and Yong Yue (Shanghai) Property Development Co., Ltd respectively, ceased to be subsidiary companies of the Group.

Details of the assets of the disposal group classified as held for sale are as follows:

	Group 1 July 2017 $'000
Cash and cash equivalents	5,199
Other current assets	115
Development properties*	246,872
Property, plant and equipment	22
	252,208

* A commercial site at Huai Hai Middle Road, Shanghai, The People's Republic of China held by Yong Yue (Shanghai) Property Development Co., Ltd.

Details of the liabilities of the disposal group classified as held for sale are as follows:

	Group 1 July 2017 $'000
Trade and other payables	2,147

There are no cumulative currency translation differences relating to disposal group classified as held for sale.

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For the Financial Year Ended 30 June 2019

16. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group			Company		
	2019 $'000	**2018 $'000**	**1 July 2017 $'000**	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**
Loans to subsidiary companies [Note 16(a)]	**-**	-	-	**1,165,099**	536,586	621,054
Allowance for impairment of receivables	**-**	-	-	**(3,097)**	(3,132)	(3,182)
	-	-	-	**1,162,002**	533,454	617,872
Loans to joint venture companies [Note 16(b)]	**297,010**	297,298	228,340	**-**	-	-
Allowance for impairment of receivables [Note 16(b)]	**(27,116)**	(27,116)	(27,116)	**-**	-	-
	269,894	270,182	201,224	**-**	-	-
Loans to non-controlling interests [Note 16(c)]	**8,664**	7,916	2,395	**-**	-	-
	278,558	278,098	203,619	**1,162,002**	533,454	617,872

(a) Loans to subsidiary companies are unsecured, have no fixed terms of repayment and are not expected to be repayable within the next 12 months. Included in the loans to subsidiary companies are fixed-interest loan receivables of $288.1 million (2018: $275.9 million; 1 July 2017: $198.3 million).

The interest-free loans to subsidiary companies are intended to be a long-term source of additional capital for the subsidiary companies. As a result, management considers such loans to be in substance part of the Company's net investment in these subsidiary companies and has accounted for these loans in accordance with Note 2.6.

(b) Loans to joint venture companies are unsecured, have no fixed terms of repayment and are not expected to be repayable within the next 12 months. Included in the loans to joint venture companies are fixed-interest loan receivables of $231.6 million (2018: $238.0 million; 1 July 2017: $170.7 million), which are subordinated to banking facilities of $718.0 million (2018: $718.0 million; 1 July 2017: $420.0 million) granted by banks to the said joint venture companies.

(c) Loans by a certain subsidiary company to non-controlling interests are unsecured, interest-free, have no fixed terms of repayment and are not expected to be repayable within the next 12 months.

The carrying amounts of non-current trade and other receivables approximated their fair values and are categorised under Level 2 of the fair value measurement hierarchy.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

17. INVESTMENTS IN ASSOCIATED AND JOINT VENTURE COMPANIES

The summarised financial information of significant associated and joint venture companies, not adjusted for the proportionate ownership interest held by the Group, is as follows:

	Wing Tai Properties Limited			Uniqlo (Singapore) Pte. Ltd.			Uniqlo (Malaysia) Sdn. Bhd.		
	2019 $'000	**2018 $'000**	**1 July 2017 $'000**	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**
Summarised statement of financial position									
Current assets	**1,467,363**	1,665,583	1,116,316	**159,141**	177,946	126,726	**145,208**	130,361	81,439
Non-current assets	**4,830,404**	4,711,323	4,497,875	**20,141**	19,064	23,340	**20,120**	20,970	21,816
Current liabilities	**(585,225)**	(501,502)	(276,852)	**(66,214)**	(81,824)	(68,485)	**(55,621)**	(64,617)	(40,985)
Non-current liabilities	**(752,227)**	(926,351)	(952,212)	**-**	(846)	-	**(1,550)**	(1,529)	(1,168)
Net assets	**4,960,315**	4,949,053	4,385,127	**113,068**	114,340	81,581	**108,157**	85,185	61,102
Summarised statement of comprehensive income									
Revenue	**148,716**	170,580	210,829	**335,852**	307,860	285,673	**315,171**	260,330	204,982
Other gains – net and expenses	**(50,402)**	320,974	39,800	**(293,243)**	(268,360)	(256,864)	**(257,086)**	(216,432)	(173,893)
Profit before income tax	**98,314**	491,554	250,629	**42,609**	39,500	28,809	**58,085**	43,898	31,089
Income tax expense	**(9,558)**	(15,376)	(18,135)	**(1,480)**	(9,588)	(5,444)	**(14,141)**	(12,463)	(8,784)
Total profit	**88,756**	476,178	232,494	**41,129**	29,912	23,365	**43,944**	31,435	22,305
Other comprehensive income/(expense)	**383**	8,161	7,544	**(1,386)**	2,847	(246)	**(356)**	(137)	399
Total comprehensive income	**89,139**	484,339	240,038	**39,743**	32,759	23,119	**43,588**	31,298	22,704

	Wing Tai Properties Limited		
	2019 $'000	**2018 $'000**	**1 July 2017 $'000**
Net assets of an associated company attributable to:			
– Non-controlling interests	**1,231**	934	713
– Equity holders	**4,959,084**	4,948,119	4,384,414
Total comprehensive income of an associated company attributable to:			
– Non-controlling interests	**296**	267	537
– Equity holders	**88,843**	484,072	239,501

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For the Financial Year Ended 30 June 2019

17. INVESTMENTS IN ASSOCIATED AND JOINT VENTURE COMPANIES *(continued)*

	Uniqlo (Singapore) Pte. Ltd.			Uniqlo (Malaysia) Sdn. Bhd.		
	2019 $'000	**2018 $'000**	**1 July 2017 $'000**	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**
Included in net assets of the joint venture companies are:						
– Cash and cash equivalents	**93,450**	97,807	69,965	**83,648**	61,021	40,829
– Financial liabilities (excluding trade and other payables and provisions):						
– Current	**(149)**	-	(2,347)	**(1,122)**	(1,808)	(713)
Included in total comprehensive income of the joint venture companies are:						
– Interest income	**835**	629	406	**937**	548	493
– Depreciation and amortisation	**(5,815)**	(7,273)	(8,679)	**(7,821)**	(8,335)	(7,929)
– Interest expense	**(456)**	(284)	(543)	**(711)**	(518)	(374)

	Wing Tai Properties Limited $'000	Uniqlo (Singapore) Pte. Ltd. $'000	Uniqlo (Malaysia) Sdn. Bhd. $'000	Other individually immaterial joint venture companies $'000	Total for joint venture companies $'000	Total $'000
Reconciliation of carrying amounts of investments in associated and joint venture companies						
2019						
Beginning of financial year	1,607,184	56,027	38,333	60,125	154,485	1,761,669
Currency translation differences	(929)	-	(1,623)			
Dilution loss	(4,263)	-	-			
Dividends	(21,739)	(20,097)	(7,654)	(17,715)	(45,466)	(67,205)
Group's share of (at gross shareholding):	34.2%	49.0%	45.0%			
– Profit for the year	26,385	20,153	19,775	(13,815)	26,113	52,498
– Other comprehensive income/(expense)	131	(680)	(160)	(4,576)	(5,416)	(5,285)
End of financial year	**1,606,769**	**55,403**	**48,671**	**23,817**	**127,891**	**1,734,660**

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For the Financial Year Ended 30 June 2019

17. INVESTMENTS IN ASSOCIATED AND JOINT VENTURE COMPANIES *(continued)*

	Wing Tai Properties Limited $'000	Uniqlo (Singapore) Pte. Ltd. $'000	Uniqlo (Malaysia) Sdn. Bhd. $'000	Other individually immaterial joint venture companies $'000	Total for joint venture companies $'000	Total $'000
Reconciliation of carrying amounts of investments in associated and joint venture companies *(continued)*						
2018						
Beginning of financial year	1,506,486	39,975	27,496	30,336	97,807	1,604,293
Currency translation differences	(38,351)	-	1,593			
Dilution loss	(3,534)	-	-			
Dividends	(21,457)	-	(4,840)	(1,540)	(6,380)	(27,837)
Group's share of (at gross shareholding):	34.3%	49.0%	45.0%			
– Profit for the year	161,222	14,657	14,146	18,453	47,256	208,478
– Other comprehensive income/(expense)	2,818	1,395	(62)	1,988	3,321	6,139
End of financial year	1,607,184	56,027	38,333	60,125	154,485	1,761,669

	Group 2019 $'000	2018 $'000	1 July 2017 $'000
Capital commitments in relation to interest in a joint venture company	**11,785**	12,247	12,505
Share of joint venture companies' capital commitments	**46,049**	61,908	34,531
Share of associated and joint venture companies' contingent liabilities and financial guarantees incurred jointly with other investors	**478,908**	434,292	156,498
Market value of quoted equity shares of an associated company	**441,075**	531,200	431,032

The Group's associated company, Wing Tai Properties Limited ("WTP") is listed on The Stock Exchange of Hong Kong Limited and its financial year-end is 31 December. Due to the timing of availability of the financial information of WTP and as WTP is unable to provide financial information to the Group without providing equivalent information to all its other investors, the Group equity accounts for WTP for the period from 1 April 2018 to 31 March 2019 (2018: 1 April 2017 to 31 March 2018; 2017: 1 April 2016 to 31 March 2017) and adjusts for any significant transactions and events that occur between 1 April and 30 June 2019 that become publicly available prior to the date of the Group's consolidated financial statements.

As at 30 June 2019, the carrying amount of quoted equity shares of the associated company is higher than the market value. The directors consider the carrying amount of the investment to be appropriate, after having evaluated various qualitative and quantitative factors including the historical financial performance of the associated company. Included in the carrying value of the investment in associated company are investment properties and development properties of $1,223.7 million (2018: $1,174.6 million) and $260.5 million (2018: $249.1 million) respectively and for which the valuation of these assets are carried in accordance with the accounting policies of the Group.

The market value of quoted equity shares of an associated company is determined by reference to the published market bid price at the end of the reporting period and is categorised under Level 1 of the fair value measurement hierarchy.

Details of the Group's associated and joint venture companies are listed in Note 35 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

18. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company 2019 $'000	2018 $'000	1 July 2017 $'000
Equity investments, at cost	**282,063**	282,063	282,063

Details of the Group's subsidiary companies are listed in Note 35 to the financial statements.

The following subsidiary companies of the Group have material non-controlling interests:

	Effective interest held by non-controlling interests		
Name of company	2019 %	2018 %	2017 %
Brave Dragon Ltd	**10.6**	10.6	10.6
Wing Tai Malaysia Berhad	**-**	-	11.9

The following table summarises the financial information of the Group's subsidiary company with material non-controlling interests, based on their respective consolidated financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before inter-company eliminations with other companies in the Group.

	2019	2018	1 July 2017	1 July 2017	1 July 2017
	Brave Dragon Ltd		Brave Dragon Ltd	Wing Tai Malaysia Berhad	Total
	$'000	$'000	$'000	$'000	$'000
Summarised statement of financial position					
Current assets	**18**	403	3,498	452,208	455,706
Non-current assets	**553,365**	546,345	502,645	143,273	645,918
Current liabilities	**(23,647)**	(29,893)	(34,830)	(34,177)	(69,007)
Non-current liabilities	**-**	-	-	(151,863)	(151,863)
Net assets	**529,736**	516,855	471,313	409,441	880,754
Net assets attributable to non-controlling interests	**56,152**	54,787	49,959	48,723	98,682
Add: Carrying amount of individually immaterial non-controlling interests of other subsidiary companies	**17,075**	17,566			21,666
Carrying amount of non-controlling interests	**73,227**	72,353			120,348
Summarised statement of comprehensive income					
Revenue	**-**			83,682	83,682
Total profit	**14,712**	55,076	27,310	13,974	41,284
Other comprehensive (expense)/income	**(316)**	(11,014)	11,586	(28)	11,558
Total comprehensive income	**14,396**	44,062	38,896	13,946	52,842
Total comprehensive income attributable to non-controlling interests	**1,526**	4,672	4,123	2,861	6,984
Dividends paid to non-controlling interests	**-**	-	-	1,572	1,572
Summarised cash flows					
Cash flows from:					
– Operating activities	**147**	(150)	(2)	2,396	2,394
– Investing activities	**6,625**	9,901	1,066	(1,120)	(54)
– Financing activities	**(7,009)**	(9,509)	(1,075)	(14,486)	(15,561)
Net (decrease)/increase in cash and cash equivalents	**(237)**	242	(11)	(13,210)	(13,221)

Notes to the Financial Statements

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19. INVESTMENT PROPERTIES

	Group 2019 $'000	Group 2018 $'000
Beginning of financial year	**733,250**	651,805
Fair value gains recognised in income statement	**9,502**	12,696
Additions	**53,523**	66,918
Transfer from development properties	**5,784**	-
Transfer from property, plant and equipment	**-**	3,313
Currency translation differences	**(9,396)**	(1,482)
End of financial year	**792,663**	733,250

The following amounts are recognised in the income statement:

	Group 2019 $'000	Group 2018 $'000
Rental income	**37,686**	31,464
Direct operating expenses arising from investment properties that generated rental income	**(13,056)**	(10,140)

The major investment properties are as follows:

Name of building/location	Description	Tenure of land	Lettable area (Sq m)	Group's interest in property (%)
Singapore				
Winsland House I at 3 Killiney Road (1^{st} to 9^{th} floor)	10-storey commercial building	99-year lease expiring 2082	13,352	100
Winsland House II at 163 Penang Road	8-storey commercial building	99-year lease expiring 2093	7,304	100
Winsland House II at 165 Penang Road	Conservation house	99-year lease expiring 2093	584	100
Lanson Place Winsland Serviced Residences at 167 Penang Road	109 units of serviced apartments in a 9-storey building	99-year lease expiring 2093	5,087	100
Malaysia				
Lanson Place Kondominium No. 8 at Section 89A, Town of Kuala Lumpur	132 units of condominium housing	Freehold	22,702	100
1-10 Jalan SU1E, Persiaran Sering Ukay 1, Sering Ukay, Ampang, Selangor	10 units of shop offices	Freehold	2,872	100

Notes to the Financial Statements

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19. INVESTMENT PROPERTIES *(continued)*

Name of building/location	Description	Tenure of land	Lettable area (Sq m)	Group's interest in property (%)
Malaysia *(continued)*				
1,2,3,5,7,9,11,11A Lorong Bukit Minyak Utama 2, Taman Bukit Minyak Utama, Bukit Mertajam, Pulau Pinang	7 units of shop offices and a 2-storey commercial building	Freehold	3,265	100
Australia				
376-388 Flinders Street, Melbourne, Victoria	8-storey commercial building	Freehold	9,513	100
28 Thornton Crescent, Mitcham, Victoria	Single-storey commercial property	Freehold	3,946	100
12 Brookhollow Avenue, Baulkham Hills, New South Wales	4-storey commercial property	Freehold	3,933	100
464 St. Kilda Road, Melbourne, Victoria	8-storey commercial property	Freehold	13,830	50
Japan				
1 Chome 11-6 Asakusa, Taito, Tokyo	13-storey hotel	Freehold	3,063	100
The People's Republic of China				
Singa Plaza at 8 Jinji Hu Road, Suzhou Industrial Park	8-storey commercial building	50-year lease expiring 2046	8,255	75

Investment properties are valued by independent professional valuers based on the properties' highest and best use determined using the Direct Comparison Approach, the Capitalisation Approach and/or the Discounted Cash Flow Approach. A description of the valuation techniques and the valuation processes of the Group are provided in Note 32(e).

Investment properties are leased to third parties under operating leases (Note 30).

Investment properties with a total valuation of $323.2 million (2018: $324.1 million) were mortgaged to banks to secure long term banking facilities granted to certain subsidiary companies (Note 23).

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20. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Motor vehicles $'000	Office equipment $'000	Furniture and fittings $'000	Total $'000
Group						
2019						
Cost						
Beginning of financial year	34,427	58,800	4,234	24,738	53,500	175,699
Additions	793	2	2,836	1,970	3,911	9,512
Disposals	(583)	(1,988)	(769)	(28)	(81)	(3,449)
Write-off	-	-	-	(217)	(2,586)	(2,803)
Currency translation differences	(1,302)	(234)	(76)	(218)	(898)	(2,728)
End of financial year	33,335	56,580	6,225	26,245	53,846	176,231
Accumulated depreciation and impairment losses						
Beginning of financial year	1,121	1,613	3,093	12,095	42,678	60,600
Depreciation charge	569	1,102	725	1,150	4,517	8,063
Disposals	(34)	(428)	(675)	(24)	(15)	(1,176)
Write-off	-	-	-	(192)	(2,541)	(2,733)
Impairment loss	-	-	-	22	99	121
Currency translation differences	(50)	(17)	(69)	(190)	(759)	(1,085)
End of financial year	1,606	2,270	3,074	12,861	43,979	63,790
Net book value						
End of financial year	**31,729**	**54,310**	**3,151**	**13,384**	**9,867**	**112,441**
2018						
Cost						
Beginning of financial year	32,636	61,816	4,688	25,361	50,110	174,611
Additions	242	49	56	3,058	6,033	9,438
Disposals	-	-	(603)	(2,518)	(1,470)	(4,591)
Write-off	-	-	-	(1,480)	(2,201)	(3,681)
Transfer to investment properties	-	(3,379)	-	-	-	(3,379)
Currency translation differences	1,549	314	93	317	1,028	3,301
End of financial year	34,427	58,800	4,234	24,738	53,500	175,699
Accumulated depreciation and impairment losses						
Beginning of financial year	538	426	3,030	13,797	40,898	58,689
Depreciation charge	541	1,228	514	1,050	4,224	7,557
Disposals	-	-	(535)	(1,571)	(1,418)	(3,524)
Write-off	-	-	-	(1,467)	(1,891)	(3,358)
Transfer to investment properties	-	(66)	-	-	-	(66)
Currency translation differences	42	25	84	286	865	1,302
End of financial year	1,121	1,613	3,093	12,095	42,678	60,600
Net book value						
End of financial year	33,306	57,187	1,141	12,643	10,822	115,099

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20. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Motor vehicles $'000	Office equipment $'000	Furniture and fittings $'000	Total $'000
Company				
2019				
Cost				
Beginning of financial year	1,003	12,227	2,638	15,868
Additions	2,332	654	23	3,009
End of financial year	3,335	12,881	2,661	18,877
Accumulated depreciation				
Beginning of financial year	506	2,335	2,478	5,319
Depreciation charge	416	68	59	543
End of financial year	922	2,403	2,537	5,862
Net book value				
End of financial year	**2,413**	**10,478**	**124**	**13,015**
2018				
Cost				
Beginning of financial year	1,003	12,339	2,506	15,848
Additions	-	800	134	934
Disposals	-	(908)	-	(908)
Write-off	-	(4)	(2)	(6)
End of financial year	1,003	12,227	2,638	15,868
Accumulated depreciation				
Beginning of financial year	313	2,177	2,366	4,856
Depreciation charge	193	162	113	468
Write-off	-	(4)	(1)	(5)
End of financial year	506	2,335	2,478	5,319
Net book value				
End of financial year	497	9,892	160	10,549

The major properties included in freehold and leasehold land and buildings are as follows:

Name of building/location	Description	Tenure of land	Lettable area (Sq m)
Singapore			
Winsland House I at 3 Killiney Road (Basement 1 and 10th floor)	10-storey commercial building	99-year lease expiring 2082	2,669
Malaysia			
166-A, Rifle Range Road, Pulau Pinang	5-storey commercial building	99-year lease expiring 2109	11,136
Ambassador Row Serviced Suites at 1 Jalan Ampang Hilir, Kuala Lumpur	221 units of serviced apartments in a 20-storey building	Freehold	17,452

Property, plant and equipment with net book values amounting to $2.4 million (2018: $3.0 million; 1 July 2017: $0.8 million) were mortgaged to banks to secure long term banking facilities granted to subsidiary companies (Note 23).

Notes to the Financial Statements

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21. OTHER ASSETS

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Current assets						
Deposits	**4,311**	25,835	38,979	**34**	41	67
Prepayments	**4,731**	5,043	10,691	**1,075**	1,289	3,284
Contract assets [Note 21(a)]	**16,260**	2	22,586	**-**	-	-
Derivative financial instruments [Note 11]	**-**	28	2,188	**-**	-	2,062
	25,302	30,908	74,444	**1,109**	1,330	5,413
Non-current assets						
Derivative financial instruments [Note 11]	**91**	15,268	10,246	**-**	9,793	7,591
Financial investments at FVOCI [Note 21(b)]	**35,946**	-	-	**-**	-	-
Financial investments at FVPL [Note 21(c)]	**10,825**	-	-	**10,825**	-	-
AFS financial assets [Note 21(d)]	**-**	31,743	22,708	**-**	3,189	3,189
Deposits	**1,560**	1,433	2,535	**-**	-	-
	48,422	48,444	35,489	**10,825**	12,982	10,780

The carrying amounts of other non-current liabilities approximated their fair values and are categorised under Level 2 of the fair value measurement hierarchy.

(a) Contract assets

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Unbilled revenue [Note 3(a)]	**15,952**	-	22,551	**-**	-	-
Costs to obtain a contract [Note 3(b)]	**308**	2	35	**-**	-	-

(b) Financial investments at FVOCI

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Beginning of financial year	**-**	-	-	**-**	-	-
Reclassification at 1 July 2018	**28,554**	-	-	**-**	-	-
Fair value losses recognised in other comprehensive income	**(3,951)**	-	-	**-**	-	-
Additions	**11,343**	-	-	**-**	-	-
End of financial year	**35,946**	-	-	**-**	-	-

(c) Financial investments at FVPL

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Beginning of financial year	**-**	-	-	**-**	-	-
Reclassification at 1 July 2018	**3,189**	-	-	**3,189**	-	-
Fair value gains credited to income statement	**7,636**	-	-	**7,636**	-	-
End of financial year	**10,825**	-	-	**10,825**	-	-

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

21. OTHER ASSETS *(continued)*

(d) AFS financial assets

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Beginning of financial year	**31,743**	22,708	6,276	**3,189**	3,189	3,189
Reclassification at 1 July 2018	**(31,743)**	-	-	**(3,189)**	-	-
Fair value (losses)/gains recognised in other comprehensive income	**-**	(739)	1,214	**-**	-	-
Additions	**-**	9,774	18,305	**-**	-	-
Impairment loss	**-**	-	(3,185)	**-**	-	-
Currency translation differences	**-**	-	98	**-**	-	-
End of financial year	**-**	31,743	22,708	**-**	3,189	3,189

These equity investments are analysed as follows:

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Financial investments at FVOCI						
Quoted securities in Singapore	**35,946**	-	-	**-**	-	-
Financial investments at FVPL						
Unquoted securities in Singapore	**10,825**	-	-	**10,825**	-	-
AFS financial assets						
Quoted securities in Singapore	**-**	28,554	19,519	**-**	-	-
Unquoted securities in Singapore	**-**	3,189	3,189	**-**	3,189	3,189
	46,771	31,743	22,708	**10,825**	3,189	3,189

22. TRADE AND OTHER PAYABLES

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Trade payables	**15,786**	15,798	17,987	**-**	-	-
Due to subsidiary companies – non-trade [Note 22(a)]	**-**	-	-	**1,880**	167	25,251
Due to associated and joint venture companies – non-trade [Note 22(b)]	**1,705**	15,929	15,925	**-**	-	-
Accrued project costs	**16,860**	23,415	38,759	**-**	-	-
Accrued operating expenses	**24,355**	36,376	26,565	**7,949**	17,207	7,334
Other payables	**3,213**	4,976	42,030	**54**	102	156
	61,919	96,494	141,266	**9,883**	17,476	32,741

(a) Non-trade amounts due to subsidiary companies are unsecured and repayable on demand.

(b) Non-trade amounts due to associated and joint venture companies are unsecured, interest-free and repayable on demand.

The carrying amounts of trade and other payables approximated their fair values.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

23. BORROWINGS

	Group			Company		
	2019 $'000	**2018 $'000**	**1 July 2017 $'000**	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**
Current						
– Secured bank loans	**-**	-	4,253	**-**	-	-
Non-current						
– Secured bank loans	**83,004**	84,199	221,534	**-**	-	-
– Unsecured bank loans	**176,042**	327,855	334,337	**99,189**	231,236	233,293
– Unsecured medium term notes due in 2021	**115,832**	115,762	117,250	**115,832**	115,762	117,250
– Unsecured medium term notes due in 2022	**92,750**	92,750	92,750	**92,750**	92,750	92,750
– Unsecured medium term notes due in 2023	**80,500**	80,500	80,500	**80,500**	80,500	80,500
– Unsecured medium term notes due in 2024	**79,000**	79,000	79,000	**79,000**	79,000	79,000
	627,128	780,066	925,371	**467,271**	599,248	602,793
Total borrowings	**627,128**	780,066	929,624	**467,271**	599,248	602,793

The carrying amounts of borrowings approximated their fair values and are categorised under Level 2 of the fair value measurement hierarchy.

(a) Interest rate risks

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	Group			Company		
	2019 $'000	**2018 $'000**	**1 July 2017 $'000**	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**
Less than one year	**101,946**	102,952	238,787	**18,942**	18,753	13,000
Between one and two years	**-**	268,089	-	**-**	247,998	-
Between two and five years	**525,182**	330,025	271,397	**448,329**	253,497	250,543
Over five years	**-**	79,000	419,440	**-**	79,000	339,250
	627,128	780,066	929,624	**467,271**	599,248	602,793

(b) Security granted

The Group's secured borrowings are generally secured by mortgages on certain investment properties (Note 19) and property, plant and equipment (Note 20) and assignment of all rights, titles and benefits with respect to the properties.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

24. DIVIDENDS

	Group and Company	
	2019	**2018**
	$'000	**$'000**
Dividends paid in respect of the preceding financial year		
First and final dividend of 3 cents (2018: 3 cents) per share	**23,032**	23,234
Special dividend of 5 cents (2018: 3 cents) per share	**38,386**	23,234
	61,418	46,468

The directors have recommended a first and final dividend in respect of the financial year ended 30 June 2019 of 3 cents per share and a special dividend of 2 cents per share. These financial statements do not reflect these proposed dividends, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2020.

The proposed first and final dividend in respect of the financial year ended 30 June 2018 have been accounted for in the shareholders' equity as an appropriation of retained earnings in the current financial year.

25. OTHER LIABILITIES

	Group			Company		
	2019	**2018**	**1 July 2017**	**2019**	**2018**	**1 July 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current liabilities						
Contract liabilities [Note 3(a)]	**7,182**	14,511	4,611	**-**	-	-
Tenancy and other deposits	**2,623**	3,747	30,613	**-**	-	-
Derivative financial instruments [Note 11]	**99**	958	80	**-**	-	-
Others	**1,486**	1,444	811	**-**	-	-
	11,390	20,660	36,115	**-**	-	-
Non-current liabilities						
Tenancy deposits	**6,033**	3,725	4,499	**-**	-	-
Loans from non-controlling interests	**-**	-	8,005	**-**	-	-
Retention payable	**352**	4,376	5,172	**-**	-	-
Derivative financial instruments [Note 11]	**10,073**	3,716	979	**10,073**	3,716	979
Others	**1,633**	1,729	1,959	**-**	-	-
	18,091	13,546	20,614	**10,073**	3,716	979

Loans from non-controlling interests were unsecured, interest-free and had no fixed terms of repayment.

The carrying amounts of other non-current liabilities approximated their fair values and are categorised under Level 2 of the fair value measurement hierarchy.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

26. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares '000	Amount $'000
Issued share capital		
2019		
Beginning and end of financial year	**793,927**	**838,250**
2018		
Beginning and end of financial year	793,927	838,250

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Share Plans

The Wing Tai Performance Share Plan ("Wing Tai PSP") and the Wing Tai Restricted Share Plan ("Wing Tai RSP") (collectively referred to as the "Wing Tai New Share Plans") were adopted by the members of the Company at an AGM held on 26 October 2018.

Wing Tai PSP

On 26 September 2018 (2018: 25 September 2017), awards were granted by the Company to qualifying employees pursuant to the Wing Tai PSP in respect of 315,000 (2018: 333,000) shares of the Company. Under the Wing Tai PSP, performance conditions are set over a three-year performance period. A specified number of shares will be released by the Committee to the participants at the end of the performance period, provided the threshold targets are achieved. The total number of shares released varies depending on the achievement of pre-set performance targets over the performance period. The achievement factor ranges from 0% to 200%.

Details of the movement in the awards of the Company during the year were as follows:

Date of grant	Beginning of financial year	Number of shares granted	Adjustment of shares awarded arising from targets achieved	Number of shares released	End of financial year
2019					
14.09.2015	191,000	-	(155,800)	(35,200)	**-**
21.09.2016	323,000	-	-	-	**323,000**
25.09.2017	333,000	-	-	-	**333,000**
26.09.2018	-	315,000	-	-	**315,000**
	847,000	**315,000**	**(155,800)**	**(35,200)**	**971,000**
2018					
26.09.2014	182,000	-	(182,000)	-	-
14.09.2015	191,000	-	-	-	191,000
21.09.2016	323,000	-	-	-	323,000
25.09.2017	-	333,000	-	-	333,000
	696,000	333,000	(182,000)	-	847,000

Wing Tai RSP

On 26 September 2018 (2018: 25 September 2017), awards were granted by the Company to qualifying employees pursuant to the Wing Tai RSP in respect of 1,328,000 (2018: 772,000) shares of the Company. Under the Wing Tai RSP, performance conditions are set over a one-year performance period. A specified number of shares will be awarded to eligible participants at the end of the performance period depending on the extent of achievement of the performance conditions established. The shares have a vesting schedule of three tranches. The participant will receive fully paid shares, without any cash consideration payable by the participant.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

26. SHARE CAPITAL *(continued)*

Share Plans *(continued)*

Wing Tai RSP (continued)
Details of the movement in the awards of the Company during the year were as follows:

Date of grant	Beginning of financial year	Number of shares granted	Number of shares released	Number of shares forfeited	End of financial year
2019					
14.09.2015	290,800	-	(290,800)	-	**-**
21.09.2016	345,100	-	(147,900)	(8,400)	**188,800**
25.09.2017	729,000	-	(218,700)	(30,100)	**480,200**
26.09.2018	-	1,328,000	(398,400)	(42,000)	**887,600**
	1,364,900	**1,328,000**	**(1,055,800)**	**(80,500)**	**1,556,600**
2018					
26.09.2014	335,200	-	(335,200)	-	-
14.09.2015	524,300	-	(224,700)	(8,800)	290,800
21.09.2016	519,000	-	(155,700)	(18,200)	345,100
25.09.2017	-	772,000	-	(43,000)	729,000
	1,378,500	772,000	(715,600)	(70,000)	1,364,900

The fair values of the awards granted pursuant to the Wing Tai PSP and the Wing Tai RSP on 26 September 2018 (2018: 25 September 2017) determined using the Monte Carlo simulation model was $0.2 million (2018: $0.1 million) and $1.6 million (2018: $1.6 million) respectively. The significant inputs into the model were share price at grant date of $1.96 (2018: $2.15) per share, standard deviation of expected share price returns of 20.2% (2018: 20.3%), dividend yield of 1.0% (2018: 0.5%) and annual risk-free one-year, two-year and three-year interest rates of 1.8%, 2.0% and 2.2% (2018: 1.2%, 1.3% and 1.5%) respectively. The volatility measured at the standard deviation of expected share price returns is based on the statistical analysis of monthly share prices over the past three years.

27. PERPETUAL SECURITIES

Perpetual securities are recorded at the proceeds received, net of direct transaction costs.

On 24 May 2019, the Company issued $150,000,000 4.48% senior perpetual securities at an issue price of 100%, excluding transaction costs. Holders of the perpetual securities are conferred a right to receive distribution on a semi-annual basis from their issue date at the rate of 4.48% per annum, subject to a step-up rate from 24 May 2029. The Company has a right to defer this distribution under certain conditions. The perpetual securities have no fixed maturity and are redeemable in whole, but not in part, at the Company's option on or after 24 May 2024 at their principal amounts together with any accrued, unpaid or deferred distributions.

On 28 June 2017, the Company issued $150,000,000 4.08% senior perpetual securities at an issue price of 100%, excluding transaction costs. Holders of the perpetual securities are conferred a right to receive distribution on a semi-annual basis from their issue date at the rate of 4.08% per annum, subject to a step-up rate from 28 June 2027. The Company has a right to defer this distribution under certain conditions. The perpetual securities have no fixed maturity and are redeemable in whole, but not in part, at the Company's option on or after 28 June 2022 at their principal amounts together with any accrued, unpaid or deferred distributions.

While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

		Group and Company	
	2019 $'000	**2018 $'000**	**2017 $'000**
Perpetual securities 2017	**147,778**	147,778	147,778
Perpetual securities 2019	**148,597**	-	-
	296,375	147,778	147,778

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

28. OTHER RESERVES

	Group 2019 $'000	Group 2018 $'000	Group 1 July 2017 $'000	Company 2019 $'000	Company 2018 $'000	Company 1 July 2017 $'000
Share-based payment reserve	**2,161**	1,769	11,668	**2,161**	1,769	10,486
Cash flow hedge reserve	**624**	4,025	(424)	**-**	577	(1,058)
Asset revaluation reserve	**-**	-	-	**-**	-	-
Share of capital reserves of associated and joint venture companies	**59,425**	76,264	70,216	**-**	-	-
Currency translation reserve	**(48,251)**	(14,603)	-	**-**	-	-
Fair value reserve	**(3,476)**	475	1,214	**-**	-	-
Treasury shares reserve	**(42,919)**	(33,990)	(30,597)	**(42,919)**	(33,990)	(30,597)
Statutory reserve	**4,859**	4,859	4,859	**-**	-	-
	(27,577)	38,799	56,936	**(40,758)**	(31,644)	(21,169)

		Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
(a)	**Share-based payment reserve**				
	Beginning of financial year	**1,769**	11,668	**1,769**	10,486
	Employee share plans and share option schemes:				
	– Value of employee services (Notes 6 and 26)	**2,384**	1,342	**2,384**	1,181
	– Reissuance of treasury shares	**(1,992)**	(1,196)	**(1,992)**	(1,196)
	Expiry of share options	**-**	(9,634)	**-**	(8,702)
	Termination of share plans	**-**	(411)	**-**	-
	End of financial year	**2,161**	1,769	**2,161**	1,769
(b)	**Cash flow hedge reserve**				
	Interest rate risk				
	Beginning of financial year	**4,025**	(424)	**577**	(1,058)
	Fair value (losses)/gains on derivative financial instruments	**(3,675)**	3,866	**(1,160)**	1,930
	Reclassified to income statement as finance costs	**274**	583	**583**	(295)
	End of financial year	**624**	4,025	**-**	577
(c)	**Asset revaluation reserve**				
	Beginning of financial year	**-**	24,247	**-**	-
	Effects of adoption of SFRS(I)s	**-**	(24,247)	**-**	-
	Balance at 1 July, as reported and end of financial year	**-**	-	**-**	-
(d)	**Share of capital reserves of associated and joint venture companies**				
	Beginning of financial year	**76,264**	62,877	**-**	-
	Effects of adoption of SFRS(I)s	**-**	7,339	**-**	-
	Balance at 1 July, as adjusted	**76,264**	70,216	**-**	-
	Effect of adoption of SFRS(I) 9	**(11,549)**	-	**-**	-
	Balance at 1 July, as reported	**64,715**	70,216	**-**	-
	Share of capital reserves of associated and joint venture companies	**(5,285)**	6,139	**-**	-
	Attributable to non-controlling interests	**(5)**	(91)	**-**	-
	End of financial year	**59,425**	76,264	**-**	-

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

28. OTHER RESERVES *(continued)*

		Group		Company	
		2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
(e)	**Currency translation reserve**				
	Beginning of financial year	**(14,603)**	(87,333)	**-**	-
	Effects of adoption of SFRS(I)s	**-**	87,333	**-**	-
	Balance at 1 July, as reported	**(14,603)**	-	**-**	-
	Translation of financial statements of foreign subsidiary, associated and joint venture companies	**(28,232)**	(9,248)	**-**	-
	Translation of foreign currency denominated loans which form part of net investment in subsidiary companies	**(6,251)**	(4,642)	**-**	-
	Termination of share plans	**-**	(2)	**-**	-
	Liquidation of subsidiary companies	**(2)**	-	**-**	-
	Disposal of a subsidiary company	**-**	(1,359)	**-**	-
	Attributable to non-controlling interests	**837**	648	**-**	-
	End of financial year	**(48,251)**	(14,603)	**-**	-

As at 30 June 2019, $15.6 million (2018: $3.8 million) of the currency translation reserve relates to net investment hedges. During the financial year ended 30 June 2019, net fair value changes the hedging instruments relating to net investment hedges and recognised in currency translation reserves are disclosed in Note 11 (2018: $3.8 million).

		Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
(f)	**Fair value reserve**				
	Beginning of financial year	**475**	1,214	**-**	-
	Fair value losses on financial investments at FVOCI/AFS	**(3,951)**	(739)	**-**	-
	End of financial year	**(3,476)**	475	**-**	-
(g)	**Treasury shares reserve**				
	Beginning of financial year	**(33,990)**	(30,597)	**(33,990)**	(30,597)
	Reissuance of treasury shares	**1,787**	1,086	**1,787**	1,086
	Purchase of treasury shares	**(10,716)**	(4,479)	**(10,716)**	(4,479)
	End of financial year	**(42,919)**	(33,990)	**(42,919)**	(33,990)
(h)	**Statutory reserve**				
	Beginning and end of financial year	**4,859**	4,859	**-**	-
	Total	**(27,577)**	38,799	**(40,758)**	(31,644)

Capital reserves of associated and joint venture companies arise from currency translation and other reserves which are not distributable.

The total number of treasury shares held by the Company as at 30 June 2019 was 26,201,800 (2018: 21,731,400). The Company reissued 1,091,000 (2018: 715,600) treasury shares during the financial year pursuant to the Wing Tai RSP (2018: Wing Tai RSP). The purchase cost of the treasury shares reissued amounted to $1.8 million (2018: $1.1 million). The total consideration for the treasury shares reissued which comprised the value of employee services amounted to $2.0 million (2018: $1.2 million).

Statutory reserve relates to non-distributable reserve of a subsidiary company in China made at a rate of 10% of annual net profit after tax. Contribution to this reserve is no longer mandatory when the reserve reaches 50% of the subsidiary company's registered share capital. The reserve is to be used in accordance to the circumstances as stipulated in the relevant regulations.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

29. RETAINED EARNINGS

(a) Retained earnings of the Group are distributable except for accumulated retained earnings of associated and joint venture companies amounting to $1,293.1 million (2018: $1,254.0 million) and the amount of $42.9 million (2018: $34.0 million) utilised to purchase treasury shares. Retained earnings of the Company are distributable except for the amount of $42.9 million (2018: $34.0 million) utilised to purchase treasury shares.

(b) Movement in retained earnings for the Company is as follows:

	Company	
	2019	**2018**
	$'000	**$'000**
Beginning of financial year	**460,777**	485,687
Total comprehensive (expense)/income	**(13,764)**	18,866
Expiry of share options	**-**	8,702
Reissuance of treasury shares	**205**	110
Accrued perpetual securities distribution	**(6,820)**	(6,120)
Ordinary and special dividends paid (Note 24)	**(61,418)**	(46,468)
End of financial year	**378,980**	460,777

30. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the end of the reporting period but not recognised in the financial statements, excluding those relating to investments in associated and joint venture companies (Note 17), are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Commitments in respect of contracts placed	**-**	1,120

(b) Operating lease commitments – where the Group is a lessee

The Group leases office and retail units and warehouse space under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Not later than one year	**22,561**	25,996
Between one and five years	**15,040**	20,552
	37,601	46,548

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

30. COMMITMENTS *(continued)*

(c) Operating lease commitments – where the Group is a lessor

The Group leases out office and retail units and serviced apartments under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

	Group	
	2019 $'000	**2018 $'000**
Not later than one year	**36,907**	30,140
Between one and five years	**57,661**	41,923
Later than five years	**44,820**	23,544
	139,388	95,607

31. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

The details and estimates of the maximum amounts of contingent liabilities and financial guarantees, excluding those relating to investments in associated and joint venture companies (Note 17), are as follows:

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Financial guarantees issued to banks for credit facilities granted to:				
– subsidiary companies	**-**	-	**78,030**	98,498
– joint venture companies	**8,280**	8,280	**-**	-
	8,280	8,280	**78,030**	98,498

The Company has given financial guarantees for all liabilities incurred under a tender bond facility of a subsidiary company amounting to $15.0 million (2018: $15.0 million) granted by a bank to the subsidiary company.

32. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. After identifying and evaluating its exposure to the financial risks, the Group establishes policies to monitor and manage these risks in accordance with its risk management philosophy. The Group uses financial instruments such as currency forwards, cross currency swaps, interest rate swaps and foreign currency borrowings to hedge certain financial risk exposures.

Notes to the Financial Statements

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32. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk

(i) Currency risk

The Group operates in Asia-Pacific with dominant operations in Singapore, Malaysia, Australia, Japan, the People's Republic of China and Hong Kong SAR. Entities in the Group may transact in currencies other than their respective functional currencies. Currency risk arises within entities in the Group when transactions are denominated in foreign currencies. To manage the currency risk, the Group enters into currency forwards and cross currency swaps with banks.

The Group also holds long-term overseas investments and its net assets are exposed to currency translation risk. The Group enters into cross currency swaps, currency forwards and uses natural hedging opportunities, like borrowing in the currency of the country in which these investments are located whenever practicable. The exchange differences arising from such translations are captured under the currency translation reserve. These currency translation differences are reviewed and monitored on a regular basis.

The Group's and the Company's currency exposure are as follows:

	SGD $'000	RM $'000	USD $'000	HKD $'000	AUD $'000	Others $'000	Total $'000
Group							
2019							
Financial assets							
Cash and cash equivalents	105,167	40,838	4,791	11,779	9,078	45,679	217,332
Trade and other receivables (current and non-current)	282,363	5,985	87	8,668	1,030	4,529	302,662
Other assets (current and non-current)	18,921	2,720	-	-	92	90	21,823
	406,451	49,543	4,878	20,447	10,200	50,298	541,817
Financial liabilities							
Trade and other payables	(34,053)	(23,081)	(875)	(132)	(589)	(3,189)	(61,919)
Borrowings	(533,250)	-	-	(78,030)	(18,386)	-	(629,666)
Other liabilities (current and non-current)	(7,199)	(2,066)	-	-	-	(1,376)	(10,641)
	(574,502)	(25,147)	(875)	(78,162)	(18,975)	(4,565)	(702,226)
Net financial (liabilities)/assets	(168,051)	24,396	4,003	(57,715)	(8,775)	45,733	(160,409)
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	168,047	(24,230)	(1,655)	(8,701)	9,014	(47,636)	94,839
Firm commitments and highly probable forecast transactions in foreign currencies	-	-	(510)	-	-	(5,169)	(5,679)
Currency forwards and cross currency swaps	-	-	-	(227,121)	(28,287)	6,826	(248,582)
Currency exposure	**(4)**	**166**	**1,838**	**(293,537)***	**(28,048)**	**(246)**	**(319,831)**

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

32. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

(i) Currency risk (continued)

	SGD $'000	RM $'000	USD $'000	HKD $'000	AUD $'000	Others $'000	Total $'000
Group							
2018							
Financial assets							
Cash and cash equivalents	652,100	61,594	5,399	18,946	5,346	48,766	792,151
Trade and other receivables (current and non-current)	316,459	7,300	86	8,067	3,086	808	335,806
Other assets (current and non-current)	24,741	2,427	-	-	-	100	27,268
	993,300	71,321	5,485	27,013	8,432	49,674	1,155,225
Financial liabilities							
Trade and other payables	(65,521)	(23,672)	(2,271)	(582)	(850)	(3,598)	(96,494)
Borrowings	(651,250)	-	(35,399)	(78,075)	(19,707)	-	(784,431)
Other liabilities (current and non-current)	(7,515)	(5,726)	-	-	-	(336)	(13,577)
	(724,286)	(29,398)	(37,670)	(78,657)	(20,557)	(3,934)	(894,502)
Net financial assets/(liabilities)	269,014	41,923	(32,185)	(51,644)	(12,125)	45,740	260,723
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(269,271)	(41,744)	19,494	(18,892)	13,401	(48,580)	(345,592)
Firm commitments and highly probable forecast transactions in foreign currencies	-	-	(619)	(78)	-	(5,460)	(6,157)
Currency forwards and cross currency swaps	-	-	16,036	(227,110)	-	8,434	(202,640)
Currency exposure	(257)	179	2,726	(297,724)*	1,276	134	(293,666)

The Group does not have significant currency exposure arising from inter-company balances.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

32. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

(i) *Currency risk (continued)*

	SGD $'000	RM $'000	USD $'000	HKD $'000	AUD $'000	JPY $'000	Others $'000	Total $'000
Company								
2019								
Financial assets								
Cash and cash equivalents	68,350	160	260	-	-	-	-	68,770
Trade and other receivables (current and non-current)	534,085	7	21,997	81,785	32,059	41,667	6	711,606
Other assets (current and non-current)	34	-	-	-	-	-	-	34
	602,469	167	22,257	81,785	32,059	41,667	6	780,410
Financial liabilities								
Trade and other payables	(7,783)	-	-	(1,890)	-	-	(210)	(9,883)
Borrowings	(468,250)	-	-	-	-	-	-	(468,250)
	(476,033)	-	-	(1,890)	-	-	(210)	(478,133)
Net financial assets/(liabilities)	126,436	167	22,257	79,895	32,059	41,667	(204)	302,277
Net financial assets denominated in the Company's functional currency	(126,436)	-	-	-	-	-	-	(126,436)
Cross currency swaps	-	-	-	(227,121)	(28,287)	-	-	(255,408)
Currency exposure	**-**	**167**	**22,257**	**(147,226)***	**3,772**	**41,667**	**(204)**	**(79,567)**
2018								
Financial assets								
Cash and cash equivalents	608,898	169	878	-	-	-	-	609,945
Trade and other receivables (current and non-current)	689,279	-	2,760	97,876	71,572	-	7	861,494
Other non-current assets	41	-	-	-	-	-	-	41
	1,298,218	169	3,638	97,876	71,572	-	7	1,471,480
Financial liabilities								
Trade and other payables	(17,036)	-	(88)	(27)	-	-	(325)	(17,476)
Borrowings	(586,250)	-	(14,976)	-	-	-	-	(601,226)
	(603,286)	-	(15,064)	(27)	-	-	(325)	(618,702)
Net financial assets/(liabilities)	694,932	169	(11,426)	97,849	71,572	-	(318)	852,778
Net financial assets denominated in the Company's functional currency	(694,932)	-	-	-	-	-	-	(694,932)
Cross currency swaps	-	-	15,064	(208,971)	-	-	-	(193,907)
Currency exposure	-	169	3,638	(111,122)*	71,572	-	(318)	(36,061)

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

32. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

(i) *Currency risk (continued)*

* The HKD net currency exposure of $293.5 million (2018: $297.7 million) for the Group and $147.2 million (2018: $111.1 million) for the Company mainly relate to cross currency swaps and currency forwards entered into as net investment hedges for the Group's investment in its associated company (Note 11). There was no ineffectiveness during the financial year ended 30 June 2019 in relation to the net investment hedges.

If the RM, USD, HKD, JPY and AUD change against the SGD by 1% (2018: 1%) each with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit before income tax		Increase/(decrease) Other comprehensive income	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Group				
RM against SGD				
– strengthened	**2**	2	**-**	-
– weakened	**(2)**	(2)	**-**	-
USD against SGD				
– strengthened	**23**	36	**-**	-
– weakened	**(23)**	(36)	**-**	-
HKD against SGD				
– strengthened	**(2,935)**	(2,976)	**-**	-
– weakened	**2,935**	2,976	**-**	-
AUD against SGD				
– strengthened	**(280)**	13	**-**	-
– weakened	**280**	(13)	**-**	-
Company				
RM against SGD				
– strengthened	**2**	2	**-**	-
– weakened	**(2)**	(2)	**-**	-
USD against SGD				
– strengthened	**223**	36	**-**	-
– weakened	**(223)**	(36)	**-**	-
HKD against SGD				
– strengthened	**(1,472)**	(1,111)	**-**	-
– weakened	**1,472**	1,111	**-**	-
JPY against SGD				
– strengthened	**417**	-	**-**	-
– weakened	**(417)**	-	**-**	-
AUD against SGD				
– strengthened	**38**	716	**-**	-
– weakened	**(38)**	(716)	**-**	-

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

32. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

(ii) Equity price risk

The Group is primarily exposed to equity securities price risk due to investments in quoted securities listed in Singapore, which have been classified in the consolidated statement of financial position as financial assets, at FVOCI (2018: AFS).

Based on the portfolio of quoted equity securities held by the Group, if prices for equity securities listed in Singapore change by 1% (2018: 1%; 1 July 2017: 1%), with all other variables being held constant, the fair value reserve will be higher/lower by $0.4 million (2018: $0.3 million; 1 July 2017: $0.2 million).

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's and the Company's exposure to cash flow interest rate risks arises mainly from floating rate borrowings. The Group manages these cash flow interest rate risks by maintaining a prudent mix of fixed and floating rate borrowings and using floating-to-fixed interest rate swaps.

The Group enters into interest rate swaps with the same critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding amount of the borrowings. As all critical terms matched during the year, the economic relationship was 100% effective.

<u>Hedge effectiveness</u>

Hedge effectiveness is determined at the inception of the hedging relationship, and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

Potential hedge ineffectiveness may occur due to changes in the credit risk of derivative counter party or the Group.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness. There was no material ineffectiveness in relation to the cash flow hedge.

The Group's borrowings at floating rates on which effective hedges have not been entered into are denominated mainly in SGD and AUD. If the SGD and AUD interest rates increase/decrease by 1% (2018: 1%) with all other variables being held constant, the profit before income tax would have been lower/higher by $1.0 million (2018: $1.0 million) as a result of higher/lower interest expense on these borrowings. Other comprehensive income would have been higher/lower by $5.5 million (2018: $6.5 million) as a result of higher/lower fair value of interest rate swaps designated as cash flow hedges of floating rate borrowings.

The Company's borrowings at floating rates on which effective hedges have not been entered into are denominated in SGD. If the SGD interest rate increases/decreases by 1% (2018: 1%) with all other variables being held constant, the profit before income tax would have been lower/higher by $0.2 million (2018: $0.2 million) as a result of higher/lower interest expense on these borrowings. Other comprehensive income would have been higher/lower by $3.2 million (2018: $3.6 million) as a result of higher/lower fair value of interest rate swaps designated as cash flow hedges of floating rate borrowings.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

32. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade and other receivables and other assets. The Group and the Company have no significant concentration of credit risk with any single entity, except for unbilled revenue and loans from subsidiary companies and joint venture companies (Notes 12, 16 and 21). The Group has policies in place to ensure that the sale of goods and the rendering of services are to customers with acceptable credit standing. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

Credit exposure to individual customers or counterparties for the revenue streams mentioned above are also generally restricted by credit limits that are approved by the respective management at the entity level based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by management.

For trade receivables and contract assets from sale of development properties, the Group has policies in place to ensure that sales are made to purchasers with appropriate financial strength and after obtaining sufficient security such as deposits. If a purchaser defaults on payments, the Group may enforce payments via legal proceedings or if the purchaser is assessed to be insolvent, the Group may resume possession of the units, retain a portion of the purchaser's deposits from payments made to date, and resell the property. Unless the selling price falls by more than the portion of purchaser's deposits retained, which is remote, the Group would not be in a loss position in selling those properties.

For trade receivables from investment properties, the Group typically collects deposits or banker's guarantees amounting to two to five months of the monthly lease rental. All late payments are monitored closely and followed up with active chasing or legal action if necessary. The Group also regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

Revenue from retail sale of goods do not give rise to significant trade receivables as the value of transactions are low and transactions are mainly settled through cash or credit card which have a short collection period. For all other trade receivables from business corporations, management makes periodic collective assessments as well as individual assessment on the recoverability of trade receivables based on historical settlement records and past experience.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position and disclosed in Note 31.

The credit risk for trade receivables is as follows:

	Group	
	2019 **\$'000**	**2018** **\$'000**
By business segments		
Development properties	**2,451**	32,782
Investment properties	**731**	1,528
Retail	**3,835**	4,798
Others	**115**	168
	7,132	39,276

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

32. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Credit risk *(continued)*

(i) Trade receivables and unbilled revenue

In measuring the expected credit losses, the trade receivables and unbilled revenue are grouped based on shared credit risk characteristics and days past due. The unbilled revenue relate to unbilled work in progress, which has substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the unbilled revenue.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, including development properties, investment properties and retail sales and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables, and accordingly adjusts the historical loss rates based on expected changes in these factors. Management has considered, among other factors (including forward-looking information), the Group's and Company's historical loss pattern, its ability to resume possession of units for the development property business, the existence of deposits and banker's guarantees for the investment property business, as well as the relatively low value of transactions and manner in which these are settled i.e. by cash and credit card for the Group's retail business. Based on the above, management concluded that the expected credit loss rate for trade receivables and unbilled revenue is close to zero. The loss allowance provision for trade receivables and unbilled revenue was assessed as immaterial.

Trade receivables and unbilled revenue are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

(ii) Other receivables and loans to subsidiary companies, associated companies, joint venture companies and non-controlling interests

For trade and other receivables and loans to subsidiary companies, associated and joint venture companies and non-controlling interests, management has considered, among other factors (including forward-looking information), the financial positions of the counterparties, and adjusted for factors that are specific to the counterparties, general economic conditions of the industries in which they operate and any forward-looking macroeconomic factors.

These financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about events, including but not limited to significant financial difficulty of the borrower or a breach of contract, such as a default or past due event.

(iii) Financial guarantee contracts

The Company has issued financial guarantees to banks for borrowings of its subsidiary companies. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiary companies have strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

32. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Credit risk *(continued)*

The movements for credit loss allowance are as follows:

	Trade and other receivables	
	Group	Company
	2019 $'000	2019 $'000
As at 1 July 2018 under SFRS and SFRS(I) 9	**27,177**	**323,609**
Allowance made	**15**	**19,075**
Currency translation differences	**(3)**	**-**
End of financial year	**27,189**	**342,684**

The credit loss allowances reflecting the full exposure at default are measured at lifetime expected credit losses and primarily relate to a loan to a joint venture company of the Group (Note 16) and subsidiary companies of the Company (Note 12 and Note 16). The remaining loans are not credit impaired.

Previous accounting policy for impairment of trade and other receivables
In 2018, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

(i) Significant financial difficulties of the debtor;
(ii) Probability that the debtor will enter bankruptcy or financial reorganisation; and
(iii) Default or delinquency in payments (more than 60 days overdue).

Financial assets that are neither past due nor impaired
Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially due from companies with a good collection track record with the Group.

Financial assets that are past due and/or impaired
There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The Group's credit risk exposure in relation to trade and other receivables under SFRS 39 as at 30 June 2018 and 1 July 2017 are set out as follows:

	Group	
	30 June 2018 $'000	1 July 2017 $'000
Past due less than 3 months	1,439	1,050
Past due 3 to 6 months	16	27
Past due over 6 months	28	352
	1,483	1,429

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

32. FINANCIAL RISK MANAGEMENT *(continued)*

The carrying amount of trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Gross amount	**160,603**	159,999	**394,954**	742,989
Less: Allowance for impairment	**(27,177)**	(27,204)	**(323,609)**	(312,088)
	133,426	132,795	**71,345**	430,901
Beginning of financial year	**27,204**	332	**312,088**	273,176
Allowance (written back)/made	**(24)**	27,123	**11,521**	38,912
Allowance utilised	**(36)**	(183)	**-**	-
Currency translation differences	**33**	(68)	**-**	-
End of financial year	**27,177**	27,204	**323,609**	312,088

The impaired trade and other receivables of the Group and the Company arose mainly from loans to joint venture and subsidiary companies for which recoverability is uncertain.

(c) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group adopts prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with short term funding so as to achieve overall cost effectiveness.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Group				
2019				
Net-settled interest rate swaps	(749)	(747)	(759)	-
Gross-settled cross currency swaps				
– Receipts	(2,471)	(2,464)	(85,972)	-
– Payments	3,728	3,718	90,583	-
Gross-settled currency forwards				
– Receipts	(22,424)	-	(168,394)	-
– Payments	22,531	-	172,209	-
Trade and other payables	61,919	-	-	-
Borrowings	24,991	24,867	663,936	-
Non-current liabilities	-	3,446	3,469	1,103
Financial guarantees	8,280	-	-	-
	95,805	**28,820**	**675,072**	**1,103**

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

32. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Liquidity risk *(continued)*

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Group *(continued)*				
2018				
Net-settled interest rate swaps	(398)	(392)	(776)	-
Gross-settled cross currency swaps				
– Receipts	(7,455)	(157,643)	(88,416)	-
– Payments	7,360	148,351	94,355	-
Gross-settled currency forwards				
– Receipts	(142,458)	-	-	-
– Payments	144,569	-	-	-
Trade and other payables	96,494	-	-	-
Borrowings	29,312	199,186	586,048	81,472
Other non-current liabilities	-	7,140	2,690	-
Financial guarantees	8,280	-	-	-
	135,704	196,642	593,901	81,472
Company				
2019				
Gross-settled cross currency swaps				
– Receipts	(2,471)	(2,464)	(85,972)	-
– Payments	3,728	3,718	90,583	-
Gross-settled currency forwards				
– Receipts	-	-	(168,394)	-
– Payments	-	-	172,209	-
Trade and other payables	9,883	-	-	-
Borrowings	19,040	18,988	496,489	-
Financial guarantees	-	-	78,030	-
	30,180	**20,242**	**582,945**	**-**
2018				
Net-settled interest rate swaps	(13)	(5)	-	-
Gross-settled cross currency swaps				
– Receipts	(6,655)	(136,935)	(88,416)	-
– Payments	6,901	130,108	94,355	-
Trade and other payables	17,476	-	-	-
Borrowings	23,190	153,508	433,979	81,472
Financial guarantees	-	20,423	78,075	-
	40,899	167,099	517,993	81,472

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

32. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or reduce borrowings.

Management monitors capital based on debt-equity ratio. The debt-equity ratio is calculated as net debt divided by equity attributable to equity holders of the Company. Net debt is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Borrowings	**627,128**	780,066	**467,271**	599,248
Less: Cash and cash equivalents	**(217,332)**	(792,151)	**(68,770)**	(609,945)
Net debt/(cash)	**409,796**	(12,085)	**398,501**	(10,697)
Equity attributable to equity holders of the Company:				
- ordinary shareholders	**3,213,041**	3,289,130	**1,176,472**	1,267,383
- holders of perpetual securities	**296,375**	147,778	**296,375**	147,778
	3,509,416	3,436,908	**1,472,847**	1,415,161
Debt-equity ratio	**12%**	n/m	**27%**	n/m

n/m: not meaningful

The Group and the Company are required by the banks to maintain a certain level of the debt-equity ratio. The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2019 and 2018.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

32. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Fair value measurements

(i) Fair value measurement hierarchy
The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2019				
Assets				
Derivative financial instruments	-	91	-	91
Investment properties	-	-	792,663	792,663
Financial investments at FVOCI	35,946	-	-	35,946
Financial investments at FVPL	-	-	10,825	10,825
Liabilities				
Derivative financial instruments	-	(10,172)	-	(10,172)
	35,946	**(10,081)**	**803,488**	**829,353**
2018				
Assets				
Derivative financial instruments	-	15,296	-	15,296
Investment properties	-	-	733,250	733,250
AFS financial assets	28,554	-	3,189	31,743
Liabilities				
Derivative financial instruments	-	(4,674)	-	(4,674)
	28,554	10,622	736,439	775,615
Company				
2019				
Assets				
Financial investments at FVPL	-	-	10,825	10,825
Liabilities				
Derivative financial instruments	-	(10,073)	-	(10,073)
	-	**(10,073)**	**10,825**	**752**
2018				
Assets				
Derivative financial instruments	-	9,793	-	9,793
AFS financial assets	-	-	3,189	3,189
Liabilities				
Derivative financial instruments	-	(3,716)	-	(3,716)
	-	6,077	3,189	9,266

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

32. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Fair value measurements *(continued)*

(ii) *Level 2 fair value measurements*

The fair value of interest rate and cross currency swaps is calculated as the present value of the estimated future cash flows discounted at actively quoted interest and forward exchange rates. The fair value of currency forwards is determined using actively quoted forward exchange rates at the end of the reporting period. These instruments are classified as Level 2 and comprise derivative financial instruments.

(iii) *Level 3 fair value measurements*

(a) Valuation techniques and inputs

The following table presents the valuation techniques and key inputs used to determine the fair values that are categorised under Level 3 of the fair value measurement hierarchy which involves significant unobservable inputs.

Types	**Valuation techniques**	**Significant unobservable inputs**	**Range of significant unobservable inputs**	**Relationship of significant unobservable inputs to fair value**
Commercial buildings, serviced apartments, condominium housing and shop offices in Singapore, Malaysia, Australia, Japan and the People's Republic of China	Direct Comparison Approach	Market value per square metre	\$700 - \$22,641 (2018: \$845 - \$22,058)	The higher the adjusted valuation, the higher the fair value
		Market value per room	\$970,000 (2018: \$970,000)	The higher the market value, the higher the fair value
	Capitalisation Approach	Estimated rental rate per square metre per month	\$24 - \$99 (2018: \$19 - \$98)	The higher the estimated rental rate, the higher the fair value
		Estimated rental rate per bay per month	\$260 - \$303 (2018: \$304 - \$312)	
		Capitalisation rate	3.75% - 6.00% (2018: 3.75% - 6.25%)	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate	3.50% - 7.00% (2018: 6.25% - 7.75%)	The higher the discount rate, the lower the fair value
Financial investments at FVPL	Market approach	Price from market transaction involving identical assets	Not applicable	The higher the transaction value, the higher the fair value

There were no significant inter-relationships between the significant unobservable inputs.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

32. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Fair value measurements *(continued)*

(iii) Level 3 fair value measurements

(b) Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair values of the Group's investment properties based on the properties' highest and best use using the Direct Comparison Approach, the Capitalisation Approach and/or the Discounted Cash Flow Approach.

The Direct Comparison Approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the properties. The Capitalisation Approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The Discounted Cash Flow Method involves discounting of future income stream over a period to arrive at a present value.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed in Notes 11 and 21 to the financial statements and as follows:

	Group 2019 $'000	Company 2019 $'000
Financial assets at FVPL	**10,916**	**10,825**
Financial liabilities at FVPL	**10,172**	**10,073**
Financial assets at amortised cost	**541,817**	**780,410**
Financial liabilities at amortised cost	**699,688**	**477,154**

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Loans and receivables	**1,155,225**	1,156,558	**1,471,480**	1,359,141
Financial liabilities at amortised cost	**890,137**	1,121,138	**616,724**	635,534

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

33. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sale of goods and rendering of services

	Group	
	2019	**2018**
	$'000	**$'000**
Management and service fees received from joint venture companies	**8,095**	4,505
Management fees paid to an associated company	**358**	260
Payments on behalf of joint venture companies	**5,416**	6,075

(b) Key management personnel compensation

	Group	
	2019	**2018**
	$'000	**$'000**
Salaries and other short term employee benefits	**13,805**	13,702
Share-based payment	**920**	443
	14,725	14,145

Included in the above is compensation paid/payable to directors of the Company which amounted to $10.3 million (2018: $9.4 million).

Notes to the Financial Statements
For the Financial Year Ended 30 June 2019

34. SEGMENT INFORMATION

The Group is organised into the following main business segments - development properties, investment properties, retail and other operations comprising mainly investing and management activities. The segment information for the reportable segments is as follows:

2019	Development properties $'000	Investment properties $'000	Retail $'000	Others $'000	Group $'000
Revenue					
- Recognised at a point in time	109,765	-	134,465	-	**244,230**
- Recognised over time	26,423	-	-	9,242	**35,665**
- Others	-	41,314	-	1,407	**42,721**
	136,188	41,314	134,465	10,649	**322,616**
EBIT*	14,071	53,005	40,185	(40,426)	**66,835**
Interest income					**10,292**
Finance costs					**(30,849)**
Profit before income tax					**46,278**
Income tax credit					**2,479**
Total profit					**48,757**
Segment assets	1,289,668	878,706	51,794	115,387	**2,335,555**
Investments in associated and joint venture companies	504,637	1,284,285	111,838	(166,100)	**1,734,660**
Due from associated and joint venture companies	272,526	21	1,171	1,158	**274,876**
	2,066,831	2,163,012	164,803	(49,555)	**4,345,091**
Tax recoverable					**5,678**
Derivative financial instruments					**91**
Deferred income tax assets					**8,783**
Consolidated total assets					**4,359,643**
Segment liabilities	40,811	13,895	11,726	14,796	**81,228**
Borrowings	-	83,005	-	544,123	**627,128**
	40,811	96,900	11,726	558,919	**708,356**
Current income tax liabilities					**22,426**
Derivative financial instruments					**10,172**
Deferred income tax liabilities					**36,046**
Consolidated total liabilities					**777,000**
Capital expenditure	39	55,288	3,614	4,094	**63,035**
Depreciation	89	2,248	3,268	2,458	**8,063**

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

34. SEGMENT INFORMATION *(continued)*

2018	Development properties $'000	Investment properties $'000	Retail $'000	Others $'000	Group $'000
Revenue					
- Recognised at a point in time	117,591	-	136,126	1,157	254,874
- Recognised over time	61,787	-	-	6,925	68,712
- Others	-	35,884	-	958	36,842
	179,378	35,884	136,126	9,040	360,428
EBIT*	67,406	197,811	34,329	(28,840)	270,706
Interest income					7,724
Finance costs					(32,533)
Profit before income tax					245,897
Income tax expense					(18,580)
Total profit					227,317
Segment assets	1,398,773	814,151	56,780	155,308	2,425,012
Investments in associated and joint venture companies	505,054	1,246,017	103,776	(93,178)	1,761,669
Due from associated and joint venture companies	278,602	20	868	3	279,493
	2,182,429	2,060,188	161,424	62,133	4,466,174
Tax recoverable					7,693
Derivative financial instruments					15,296
Deferred income tax assets					10,041
Consolidated total assets					4,499,204
Segment liabilities	56,218	12,263	13,826	43,719	126,026
Borrowings	-	84,199	-	695,867	780,066
	56,218	96,462	13,826	739,586	906,092
Current income tax liabilities					42,609
Derivative financial instruments					4,674
Deferred income tax liabilities					36,568
Consolidated total liabilities					989,943
Capital expenditure	15	70,116	4,606	1,619	76,356
Depreciation	183	1,905	2,859	2,610	7,557

* EBIT includes share of profits of associated and joint venture companies which are disclosed in Note 17.

The Group's main business segments operate in six main geographical areas - Singapore, Malaysia, Australia, Japan, the People's Republic of China ("PRC") and Hong Kong SAR.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

34. SEGMENT INFORMATION *(continued)*

	Revenue		Non-current assets	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Singapore	**148,530**	226,748	**894,583**	900,001
Malaysia	**164,847**	124,624	**153,093**	148,543
Australia	**7,952**	5,939	**113,572**	119,781
PRC	**1,222**	3,117	**87,636**	106,124
Japan	**65**	-	**55,566**	-
Hong Kong SAR	**-**	-	**1,615,432**	1,615,100
	322,616	360,428	**2,919,882**	2,889,549

35. COMPANIES IN THE GROUP

Information relating to the companies in the Group is given below, with the exception of inactive and dormant companies. Singapore-incorporated subsidiary and joint venture companies are audited by PricewaterhouseCoopers LLP, Singapore unless otherwise indicated.

Name of company		Country of incorporation/ place of business	Principal activities	Effective interest held by the Group 2019 %	Effective interest held by the Group 2018 %
(a) **Wing Tai Holdings Limited**		Singapore-Quoted on Singapore Exchange Securities Trading Limited	Investment holding	**n/a**	n/a
(b) **Subsidiary companies**					
Wing Tai Malaysia Sdn. Bhd.	!	Malaysia	Investment holding	**100**	100
Angel Wing (M) Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
Angkasa Indah Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
Bergendale Investments Limited	*,#	British Virgin Islands ("BVI")/Hong Kong SAR	Investment holding	**100**	100
Brave Dragon Ltd	*, #	BVI/Hong Kong SAR	Investment holding	**89.4**	89.4
Chanlai Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
Crossbrook Group Ltd	#	BVI/Hong Kong SAR	Investment holding	**100**	100
DNP Hartajaya Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
DNP Jaya Sdn. Bhd.	*, !	Malaysia	Property investment	**100**	100
DNP Land Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
D & P-Ejenawa Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100

n/a: not applicable

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

35. COMPANIES IN THE GROUP *(continued)*

Name of company		Country of incorporation/ place of business	Principal activities	Effective interest held by the Group 2019 %	2018 %
(b) Subsidiary companies *(continued)*					
Grand Eastern Realty & Development Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
Hartamaju Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
Jiaxin (Suzhou) Property Development Co., Ltd	*, >	The People's Republic of China ("PRC")	Property development, investment and management	**75**	75
Quality Frontier Sdn. Bhd.	*, !	Malaysia	Property development	**100**	100
Seniharta Sdn. Bhd.	*, !	Malaysia	Property investment	**100**	100
Suzhou Property Development Pte Ltd	*	Singapore	Property development and investment holding	**75**	75
Temgold Investment Pte. Ltd.	*	Singapore	Property investment	**100**	100
Temstar Investment Pte. Ltd.	*	Singapore	Property Investment	**100**	100
Tennessee Investments Ltd	*, #	BVI/Singapore	Investment holding	**100**	100
Wincheer Investment Pte Ltd	*	Singapore	Property investment and development	**100**	100
Wincrown Pty Ltd	*, +	Australia	Property investment	**100**	100
Wingold Investment Pte Ltd	*	Singapore	Investment holding	**100**	100
Wingstar Investment Pte. Ltd.	*	Singapore	Investment holding	**100**	100
Winmax Investment Pte Ltd	*	Singapore	Property investment	**100**	100
Winnervest Investment Pte Ltd	*	Singapore	Property investment and development	**100**	100
Winnorth Investment Pte Ltd	*	Singapore	Property investment and development	**100**	100
Winquest Investment Pte Ltd	*	Singapore	Property investment and development	**60**	60
Winrise (Japan) TMK	*, <	Japan	Property investment	**100**	-
Winrose Investment Pte Ltd	*	Singapore	Property investment and development	**100**	100
Winshine Investment Pte Ltd	*	Singapore	Property investment	**100**	100
Winsland Investment Pte Ltd	*	Singapore	Property investment	**100**	100

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

35. COMPANIES IN THE GROUP *(continued)*

Name of company		Country of incorporation/ place of business	Principal activities	Effective interest held by the Group 2019 %	2018 %
(b) Subsidiary companies *(continued)*					
Winsmart Investment Pte Ltd	*	Singapore	Property investment and development	**100**	100
Wingcharm Investment Pte Ltd	*	Singapore	Property development	**100**	-
Wingjoy Investment Pte. Ltd.	*	Singapore	Investment holding	**100**	100
Wingspring Trust	*, +, ^	Australia	Property investment	**100**	100
Wing Mei (M) Sdn. Bhd.	*, !	Malaysia	Property investment	**100**	100
Wing Tai China Pte. Ltd.	*	Singapore	Investment holding	**100**	100
Wing Tai (China) Investment Pte. Ltd.	*	Singapore	Investment holding	**100**	100
Wing Tai Clothing Pte Ltd	*	Singapore	Retailing of garments	**100**	100
Wing Tai Clothing Sdn. Bhd.	*, !	Malaysia	Retailing of garments	**100**	100
Wing Tai Digital Management Pte Ltd	*	Singapore	IT consultancy	**100**	-
Wing Tai Fashion Apparel Pte. Ltd.	*	Singapore	Retailing of garments	**100**	100
Wing Tai Fashion Sdn. Bhd.	*, !	Malaysia	Retailing of garments	**100**	100
Wing Tai Investment & Development Pte Ltd		Singapore	Investment holding	**100**	100
Wing Tai Investment Management Pte Ltd	*	Singapore	Management of investment properties	**100**	100
Wing Tai Land Pte Ltd		Singapore	Investment holding	**100**	100
Wing Tai Property Management Pte Ltd	*	Singapore	Project management and maintenance of properties	**100**	100
Wing Tai Retail Pte Ltd		Singapore	Investment holding	**100**	100
Wing Tai Retail Management Pte. Ltd.	*	Singapore	Management of retail operations	**100**	100
Wing Tai (Shanghai) Management Co., Ltd	*, @	PRC	Provision of consultancy and advisory services	**100**	100
WT DC Trust	*, +	Australia	Property investment	**100**	100

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

35. COMPANIES IN THE GROUP *(continued)*

Name of company		Country of incorporation/ place of business	Principal activities	Effective interest held by the Group 2019 %	2018 %
(c) Associated company					
Wing Tai Properties Limited	*, %	Bermuda-Quoted on The Stock Exchange of Hong Kong Limited/ Hong Kong SAR	Property development, property investment and management and hospitality investment and management	**33.1**	33.2
(d) Joint venture companies					
Gardens Development Pte Ltd	*	Singapore	Property investment and development	**40**	40
G2000 Apparel (S) Pte Ltd	*	Singapore	Retailing of garments	**45**	45
Kualiti Gold Sdn. Bhd.	*, !	Malaysia	Property investment	**50**	50
Uniqlo (Malaysia) Sdn. Bhd.	*, &	Malaysia	Retailing of garments	**45**	45
Uniqlo (Singapore) Pte. Ltd.	*, ~	Singapore	Retailing of garments	**49**	49
Wingcrown Investment Pte. Ltd.	*	Singapore	Property investment and development	**40**	40
Winnoma Investment Pte. Ltd.	*	Singapore/PRC	Property investment and development and investment holding	**50**	50

* Held by Group companies

! Audited by PricewaterhouseCoopers, Malaysia

These companies are not required to be audited by law in the country of incorporation

% Audited by PricewaterhouseCoopers, Hong Kong SAR

~ Audited by Deloitte & Touche, Singapore

> Audited by SBA Stone Forest CPA Co., Ltd, PRC

< Audited by Seimei Audit Corporation, Japan

@ Audited by PricewaterhouseCoopers, PRC

+ Audited by PricewaterhouseCoopers, Australia

& Audited by Deloitte & Touche, Malaysia

^ Wingspring Trust has an interest in an unincorporated joint operation as tenants of a commercial building in Australia whereby it holds an interest of 50% in the assets and liabilities, and shares 50% of the rental revenue and operating expenses of the building

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit and Risk Committee and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its significant subsidiary and associated companies would not compromise the standard and effectiveness of the audit of the Company.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2019

36. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2019 and which the Group has not early adopted:

- SFRS(I) 16 *Leases*;
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*;
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*;
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*; and
- Annual Improvements to SFRS(I) Standards 2015-2017 cycle

The Group anticipates that the adoption of the above standards and interpretations in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

(a) SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 July 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

The standard will affect primarily the accounting for the Group's operating leases. As at 30 June 2019, the Group has non-cancellable operating lease commitment of $37.6 million (Note 30(b)) that may result in the recognition of an asset and a liability for future payments.

The Group is currently finalising the transition adjustments.

(b) SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

(i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;

(ii) that the entity should assume a tax authority will examine, the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

(iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

(iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and

(v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 July 2019.

37. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors of Wing Tai Holdings Limited on 12 September 2019.

Shareholding Statistics

As at 3 September 2019

SHARE CAPITAL

No. of Issued Shares:	793,927,260
No. of Issued Shares (excluding Treasury Shares):	767,725,460
No./percentage of Treasury Shares:	26,201,800 (3.30%)
No./percentage of subsidiary holdings:	0
Class of Shares:	Ordinary Shares
Voting Rights (excluding Treasury Shares):	1 vote per share

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 to 99	188	1.66	5,074	0.00
100 to 1,000	1,382	12.18	1,091,566	0.14
1,001 to 10,000	7,624	67.18	34,884,838	4.55
10,001 to 1,000,000	2,130	18.77	83,689,834	10.90
1,000,001 and above	24	0.21	648,054,148	84.41
Total	**11,348**	**100.00**	**767,725,460**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	Name	No. of Shares	%
1	Wing Sun Development Private Limited	222,235,490	28.95
2	DBS Vickers Securities (Singapore) Pte Ltd	72,833,608	9.49
3	Winlyn Investment Pte Ltd	72,717,436	9.47
4	Citibank Nominees Singapore Pte Ltd	58,628,091	7.64
5	DBS Nominees Pte Ltd	55,015,162	7.17
6	UOB Kay Hian Pte Ltd	53,900,352	7.02
7	Raffles Nominees (Pte) Limited	21,965,243	2.86
8	Empire Gate Holdings Limited	19,539,572	2.55
9	HSBC (Singapore) Nominees Pte Ltd	15,915,704	2.07
10	DBSN Services Pte Ltd	10,443,983	1.36
11	United Overseas Bank Nominees Pte Ltd	9,537,533	1.24
12	Maybank Kim Eng Securities Pte Ltd	9,307,048	1.21
13	OCBC Securities Private Ltd	5,669,519	0.74
14	OCBC Nominees Singapore Pte Ltd	4,109,365	0.54
15	Winway Investment Pte Ltd	3,529,166	0.46
16	Tan Hwee Bin	1,774,335	0.23
17	Nanyang Gum Benjamin Manufacturing (Pte) Ltd	1,609,000	0.21
18	Phillip Securities Pte Ltd	1,536,990	0.20
19	Cheng Kar-Yee Carol	1,485,750	0.19
20	Chan Chee Weng	1,395,000	0.18
	Total	**643,148,347**	**83.78**

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 3 September 2019, approximately 48.1% of the issued ordinary shares of the Company are held by the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

Shareholding Statistics

As at 3 September 2019

SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Interest (No. of Ordinary Shares)
Cheng Wai Keung	395,038,656[1]
Edmund Cheng Wai Wing	318,021,664[2]
Christopher Cheng Wai Chee	314,627,248[3]
Edward Cheng Wai Sun	314,492,498[3]
Butterfield Fiduciary Services (Cayman) Limited	314,492,498[3]
Butterfield Fiduciary Services (Guernsey) Limited	314,492,498[3]
Wing Sun Development Private Limited	222,235,490
Wing Tai Asia Holdings Limited	241,775,062[4]
Winlyn Investment Pte Ltd	72,717,436
Terebene Holdings Inc	72,717,436[5]
Metro Champion Limited	72,717,436[6]
Ascend Capital Limited	68,207,092

1 Includes 395,038,656 shares beneficially owned by Wing Sun Development Private Limited, Winlyn Investment Pte Ltd, Winway Investment Pte Ltd, Empire Gate Holdings Limited, Wilma Enterprises Limited and Ascend Capital Limited.

2 Includes 318,021,664 shares beneficially owned by Wing Sun Development Private Limited, Winlyn Investment Pte Ltd, Winway Investment Pte Ltd and Empire Gate Holdings Limited.

3 Includes 314,492,498 shares beneficially owned by Wing Sun Development Private Limited, Winlyn Investment Pte Ltd and Empire Gate Holdings Limited.

4 Includes 241,775,062 shares beneficially owned by Wing Sun Development Private Limited and Empire Gate Holdings Limited.

5 Shares beneficially owned by Winlyn Investment Pte Ltd in which Terebene Holdings Inc is deemed to have an interest.

6 Shares beneficially owned by Winlyn Investment Pte Ltd in which Metro Champion Limited is deemed to have an interest.

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Living Art, Living Heritage

Inspired by the play on transparencies and light with the façade grid of the Le Nouvel Ardmore, this water feature *Bamboo* created by Tomohiro Kano reflects the changing light at the entrance of the exclusive luxury property. Its simple and strong form resembles a bamboo grove, symbolising prosperity and purity. The nine pillars of optical glass are filled with countless tiny bubbles that breathe life and energy in this dynamic space.