DIVERSIFYING BY DESIGN

Wing Tai Holdings Limited
Annual Report 2018

Contents

On front cover

The cover illustrates the Group's strategic property investments in different asset types across geographical locations, featuring five properties (L–R) viz. 464 St Kilda Road in Australia, Le Nouvel KLCC in Malaysia, The Garden Residences in Singapore, Malaren Gardens in China and Homantin Hillside in Hong Kong

Singapore
The Garden Residences

Australia
464 St Kilda Road

China
Malaren Gardens

Hong Kong
Homantin Hillside

Malaysia
Le Nouvel KLCC

Chairman's Message

Overview

Singapore's economy grew by 3.6% in 2017, up from the 2.0% growth in 2016. In the second quarter of 2018, the Ministry of Trade and Industry reported growth of 3.9% on a year-on-year basis. For 2018, it has projected economic growth to be from 2.5% to 3.5%.

In 2017, the URA's property price index ("PPI") bottomed out from its four-year downward trajectory to record a 1.1% increase as sales of new residential homes picked up substantially from the previous year. In 2018, the PPI continued its upward momentum, increasing by 3.9% and 3.4% in the first and second quarter of 2018 respectively, as the price momentum of private residential homes picked up. The total number of new residential units sold in Singapore in 2017 rose 33% to 10,566 units, compared to 7,972 units sold in 2016. In the first half of 2018, 3,947 new homes were sold, compared to 6,039 units sold in the first half of 2017. In July 2018, the Government announced a new set of property cooling measures which are expected to have a dampener effect on project sales.

Group Performance

For the financial year ended 30 June 2018, the Group recorded a total revenue of S$373.2 million. This represents a 42% increase from the S$263.2 million revenue recorded in the previous year. This increase is largely due to the higher contributions from development properties.

The current year revenue from development properties was mainly attributable to the additional units sold in Le Nouvel Ardmore in Singapore and the contribution from BM Mahkota in Penang. BM Mahkota obtained its Temporary Occupation Permit (TOP) in the current year and the revenue for the units sold to date has been fully recognised.

The Group recorded operating profit of S$60.3 million in the current year mainly due to contributions from Le Nouvel Ardmore and BM Mahkota as well as the gain on disposal of Huai Hai project in Shanghai.

The Group's share of profits of associated and joint venture companies increased to S$211.6 million in the current year from S$73.4 million in the previous year. This increase is largely attributable to the Group's share of gains recognised by Wing Tai Properties Limited in Hong Kong from the disposal of W Square, a Grade A office building located in Wan Chai and Winner Godown Building, an industrial building located in Tsuen Wan. In addition, there was contribution from Malaren Gardens in Shanghai from the residential units sold to date and handed over to purchasers in the current year.

In the current year, the Group's net profit attributable to shareholders was S$218.8 million as compared to S$20.1 million in the previous year.

The Group's net asset value per share as at 30 June 2018 was S$4.31 as compared to S$4.07 as at 30 June 2017. The Group was in a net cash position as at 30 June 2018.

Dividend

The Board recommended a first and final dividend of 3 cents per share and a special dividend of 5 cents per share for the current year.

Diversification By Design

The Group has taken a considered approach to broadening its property investments through a diversified portfolio both geographically and across asset class.

In the past year, it has grown its Australia portfolio with the acquisition of a freehold office building along St Kilda Road in Melbourne. In Malaysia, Wing Tai Malaysia Sdn. Bhd. ("WTM") which was privatised in August 2017 became a wholly-owned subsidiary of the Group in September 2017. This has allowed the Group to achieve better operational efficiencies and cost savings for WTM and its subsidiaries.

In Singapore, the Group continues to focus on delivering value and excellence in its core businesses. The property division launched The Garden Residences with joint venture partner Keppel Land to develop a 613-unit residential property on Serangoon North Avenue 1.

The retail division will continue to enhance its business performance with digital technology to drive an omni-channel strategy. The Group has continued as a leading retailer in Singapore and Malaysia with 229 stores across both countries.

Strengthening Value

The Group will continue to strengthen its position and seek out suitable projects whilst exercising prudent financial management. It will explore investment opportunities both in Singapore and in overseas markets.

The Group continues to extend support and assistance to the underprivileged young and the needy elderly in the community through its corporate citizenry role. Besides the community, it has also remained committed to its stakeholders, including its staff, making worthy investments in employee learning and development.

Board Movement

I welcome Tan Sri Dr Zulkurnain bin Hj. Awang and Mr Guy Daniel Harvey-Samuel who joined the Board as Non-Executive Directors on 2 January 2018.

On behalf of the Board, I thank Mr James Lee Kim Wah who stepped down from the Board in January 2018. Since appointed as Finance Director in 1977, James had contributed invaluable counsel to the Board. He retired as Finance Director in 2008 and stayed on as Non-Executive Board Director till early this year. He continues his service to the Company as our senior advisor.

Appreciation

I thank our directors for their insights and strategic guidance of the business. I also thank our shareholders, customers, bankers and business partners for their strong support and confidence in the Group. My appreciation extends to the management team and staff for their dedication and unwavering commitment to the business.

Anniversary Milestone

The Group faces an increasingly challenging operating environment; property tightening measures in Singapore and volatilities in the financial markets from escalating trade tensions and political uncertainties. It will watch keenly these developments and plan its investments cautiously, to safeguard shareholder interest.

This year the Group marks its 55th founding anniversary by celebrating the core values that are important to its success viz. integrity, teamwork, leadership, passion, and continuous improvement. These values provide moral compass and guide the Group on performing its business activities and bring all staff together to move ahead collectively.

With its work ethos and business philosophy to achieve winning partnerships based on trust, respect and long-term relationships, the Group is confident of its effort to develop the business through diversification to strengthen the financial performance of the company and enhancing shareholder value.

Cheng Wai Keung
Chairman
Wing Tai Holdings Limited
12 September 2018

The Group has taken a considered approach to broadening its property investments through a diversified portfolio both geographically and across asset class.

Board of Directors

Cheng Wai Keung

Chairman and
Managing Director

Member of Nominating Committee

Cheng Wai Keung is the Chairman of Wing Tai Holdings Limited (the "Company"), appointed to the Board since 17 April 1973. He is also the Managing Director of the Company and a member of the Nominating Committee. Mr Cheng is the Deputy Chairman of Temasek Holdings (Private) Limited, Vice Chairman of Singapore-Suzhou Township Development Pte Ltd and a Director with Singapore Health Services Pte Ltd.
He had chaired the boards of power and utilities, media and broadcasting companies, as well as multinational corporations engaged in global shipping and logistics, and international hospitality businesses.
Mr Cheng had served on many government bodies, including the Economic Development Board, Singapore Trade Development Board and Singapore Productivity and Standards Board. He also sat on national committees involved in automation, economic development, SME development, productivity improvement and land policy. He was awarded the Distinguished Service Order (DUBC) by the Singapore Government in August 2007, Public Service Star (Bar) (BBM-Lintang) in 1997 and Public Service Star (BBM) in 1987. He has been appointed Justice of The Peace by the Singapore President since 2000. Mr Cheng graduated with Masters of Business Administration from the University of Chicago, after obtaining his Bachelor of Science degree from Indiana University.

Edmund Cheng Wai Wing

Deputy Chairman and
Deputy Managing Director

Edmund Cheng Wai Wing was appointed to the Board on 11 May 1981. He is the Deputy Chairman and Deputy Managing Director of the Company. He is also the Chairman of Mapletree Investments Pte Ltd and of the Civil Aviation Authority of Singapore. He chairs the Singapore Art Museum and serves as a member of The Esplanade Co Ltd. He was the President of REDAS (Real Estate Developers' Association of Singapore) and now serves as a member on its Presidential Council.
For his contribution to public service, he was awarded the Meritorious Service Medal in 2015, Public Service Star Award (Bar) in 2010, Public Service Star Award (BBM) in 1999 and Outstanding Contribution to Tourism Award in 2002 by the Singapore Government.
Mr Cheng graduated from Northwestern University and Carnegie Mellon University in USA, with a Bachelor's degree in Civil Engineering and a Master's degree in Architecture, respectively.

Boey Tak Hap

Independent Non-Executive Director

Member of Audit & Risk Committee and Remuneration Committee

Boey Tak Hap has served as a Non-Executive Director since 2 May 1997. He is a member of both the Audit & Risk Committee and Remuneration Committee. Mr Boey was formerly the Chief of Army, Singapore Armed Forces and the President and CEO of the Singapore Power Group. He was also the President and CEO of SMRT Corporation as well as Chief Executive of the Public Utilities Board. Mr Boey graduated from the University of Manchester Institute of Science and Technology with a Bachelor of Science degree in Automatic Control and System Engineering with Management Sciences. In January 2002, he was conferred Honorary Doctor of Engineering by his alma mater. He also holds a Diploma in Business Administration from the National University of Singapore and attended the Harvard Business School's Advanced Management Programme in Boston, USA.

Cheng Man Tak

Non-Executive Director

Cheng Man Tak has served as a Non-Executive Director since 11 May 1981. He is the Chairman of the Federation of Hong Kong Industries – Group 24 and a Director of the Federation of Hong Kong Garment Manufacturers. Mr Cheng is also the Executive Vice President of the Hong Kong Causeway Bay Industry & Commerce Association Limited, Vice President of the Chamber of Commerce of Guangzhou Foreign Investment Enterprises and a Director of the Hong Kong Commerce and Industry Association. He is also an authority member of the Clothing Industry Training Authority and a member of the 12th National Committee of Yunnan Province and the Employees Retraining Board – Wearing Apparel and Textile Industry Consultative Network. Mr Cheng graduated from the University of Southern California with a Bachelor of Science degree and holds a Master's degree in Business Administration from Pepperdine University, USA.

Christopher Lau Loke Sam

Independent Non-Executive Director

Chairman of Audit & Risk Committee, Member of Nominating Committee

Christopher Lau Loke Sam has served as a Non-Executive Director since 28 October 2013. He is the Chairman of the Audit & Risk Committee and a member of the Nominating Committee. Mr Lau is a Senior Counsel and an Independent Arbitrator. He has been in practice for over 35 years and his arbitration practice encompasses all aspects of commercial disputes. Mr Lau is the Chairman of the Risk and Audit Advisory Committee of both Singapore Technologies Marine Ltd and Singapore Technologies Aerospace Ltd. He is a member of the Court of several international arbitral institutions. Mr Lau is a former Judicial Commissioner of the Supreme Court of Singapore and a former Chairman of the Chartered Institute of Arbitrators (Singapore) Limited. He was also an Independent Non-Executive Director of Neptune Orient Lines Limited between May 2004 and April 2013. He was called to the English Bar in 1972 and the Singapore Bar in 1975.

Loh Soo Eng

Independent Non-Executive Director

Chairman of Remuneration Committee, Member of Audit & Risk Committee

Loh Soo Eng has served as a Non-Executive Director since 1 June 2004, after retiring as the Director-Property of the Company. He is the Chairman of the Remuneration Committee and a member of the Audit & Risk Committee. He has experience in power, oil, shipbuilding and ship repair industries as well as in banking, where he had been for 17 years with the DBS Group as the Executive Director of Raffles City Pte Ltd and the General Manager of DBS Land. Mr Loh has served on government committees, including the SAFTI Military College and Temasek Polytechnic. He was the Chairman of SLF Properties Pte Ltd and SLF Management Services Pte Ltd, and was the President of the Real Estate Developers' Association of Singapore (REDAS) from 2001 to 2003. He graduated with a Bachelor of Engineering (Mechanical) degree from the University of Adelaide, Australia.

Paul Hon To Tong

Lead Independent Director

Chairman of Nominating Committee, Member of Audit & Risk Committee

Paul Hon To Tong has served as a Non-Executive Director since 16 August 2007. He is the Chairman of the Nominating Committee and a member of the Audit & Risk Committee. Mr Tong is currently a Non-Executive Director of Chinney Investments, Limited, publicly listed on the Stock Exchange of Hong Kong. He has many years of senior management experience in manufacturing and trading businesses with global operations.

He was formerly the Executive Vice President and General Counsel of Johnson Electric Holdings Limited. He also served as a member on the Inland Revenue Board of Review in Hong Kong.

Mr Tong obtained his Bachelor of Science (Economics) degree and postgraduate Certificate of Management Studies from the University of London and the University of Oxford in England, respectively.

He was admitted as a Barrister of the Middle Temple in England, the Supreme Court of Hong Kong and the High Court of Australia.

He is also a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants and an Associate Member of The Institute of Chartered Secretaries and Administrators.

Guy Daniel Harvey-Samuel

Independent Non-Executive Director

Member of Remuneration Committee and Nominating Committee

Guy Harvey-Samuel has been appointed as a Non-Executive Director of the Company since 2 January 2018 and is a member of both the Remuneration Committee and Nominating Committee. He is currently non-executive Chairman of HSBC (Singapore) Limited and a Board member of the Jurong Town Corporation, Surbana Jurong Private Limited, Mapletree Industrial Trust Management Ltd and M1 Limited. He is also Chairman of the Board of Trustees of the National Youth Achievement Awards Council, as well as a member of the National Arts Council, National Parks Board and the Community Chest Committee.

Mr Harvey-Samuel was formerly Group General Manager, Chief Executive Officer of Singapore with The Hongkong and Shanghai Banking Corporation Limited.

He was also a member of HSBC Asia's Executive Committee and had direct responsibility for all HSBC operations in Singapore.

Prior to that, he was HSBC's Group General Manager and Head of International, Asia Pacific based in Hong Kong, responsible for HSBC businesses in the Asia Pacific Region. He joined HSBC in 1978 and has worked in 12 different countries across the world undertaking senior management roles in Australia, the United Kingdom, Hong Kong, Malaysia and Singapore.

Tan Sri Dr Zulkurnain Bin Hj. Awang

Indepedent Non-Executive Director

Tan Sri Zulkurnain has been appointed as a Non-Executive Director of the Company since 2 January 2018. He is also currently Chairman of Wing Tai Malaysia Sdn. Bhd. (formerly Wing Tai Malaysia Berhad), where he was an Independent Non-Executive Director. His other previously held roles include Director of National Institute of Public Administration, Secretary General of the Ministry of Federal Territories, Secretary General of the Ministry of Education, Chairman for Education Service Commission, and Chairman for Board of Directors of Kumpulan Wang Simpanan Guru. He is an author of books and articles on the public and private sectors. Tan Sri Zulkurnain graduated from University of Malaya with a Bachelor degree in Economics (Honours), Master's of Arts in International Affairs Management, Master's of Arts in Political Science, and Certificate in Public Administration from Ohio University of United States of America ("USA"), as well as a PhD from the University of Leeds, England. In 2000, he attended the Advanced Management Program from Harvard Business School at Harvard University, USA.

Tan Hwee Bin

Executive Director

Tan Hwee Bin has been appointed as an Executive Director of the Company since 5 December 2008.

Ms Tan is the Chairman of NTUC Health Co-operative Ltd. She serves as a Director of the Singapore Labour Foundation and is a Council Member of Singapore National Employers Federation. She was the Chairman for SLF Strategic Advisers Pte Ltd, and had served on the boards of Agency for Integrated Care Pte Ltd and NTUC Fairprice Co-operative Ltd. She had also served in the Chinese Development Assistance Council and the Central Singapore Community Development Council.

She was awarded the Meritorious Service Award by the National Trade Union Congress and the Public Service Star (BBM) by the Singapore Government in 2018. Ms Tan is a Chartered Accountant of Singapore and holds a Bachelor of Accountancy degree from the National University of Singapore. She also completed the Advanced Management Program at Harvard Business School in Boston, USA.

Key Management

Wing Tai Holdings Limited

Ng Kim Huat
Chief Financial Officer

Ng Kim Huat is the Chief Financial Officer of Wing Tai Holdings Limited. He oversees financial reporting and controls, treasury, information technology and tax functions. He has more than 10 years' auditing experience with an international public accounting firm in Singapore. He graduated with a Bachelor of Accountancy (Honours) degree from the National University of Singapore and is a Chartered Accountant of Singapore.

Karine Lim
General Manager, Group Human Resource

Karine Lim is the General Manager, Group Human Resource of Wing Tai Holdings Limited. She has more than 20 years' human resource management experience in the retail, property and public transport industries. Ms Lim graduated with a Bachelor of Arts (Honours) degree from the National University of Singapore and acquired a Diploma in Human Resource Management from the Singapore Human Resource Institute.

Wing Tai Property Management Pte Ltd

Helen Chow
Director

Helen Chow is a Director of Wing Tai Property Management Pte Ltd and has held various positions in the Company since 1975. She is responsible for marketing and sales functions in the property division. She develops and implements strategies to achieve optimal marketing mix for property products, as well as manages sales operations across geographies to achieve revenue goals. She holds a Bachelor of Arts degree from Mills College, Oakland, California, USA.

Stacey Ow Yeong Suit Yeng
Senior General Manager

Stacey Ow Yeong Suit Yeng is the Senior General Manager of Wing Tai Property Management Pte Ltd. She is responsible for the sales and marketing of the company's portfolio of residential properties in Singapore, Malaysia and China. She has over 25 years of sales and marketing experience, including 10 years in the residential and integrated properties industry in Asia and the Middle East. Ms Ow Yeong graduated with a Bachelor of Arts degree from the National University of Singapore.

Wing Tai Retail Pte. Ltd.

Helen Khoo
Executive Director

Helen Khoo is the Executive Director of Wing Tai Retail Pte. Ltd. and drives the growth and expansion of the Company's portfolio of retail brands. She was conferred the Miflora M. Gatchalian Medal for Women Global Quality Leadership 2013 and Achievers & Leaders Award (Business Leadership) 2012. She is a member of ITE's Business & Services Academic Advisory Committee, as well as Honorary Secretary of Singapore Retailers Association and Honorary Treasurer of Orchard Road Business Association. Mrs Khoo graduated with a Bachelor of Arts (Honours) degree from the 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

Cheng Man Tak

Christopher Lau Loke Sam
Independent

Loh Soo Eng
Independent

Paul Hon To Tong
Lead Independent Director
Independent

Guy Daniel Harvey-Samuel
Independent

Tan Sri Dr Zulkurnain
bin Hj. Awang
Independent

Audit & Risk Committee

Christopher Lau Loke Sam
Chairman

Boey Tak Hap

Loh Soo Eng

Paul Hon To Tong

Nominating Committee

Paul Hon To Tong
Chairman

Cheng Wai Keung

Christopher Lau Loke Sam

Guy Daniel Harvey-Samuel

Remuneration Committee

Loh Soo Eng
Chairman

Boey Tak Hap

Guy Daniel Harvey-Samuel

Company Secretaries

Gabrielle Tan

Ooi Siew Poh

Registered Office

3 Killiney Road
#10-01 Winsland House I
Singapore 239519
Tel: 6280 9111
Fax: 6732 9956
www.wingtaiasia.com.sg

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
Chartered 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 (formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd)
7 Straits View #23-01
Marina One East Tower
Singapore 018936

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Singapore

Le Nouvel Ardmore, an exclusive 43-unit freehold development at Ardmore Park designed by Pritzker Prize laureate Jean Nouvel, had 15 units sold as at 30 June 2018. A niche marketing and sales strategy for this luxury development is on-going.

The Crest, a 99-year leasehold development located at Prince Charles Crescent, comprises 469 units over three 23-storey towers and four 5-storey island villas. The development was designed by Pritzker Prize winner Toyo Ito. As at 30 June 2018, it was over 70% sold. Marketing and sales activities are on-going.

Property

Immaculate residences of the Le Nouvel Ardmore feature quality interiors that provide space, privacy and exclusivity

In Singapore, The Garden Residences was launched in June 2018 and about 40% of the initial release was sold.

In July 2017, a 99-year leasehold site at Serangoon North Avenue 1 was acquired with joint venture partner Keppel Land to be developed into The Garden Residences, comprising 613 units across five tower blocks. The development was launched in June 2018 and about 40% of the initial release of 156 units was sold as at 30 June 2018.

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

The Garden Residences comprises 613 homes across five tower blocks set within a curated garden with lush greenery and water features that promote holistic living

The Le Nouvel KLCC is an iconic 195-unit, twin-tower development facing the Petronas Twin Towers in the heart of Kuala Lumpur's city centre

Malaysia

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

In Kuala Lumpur, the Le Nouvel KLCC designed by Pritzker Prize winner Jean Nouvel is a 195-unit, dual-tower freehold development located at Jalan Ampang. As at 30 June 2018, 25% of the 30 units previewed were sold. Sales and marketing activities are extending beyond Malaysia, China, Singapore, Indonesia and Hong Kong into the Middle East.

Verticas Residensi, a freehold development comprising 423 units across three 43-storey towers and one 9-storey tower at Bukit Ceylon was fully sold as at 30 June 2018. Nobleton Crest, a 25-unit freehold development with three blocks of 5-storey residential units at the prestigious Jalan U-Thant was over 50% sold as at 30 June 2018.

In Penang, Phase 4 of Taman Bukit Minyak Utama, comprising 98 units of 2-storey terrace houses and 3-storey semi-detached houses, was fully completed and over 70% sold as at 30 June 2018. Phase 5, comprising 97 units of 2-storey terrace houses and 2-storey semi-detached houses, was close to completion and around 80% sold as at 30 June 2018.

Phase 2 of Jesselton Hills comprising 2-storey terrace houses, was more than 90% sold as at 30 June 2018. Impiana Commercial Hub, comprising 2- and 3-storey shop offices along Jalan Rozhan, was completed and over 85% sold as at 30 June 2018.

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. The project was fully completed in November 2017. As at 30 June 2018, the apartments and shop offices were 70% and more than 50% sold, respectively.

The Group completed its fourth acquisition in Australia with a freehold office building in Melbourne.

The Group acquired a freehold 8-level office building within the St Kilda office precinct in Melbourne, Australia

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 is a low-density residential estate located in Luodian New Town of Baoshan District. It comprises 301 units of terraced houses, duplexes and apartments. Phase 1, comprising 189 units, was over 90% sold as at 30 June 2018. The launch of Phase 2 has been scheduled for late 2018.

In Suzhou, Phase 2 of The Lakeside, comprising 24 units of terraced houses, is pending authorities' approval of planning licence.

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 in Melbourne and two data centres in Sydney and Melbourne.

In May 2018, the Group completed its fourth acquisition in Australia with a freehold 8-level office building within the St Kilda office precinct. This is a joint venture acquisition with partner Abacus Property Group.

Hong Kong

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

As at 30 June 2018, The Warren and The Graces were fully sold. Providence Peak, Providence Bay and Homantin Hillside were almost fully sold.

In Kau To Shan, Shatin, Le Cap and La Vetta, both low-density high-end residential projects, are scheduled for completion in 2018.

The harbourfront residential site in Shau Kei Wan, Hong Kong Island East is scheduled for completion in late 2018. The property will be fully furnished and leasing activities are scheduled to commence in 2019.

In Tuen Mun, three low- to medium-density residential sites located at Siu Sau - Tai Lam (named "The Carmel"), So Kwun Wat Road and Castle Peak Road - Tai Lam are scheduled for completion in 2019, 2021 and 2022, respectively.

In October 2017, the Group led a joint venture and won the tender to develop a mixed use commercial complex site in Central, for a Grade A office tower with a hotel, retail shops and public green space. The project is scheduled for completion in 2023 and forms an integral part of a mega redevelopment initiative in the heart of Hong Kong CBD led by its Urban Renewal Authority.

During the period under review, the Group disposed of two investment properties including W Square, an office and retail complex in Wan Chai, and Winner Godown Building, an industrial building in Tsuen Wan, realising capital values at a premium.

The commercial investment property Landmark East in Kowloon East continued to achieve healthy occupancy rate of close to 100%.

Located at the peak of Kau To Shan, Le Cap is a low-density residential development offering unparalleled views

Lanson Place currently operates a total of 12 management contracts across Singapore, Malaysia, China, Hong Kong and Australia.

Hospitality

The Group's hospitality business under the Lanson Place management continues to grow steadily in terms of rental rates and occupancy. Lanson Place currently operates a total of 12 management contracts across Singapore, Malaysia, China, Hong Kong and Australia.

Lanson Place Winsland Serviced Residences in Singapore was closed in May 2017 for major renovation works and opened as Winsland Serviced Suites by Lanson Place in March 2018. Ambassador Row Hotel Suites by Lanson Place and Lanson Place Bukit Ceylon Serviced Residences in Malaysia achieved an average occupancy rate of over 60% and around 85%, respectively. Apart from properties which have been in operation for less than two years, all the China and Hong Kong properties maintained occupancy of 80% and above.

In Chengdu, Tianfu Square Serviced Suites by Lanson Place in the main financial district of Luomashi was opened in October 2017. Featuring 162 units of 1- to 3-bedroom types, this development marks the Group's first operation in Chengdu and first partnership with Guangzhou R&F Properties.

In April 2018, a management contract was signed to operate a 117-unit brand new serviced apartment development located adjacent to the Parliament House in Melbourne, scheduled to open in 2022. This marks Lanson Place's first foray into Australia.

In the year under review, Lanson Place received several industry awards. In Shanghai, Parkside Serviced Suites by Lanson Place won the "Best New Serviced Residence in China" at the 2017 Business Traveller China Travel Awards in November 2017, and Lanson Place Jinlin Tiandi Serviced Residences was awarded the "Best Serviced Apartment in China, TTG China Travel Awards 2018" in March 2018.

A management contract for a brand new 117-unit luxurious serviced apartment development centrally located in Melbourne's CBD marks Lanson Place's entry into Australia

Du Pareil au meme is a French children's fashion brand that creates fun, creative and original children's clothing and accessories for all occasions

Retail

The Group launched French children's fashion brand Du Pareil au meme, and multi-fashion store Outfit, which retails five brands under one roof in Malaysia.

As at 30 June 2018, the Group's retail division had a distribution network of 229 stores, an increase from 206 stores in the previous year, with a portfolio of 14 brands in Singapore and 13 brands in Malaysia.

Singapore's changing retail landscape continued to evolve with a big shift in consumer behavior and habits, coupled with digital disruption which has impacted mid-tier fashion retail.

In Malaysia, newer brands such as Furla and Burton Menswear excelled in sales and profit growth. Store expansion into Genting Sky Avenue, Premium Outlet and IOI City Mall also contributed to profitability. In May 2018, the Group launched French children's fashion brand Du Pareil au meme, and multi-fashion store Outfit, a mini anchor format by Arcadia Group that retails five brands – Topshop, Topman, Miss Selfridge, Burton and Dorothy Perkins - under one roof.

Joint venture brand Uniqlo launched two new stores at Changi Airport Terminal 4 and Northpoint City in October and December 2017, respectively. The brand continued to increase its market share in Singapore through organic sales growth and improved profitability. In Malaysia, the brand experienced healthy like-for-like sales growth in tandem with new store openings. As at 30 June 2018, the brand had 26 stores in Singapore and 47 stores in Malaysia.

An Enterprise Resource Planning (ERP) system was successfully implemented in Singapore; this enables the onward development of a dynamic omni-channel strategy that is fully integrated with a Customer Relationship Management (CRM) system to better serve the new age omni-channel customer.

Calendar of Events

July 2017

Achieved top bid at state tender for Serangoon North Avenue 1 site through joint venture with Keppel Land, Singapore

Recognised as Early Adopter of Tripartite Standards on the Employment of Term Contract Employees and Flexible Work Arrangements, Singapore

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

August 2017

Announced full-year results for year ended 30 June 2017, Singapore

Awarded Skills Future Employer Award, Singapore

Wing Tai Malaysia Berhad delisted from Bursa Malaysia Securities Berhad, Malaysia

September 2017

Wing Tai Malaysia Berhad became a wholly-owned subsidiary of the Group, Malaysia

October 2017

Awarded Top Developer Award at EdgeProp Singapore Excellence Awards 2017, Singapore

The Tembusu won Development Innovation Award and Development Excellence Award (Non-Central) at EdgeProp Singapore Excellence Awards 2017, Singapore

The Tembusu conferred Honourable Mention, Residential Category (Apartments/ Condominiums) at 17th SIA Architectural Design Awards 2017, Singapore

Wing Tai Properties won tender to develop mixed used commercial complex site in Central, Hong Kong

Tianfu Square Serviced Suites by Lanson Place in Chengdu opened, China

November 2017

Mixed use development Mahkota Impian fully completed, Penang, Malaysia

Parkside Serviced Suites by Lanson Place awarded Best New Serviced Residence in China at 2017 Business Traveller China Travel Awards, China

December 2017

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

Wing Tai Properties disposed of investment property Winner Godown Building, Hong Kong

January 2018

Wing Tai Properties disposed of investment property W Square, Hong Kong

February 2018

Food Drive supported needy elderly patients at St Luke's Hospital, Singapore

March 2018

Participated in Earth Hour to support environmental sustainability, Singapore

Newly refurbished Winsland Serviced Suites by Lanson Place opened, Singapore

Wing Tai Retail sealed management contract to support Furla principal's takeover of Singapore market, Singapore

Lanson Place Jinlin Tiandi Serviced Residences awarded Best Serviced Apartment in China at TTG China Travel Awards 2018, China

Marked 3rd anniversary of Wing Tai Retail's loyalty programme wt+ with a series of campaign activities, Singapore

April 2018

Lanson Place Hospitality Management signed contract to operate new serviced apartment development in Melbourne, Australia

Awarded Human Capital Partner by TAFEP (Tripartite Alliance for Fair and Progressive Employment Practices), Singapore

May 2018

Acquired freehold office building in St Kilda office precinct in Melbourne through joint venture with Abacus Property Group, Australia

The Tembusu awarded Merit at BCA Construction Excellence Awards 2018, Residential Buildings for $1,800/m^2 and above[1] category, Singapore

Awarded NTUC May Day 2018 Award Plaque of Commendation, Gold, Singapore

Launched French children's fashion brand Du Pareil au meme at One Utama in Petaling Jaya, Selangor, Malaysia

New multi-fashion label concept Outfit launched with first store in Asia at Genting Sky Avenue, Pahang, Malaysia

June 2018

Launched Phase I of The Garden Residences at Serangoon North Avenue 1, Singapore

[1] construction cost

Corporate Social Responsibility

Wing Tai Foundation

The Group continues to fulfill its corporate social responsibility (CSR) through the Wing Tai Foundation, which provides financial aid and donations to the needy elderly and needy young. Through this, the Group 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 key needs of disadvantaged children in their growing years through the Community Foundation of Singapore. The Group contributed towards supporting at-risk children and youths from needy and disadvantaged families through MCYC Community Services Society. The Group 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 participated in the Wing Tai-Boys' Brigade Share-A-Gift project, which collected food and daily necessities for the less fortunate young and old; staff volunteers also participated in delivering food hampers to beneficiary households, and in food drives supporting the needy elderly patients at charitable healthcare organisations like Kwong Wai Shiu Hospital and St Luke's Hospital.

A fund matching programme was launched within the Group, where employees making monetary contributions to charities that help the needy young and needy elderly in Singapore may apply for a dollar-for-dollar matching fund by the Foundation to the charities they support.

Through these activities, the Group remains committed to its corporate citizenry role and continues to encourage staff to give back to the community.

Staff volunteers collected grocery items for distribution to the underprivileged young and needy elderly through the Wing Tai-Boys' Brigade Share-A-Gift project

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 guidelines of the Code of Corporate Governance 2012 (the "Code"). Where there is any deviation from the Code, appropriate explanations are provided in this report on each area of non-compliance.

Board Matters

Principle 1: The Board's Conduct of its Affairs

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.

Functions of the Board (Guideline 1.1)

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.

Regular Board Meetings (Guideline 1.4)

The Board conducts regular meetings on a quarterly basis and whenever necessary as circumstances arise. A total of four Board meetings were held in the financial year ended 30 June 2018 ("FY2018"). Details of the Directors' attendance at the Board, Board Committee and annual general meetings for the year are set out in the table below.

The Constitution of the Company ("Constitution") allows the Directors to participate in Board and Board

Directors' Attendance at AGM, Board and Board Committee Meetings for FY2018

Name	Board	Audit & Risk Committee	Remuneration Committee	Nominating Committee	AGM
	Meetings Held: 4	Meetings Held: 4	Meetings Held: 4	Meetings Held: 1	Meetings Held: 1
	Meetings Attended	Meetings Attended	Meetings Attended	Meetings Attended	Meetings Attended
Cheng Wai Keung	4	–	–	1	1
Edmund Cheng Wai Wing	4	–	–	–	1
Boey Tak Hap	4	4	4	–	1
Cheng Man Tak	3	–	–	–	1
Christopher Lau Loke Sam	4	4	–	1	1
Lee Kim Wah*	2	–	2	1	1
Loh Soo Eng	4	4	4	–	1
Paul Hon To Tong	4	4	–	1	1
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad#	1	–	–	–	–
Tan Hwee Bin	4	–	–	–	1
Guy Harvey-Samuel**	2	–	2	–	–
Tan Sri Dr Zulkurnain bin Hj. Awang**	2	–	–	–	–

* Mr Lee Kim Wah retired from the Board on 2 January 2018.
\# Tan Sri Dato' Paduka Dr Mazlan bin Ahmad retired from the Board at the AGM on 23 October 2017.
** Mr Guy Harvey-Samuel was appointed on 2 January 2018 as independent Director and member of the Remuneration Committee and Nominating Committee.
** Tan Sri Dr Zulkurnain bin Hj. Awang was appointed on 2 January 2018 as independent Director.

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 requiring Board's approval (Guideline 1.5)

> **SGX Disclosure Guide:**
> What are the types of material transactions which require approval from the Board?

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.

Training for Directors (Guideline 1.6)

> **SGX Disclosure Guide:**
> Are new directors given formal training? If not, please explain why?
>
> What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?

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 to ensure that they are familiar with the Group's business, directions and policies. For first-time directors, the Company provides training in areas such as accounting, legal or such other industry-specific knowledge, where appropriate. 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 Secretaries readily keep the Directors informed as and when there are appropriate courses, conferences and seminars such as those conducted by the Singapore Institute of Directors ("SID").

The Directors are encouraged to regularly attend such training at the Company's expense. During FY2018, the Directors attended a number of courses and seminars, namely, the SID courses on "SID Audit Committee Chairmen's Conversation", "Remuneration Committee Chairman Conversation for 2017 – How should incentive compensation take into account the right level of risk taking in executive behaviour, in the age of disruptive innovation and business transformation", "Remuneration Committee Chairman Conversation for 2018 – Local and Global Investor Perspectives on Executive Compensation", "Focus Group Discussion on ACRA's AQI (Audit Quality Indicators) Framework" and Board training conducted by PricewaterhouseCoopers LLP on Sustainability Reporting.

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.

Principle 2: Board Composition and Guidance

> **SGX Disclosure Guide:**
> Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.

Proportion of Independent Directors (Guideline 2.1)

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.

Determining independence of independent directors (Guideline 2.3)

> **SGX Disclosure Guide:**
> (a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.
>
> (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.

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 has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the company.

There is no existence of a relationship as stated in the Code that would otherwise deem any independent director to be non-independent.

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. Tan Sri Dato' Paduka Dr Mazlan bin Ahmad and Mr Lee Kim Wah retired from the Board on 23 October 2017 and 2 January 2018 respectively. There are currently ten members on the Board, three of whom are executive Directors and six of whom are independent non-executive Directors.

In order to further the independence of the Board, it is the Company's policy that no director or independent director sits in all 3 committees, the ARC, NC and RC.

Independent directors with more than 9-year tenure (Guideline 2.4)

> **SGX Disclosure Guide:**
> Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.

Although three of the independent Directors, namely, Mr Boey Tak Hap, Mr Loh Soo Eng 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.

Determining the Board's composition (Guideline 2.6)

> **SGX Disclosure Guide:**
> (a) What is the Board's policy with regard to diversity in identifying director nominees?
>
> (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.
>
> (c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?

The Company has a policy to appoint members of the Board from diverse and varied skills, experience, gender and knowledge and we 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. 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.

Key Information on Directors (Guideline 4.7)

The profiles of the Directors are set out on pages 4 to 6 of this Annual Report. Key information on the Directors is set out as follows:-

Cheng Wai Keung
Chairman and Managing Director
Age: 68
Date of first appointment as director: 17 April 1973
Date of last re-appointment as director: 28 October 2015

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nominating Committee (Member)	Bachelor of Science Master of Business Administration	*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)	Wing Tai Malaysia Berhad *(now known as Wing Tai Malaysia Sdn. Bhd.)*

Edmund Cheng Wai Wing

Deputy Chairman and Deputy Managing Director

Age: 66

Date of first appointment as director: 11 May 1981

Date of last re-appointment as director: 23 October 2017

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nil	Bachelor of Engineering (Civil Engineering) Master of Architecture	*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)	• SATS Ltd • Wing Tai Malaysia Berhad *(now known as Wing Tai Malaysia Sdn. Bhd.)*

Boey Tak Hap

Independent Non-Executive Director

Age: 66

Date of first appointment as director: 2 May 1997

Date of last re-appointment as director: 23 October 2017

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Audit & Risk Committee (Member) Remuneration Committee (Member)	Bachelor of Science in Automatic Control and System Engineering with Management Sciences Diploma in Business Administration Harvard Advanced Management Program	*Other listed companies* Nil *Other principal commitments* Nil	Nil

Cheng Man Tak

Non-Executive Director

Age: 58

Date of first appointment as director: 11 May 1981

Date of last re-appointment as director: 27 October 2016

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nil	Bachelor of Science Master of Business Administration	*Other listed companies* Nil *Other principal commitment* • 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 (Authority Member)	Nil

Christopher Lau Loke Sam

Independent Non-Executive Director

Age: 71

Date of first appointment as director: 28 October 2013

Date of last re-appointment as director: 23 October 2017

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Audit & Risk Committee (Chairman) Nominating Committee (Member)	LL.B. (Hons) Barrister-at-Law, Gray's Inn	_Other listed companies_ Nil _Other principal commitments_ • Independent Arbitrator, member of the court of several international arbitral institutions • Singapore Technologies Marine Ltd (Chairman of the Risk and Audit Advisory Committee) • Singapore Technologies Aerospace Ltd (Chairman of the Risk and Audit Advisory Committee)	Nil

Loh Soo Eng

Independent Non-Executive Director

Age: 78

Date of first appointment as director: 22 February 1991

Date of last re-appointment as director: 27 October 2016

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Remuneration Committee (Chairman) Audit & Risk Committee (Member)	Bachelor of Engineering (Mechanical)	_Other listed companies_ Nil _Other principal commitments_ Nil	Nil

Paul Hon To Tong

Lead Independent Director

Age: 73

Date of first appointment as director: 16 August 2007

Date of last re-appointment as director: 27 October 2016

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nominating Committee (Chairman) Audit & Risk Committee (Member)	Barrister-at-Law, Middle Temple Bachelor of Science (Economics) (Honours) Postgraduate Certificate of Management Studies Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants Associate Member of The Institute of Chartered Secretaries and Administrators	_Other listed companies_ • Chinney Investments Limited (Listed on the Stock Exchange of Hong Kong) _Other principal commitments_ Nil	Nil

Guy Daniel Harvey-Samuel

Independent Non-Executive Director

Age: 61

Date of first appointment as director: 2 January 2018

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

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nominating Committee (Member) Remuneration Committee (Member)	An associate of the Chartered Institute of Bankers (Accountancy Law Relating to Banking Services Monetary Economics Nature of Management) Qualified Marshall Goldsmith Leadership Coach	*Other listed companies* • Mapletree Industrial Trust Management Ltd • M1 Limited *Other principal commitments* • HSBC (Singapore) Limited (Non-executive Chairman) • Board of Trustees of the National Youth Achievement Awards Council (Chairman) • Surbana Jurong Private Limited (Director) • Jurong Town Corporation (Member) • National Arts Council (Member)	Nil

Tan Sri Dr Zulkurnain Bin Hj. Awang

Independent Non-Executive Director

Age: 68

Date of first appointment as director: 2 January 2018

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

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nil	Bachelor of Economics (Honours) Master of Arts in International Affairs Management Master of Arts in Political Science Certificate in Public Administration PhD (Leeds) Harvard Advanced Management Program	*Other listed companies* Nil *Other principal commitments* • Wing Tai Malaysia Sdn. Bhd. (Chairman) • Asia Metropolitan University Sdn Bhd (Chairman)	Wing Tai Malaysia Berhad *(now known as Wing Tai Malaysia Sdn. Bhd.)*

Tan Hwee Bin

Executive Director

Age: 55

Date of first appointment as director: 5 December 2008

Date of last re-appointment as director: 28 October 2015

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nil	Bachelor of Accountancy Chartered Accountant of Singapore Harvard Advanced Management Program	*Other listed companies* Nil *Other principal commitments* • NTUC Health Co-operative Ltd (Chairman) • Singapore Labour Foundation (Director) • Singapore National Employers Federation (Member)	Nil

Principle 3: Chairman and Managing Director

Responsibilities of the Chairman (Guideline 3.2)

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. 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.

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. In addition, Mr Paul 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").

Principle 4: Board Membership

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.

Nominating Committee (Guideline 4.1)

The NC comprises four members, namely, Mr Paul Tong – appointed as Chairman of the NC on 2 January 2018, Mr Christopher Lau Loke Sam, Mr Guy Harvey Samuel, who was appointed as a NC member on 2 January 2018 (all of whom are independent non-executive Directors; Mr Paul Tong is the Lead Independent Director) and Mr Cheng Wai Keung. The previous Chairman of the NC, Mr Lee Kim Wah, retired from the Board on 2 January 2018.

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 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.

All 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 Company has no alternate Directors (Guidelines 4.5).

Multiple Board Representation (Guideline 4.4)

When a Director serves on multiple boards of different companies, that Director is to ensure 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.

SGX Disclosure Guide:

(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?

(b) If a maximum number has not been determined, what are the reasons?

(c) What are the specific considerations in deciding on the capacity of directors?

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.

SGX Disclosure Guide:

Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent 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.

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

Principle 5: **Board Performance**

> **SGX Disclosure Guide:**
> (a) What was the process upon which the Board reached the conclusion on its performance for the financial year?
>
> (b) Has the Board met its performance objectives?

With the assistance of KPMG Services Pte Ltd, the Company's evaluation framework 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.

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.

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. *(Guideline 5.3)*.

Principle 6: **Access to Information**

> **SGX Disclosure Guide:**
> What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?

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.

The Board has separate and independent access to the Management and the Company Secretaries 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 Secretaries attend all Board meetings and ensure that Board procedures are strictly adhered to. The Company Secretaries, together with the Management, also ensure that the Company complies with all applicable statutory and regulatory rules. In addition, the Company Secretaries ensure that there is good information flow within the Board and the Board Committees, and between Management and non-executive Directors. The Company Secretaries facilitate orientation and assist with professional development of the Directors as may be required. The appointment and removal of the Company Secretaries are subject to the approval of the Board *(Guidelines 6.3 and 6.4)*.

Remuneration Matters

Principle 7: **Procedures for Developing Remuneration Policies**

Remuneration Committee (Guideline 7.1)

The RC comprises three members, all of whom, including the Chairman of the RC, are independent non-executive Directors. The RC members are Mr Loh Soo Eng – Chairman of the RC, Mr Boey Tak Hap, and Mr Guy Harvey-Samuel, who was appointed as a RC member on 2 January 2018. A previous member of the RC, Mr Lee Kim Wah, retired from the Board on 2 January 2018.

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. 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 that affects the independence and objectivity of its performance. The RC reviews the structure of the remuneration packages for the Directors and key management personnel respectively 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 not overly generous, onerous or adverse to the Company.

Principle 8: Level and Mix of Remuneration

Performance conditions for executive directors and key management personnel (Guideline 9.6)

> **SGX Disclosure Guide:**
> (a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.
>
> (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?
>
> (c) Were all of these performance conditions met? If not, what were the reasons?

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.

Link between Remuneration and Performance (Guideline 9.6)

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.

Non-executive Directors are paid a fixed fee. 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.

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 Directors 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 Directors during the financial year.

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 9: Disclosure on Remuneration

Remuneration of Directors and CEO (Guideline 9.2)

> **SGX Disclosure Guide:**
> Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?

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.

There is no termination, retirement and post-employment benefits granted to the Directors and key management personnel.

The breakdown (in percentage terms) of the Directors' remuneration paid in FY2018 is as follows:-

Remuneration Bands	Fees (%)	Salary (%)	Bonus (%)	Other benefits (%)	Total(%)	Shares granted during the year
$2,250,001 to $2,500,000						
Cheng Wai Keung	–	54	32	14#	100	–
Edmund Cheng Wai Wing	–	53	31	16#	100	–
$1,250,001 to $1,500,000						
Tan Hwee Bin	–	42	40	18^	100	202,000
Below $250,000						
Boey Tak Hap	100	–	–	–	100	–
Cheng Man Tak	100	–	–	–	100	–
Christopher Lau Loke Sam	100	–	–	–	100	–
Lee Kim Wah*	85	–	–	15	100	–
Loh Soo Eng	100	–	–	–	100	–
Paul Hon To Tong	100	–	–	–	100	–
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad**	52	–	–	48#	100	–
Guy Harvey-Samuel +	–	–	–	–	–	–
Tan Sri Dr Zulkurnain bin Hj. Awang+	–	–	–	–	–	–

\# Includes fees, allowances or other benefits from Wing Tai Malaysia Berhad (now known as Wing Tai Malaysia Sdn. Bhd.) where applicable
^ Includes the fair value of restricted shares and performance shares
* Retired on 2 January 2018
** Retired on 23 October 2017
\+ Appointed on 2 January 2018

Remuneration of key management personnel (Guideline 9.3)

SGX Disclosure Guide:

(a) Has the Company disclosed each key management personel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonus, benefits in kind, stock options granted, share-based incentives and awards, and other long term incentives? If not, what are the reasons for not disclosing so?

(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).

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 FY2018 is set out below.

The total remuneration paid to the five key management personnel for FY2018 amounted to $4.3 million.

Remuneration Bands	Salary (%)	Bonus (%)	Share awards (%) ^	Other benefits (%)	Total (%)
Above $750,000					
Helen Chow	54	38	–	8	100
Helen Khoo	50	28	16	6	100
Ng Kim Huat	51	34	9	6	100
$500,001 to $750,000					
Karine Lim	51	34	9	6	100
Stacey Ow Yeong	51	37	6	6	100

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

Remuneration of employees who are immediate family member of a director or CEO (Guideline 9.4)

SGX Disclosure Guide:
Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify and specify the relationship with the relevant director or the CEO.

Mrs Kit Cheng, who is the spouse of the Deputy Chairman, Mr Edmund Cheng Wai Wing, received remuneration that is between $200,000 and $250,000 during FY2018.

Having consulted Carrots as well as the Company's Human Resource department, there is assurance from the Board and/or the RC 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 10: Accountability

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.

Principle 11: Risk Management and Internal Controls

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 effective system of internal controls and risk management which adequately 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 Services Pte Ltd ("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.

SGX Disclosure Guide:

(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.

(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that:
(i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and
(ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?

Based on the internal controls established and the reviews conducted 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 2018.

The system of 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 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 internal control frameworks to identify and mitigate these risks.

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.

Principle 12: Audit & Risk Committee
The ARC comprises four members, all of whom are independent non-executive Directors. The ARC members are Mr Christopher Lau Loke Sam – Chairman of the ARC, Mr Boey Tak Hap, Mr Paul Tong and Mr Loh Soo Eng.

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. The ARC held four meetings in FY2018. The ARC meetings were held with the internal and external auditors without the presence of the Management during FY2018.

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 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. The ARC also reviews the quarterly and annual financial statements of the Group 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 at such meetings.

In the review of the financial statements for FY2018, the ARC has discussed with the Management and the external auditors 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 FY2018:-

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 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 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 trainings 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.

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.

Fees paid to external auditors (Guideline 12.6)

SGX Disclosure Guide:

(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.

(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors

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 FY2018 is disclosed on page 66 of this Annual Report. The ARC is primarily responsible for proposing to the Board the appointment and removal of the external auditors. None of the members of the ARC were partners or directors of the Company's existing external auditors within the last 12 months and none of the members of the ARC holds any financial interest in the auditing firm. 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 Rule 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.

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. 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.

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, including Wing Tai Malaysia Sdn Bhd, did not have to obtain any shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual. Wing Tai Malaysia Berhad was delisted on 30 August 2017 and became a wholly owned subsidiary of the Company on 27 September 2017 and is now known as Wing Tai Malaysia Sdn. Bhd. ("WTM"). As WTM is no longer a listed entity, there is no requirement for it to comply with the listing requirements of Bursa Malaysia Securities Berhad.

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 FY2018 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#	28	N.A.
– Lanson Place Hospitality Management (Malaysia) Limited#	238	N.A.

\# The Group has a 33.2% interest in this company

Principle 13: Internal Audit

SGX Disclosure Guide:
Does the Company have an internal audit function? If not, please explain why.

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 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, KPMG has unrestricted access to the ARC and reports to the Chairman of the ARC. The 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 is provided unfettered access to all of the Group's documents, records, properties and personnel, including 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 and effective.

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.

Shareholder Rights and Responsibilities

Principle 14: Shareholder Rights

The Company endeavours to treat all shareholders fairly and equitably and recognise, protect and facilitate the exercise of shareholders' rights. The shareholding statistics / information are disclosed on page 120 of this Annual Report.

Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings
Investor Relation (Guideline 15.4)

SGX Disclosure Guide:

(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?

(b) Is this done by a dedicated investor relations team or equivalent)? If not, who performs this role?

(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?

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.

In line with our sustainability practices, we have discontinued the CD-ROM version of the annual report to shareholders with effect from this year. 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.

Shareholders are given the opportunity to raise questions and communicate their views on the Company at general meetings and these are minuted and made available upon request. 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 of the Board as well as the Managing Director were present at the latest AGM. The Board is present at the Company's general meetings 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. The Company passes separate resolutions at general meetings on each distinct issue placed before it. 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. Voting and vote tabulation procedures used are disclosed before the general meetings proceed. 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.

Currently, the Company has appointed TS Tay Public Accounting Corporation as an independent scrutineer to count and validate the votes at the AGM. Voting in absentia by mail, facsimile or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent.

Sustainability Report

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 website is at www.wingtaiasia.com.sg. The Company's latest financial results, annual reports and Code of Conduct are available on the Company's website. If shareholders have any query on investor relations, they may contact investors@wingtaiasia.com.sg.

Dividends (Guideline 15.5)

SGX Disclosure Guide:
If the Company is not paying any dividends for the financial year, please explain why.

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.

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 2018

Five-Year Financial Summary

	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
Revenue	**373,230**	263,203	544,531	676,715	803,393
Property	**228,064**	111,462	367,234	467,720	581,497
Retail	**136,126**	143,948	169,640	199,012	213,519
Investment and others	**9,040**	7,793	7,657	9,983	8,377
Earnings before interest and tax	**264,210**	54,744	78,893	215,069	184,889
Profit before income tax	**239,437**	19,679	41,373	175,295	312,471
Total profit	**221,109**	26,399	15,661	165,943	276,342
Profit attributable to equity holders of the Company	**218,803**	20,119	7,079	150,304	254,390
Equity attributable to ordinary shareholders of the Company	**3,329,780**	3,146,696	3,122,709	3,173,169	2,969,655
Total assets	**4,531,708**	4,615,835	4,977,483	4,887,560	4,883,414
Total liabilities, perpetual securities and non-controlling interests	**1,201,928**	1,469,139	1,854,774	1,714,391	1,913,759
Earnings per share[1] (cents)	**27.47**	2.59	0.91	19.16	32.39
Net tangible assets per share[1] ($)	**4.31**	4.07	4.04	4.07	3.78
Cash dividends per share (cents)	**8.00**	6.00	6.00	3.00	6.00

Note:

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

	’000
2018	**774,165**
2017	773,526
2016	777,271
2015	784,455
2014	785,482

Directors' Statement

For the Financial Year Ended 30 June 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2018 and the statement of financial position of the Company as at 30 June 2018.

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 46 to 119 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 2018 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	
Loh Soo Eng	
Paul Hon To Tong	
Guy Daniel Harvey-Samuel	*(appointed on 2 January 2018)*
Tan Sri Dr Zulkurnain bin Hj. Awang	*(appointed on 2 January 2018)*
Tan Hwee Bin	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in the "Share Options" and "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 01.07.2017**	**As at 30.06.2018**	**As at 21.07.2018**	**As at 01.07.2017**	**As at 30.06.2018**	**As at 21.07.2018**
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
Loh Soo Eng	412,800	**412,800**	412,800	-	**-**	-
Tan Hwee Bin	1,580,735	**1,650,635**	1,650,635	-	**-**	-
Share Options						
Tan Hwee Bin	110,000	**-**	-	-	**-**	-
Performance Share Plan *						
Tan Hwee Bin	306,000	**393,000**	393,000	-	**-**	-
Restricted Share Plan						
Tan Hwee Bin	131,100	**103,200**	103,200	-	**-**	-

* 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.

(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 OPTIONS

The Wing Tai Holdings Limited (2001) Share Option Scheme (the "Scheme")
The Scheme was approved and adopted by the members of the Company at an Extraordinary General Meeting ("EGM") held on 31 August 2001. The Scheme was terminated by the members of the Company at an EGM held on 30 October 2008 (without prejudice to the rights of holders of options thereunder in respect of options which have been granted). The Scheme is administered by a committee comprising two directors, namely Cheng Wai Keung and Tan Hwee Bin.

No option was granted under the Scheme during the financial year. No controlling shareholder of the Company or his associate participated in the Scheme.

The aggregate number of options granted since the commencement of the Scheme to the end of the financial year is as follows:

	Aggregate options since commencement of the Scheme to 30.06.2018				
Name of participant	**Number of options granted**	**Number of options exercised**	**Number of options forfeited**	**Number of options expired**	**Aggregate number of outstanding options as at 30.06.2018**
Director of the Company					
Tan Hwee Bin	645,500	(442,000)	-	(203,500)	-
Group Executives	12,563,800	(7,175,600)	(4,058,200)	(1,330,000)	-
Total	**13,209,300**	**(7,617,600)**	**(4,058,200)**	**(1,533,500)**	**-**

SHARE OPTIONS *(continued)*

The Wing Tai Holdings Limited (2001) Share Option Scheme (the "Scheme") *(continued)*
None of the participants of the Scheme received 5% or more of the total number of options granted under the Scheme.

Details of the movement in the options granted under the Scheme on the unissued ordinary shares of the Company during the year were as follows:

Date of grant	As at 01.07.2017	Number of options exercised	Number of options forfeited	Number of options expired	As at 30.06.2018	Exercise price ($)	Expiry date
06.09.2007	**1,199,000**	-	-	**(1,199,000)**	-	3.136	05.09.2017

SHARE PLANS

(a) 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 Share Plans") were adopted by the members of the Company at an EGM held on 30 October 2008. The Wing Tai Share Plans are administered by a committee (the "Committee") comprising two directors, namely Cheng Wai Keung and Tan Hwee Bin.

(i) 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 01.07.2017	Number of shares granted	Adjustment of shares awarded arising from targets achieved	As at 30.06.2018
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**
Total	**696,000**	**333,000**	**(182,000)**	**847,000**

SHARE PLANS *(continued)*

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

(ii) 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 years. 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 01.07.2017	Number of shares granted	Number of shares released	Number of shares forfeited	As at 30.06.2018
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**
Total	**1,378,500**	**772,000**	**(715,600)**	**(70,000)**	**1,364,900**

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	160,000	744,000	295,200	393,000
Wing Tai RSP	42,000	1,339,000	1,235,800	103,200

SHARE PLANS *(continued)*

(b) The Wing Tai Malaysia Berhad ("WTM") Restricted Share Plan ("WTM RSP")

WTM implemented the WTM RSP approved by the shareholders of WTM at an EGM held on 29 November 2011. The WTM RSP is administered by a committee comprising two directors of WTM, namely Cheng Wai Keung and Tan Sri Dato' Paduka Dr. Mazlan bin Ahmad. The WTM RSP has been terminated in August 2017.

The employees and directors of WTM and its subsidiary companies but exclude subsidiary companies which are dormant (the "WTM Group") whose employment are confirmed in writing on or before the date of offer, are eligible to participate in the scheme.

Under the WTM RSP, the participant will receive fully paid shares on a vesting date, their equivalent value or combinations thereof, without any cash consideration payable by the participant, upon the participant achieving pre-determined performance conditions and/or otherwise having performed well and/or made a significant contribution to the WTM Group.

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

Date of grant	As at 01.07.2017	Number of shares released	As at 30.06.2018
18.09.2014	78,000	(78,000)	-
11.09.2015	165,900	(165,900)	-
21.09.2016	269,000	(269,000)	-
Total	**512,900**	**(512,900)**	-

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:

Christopher Lau Loke Sam *(Chairman)*
Boey Tak Hap
Loh Soo Eng
Paul Hon To Tong

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 2018 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.

Directors' Statement

For the Financial Year Ended 30 June 2018

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 2018

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 Financial Reporting Standards in Singapore (“FRSs”) 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 2018 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 year ended 30 June 2018;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the statements of financial position of the Group and of the Company as at 30 June 2018;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the 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 2018. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of development properties	
As at 30 June 2018, the carrying amount of the Group's development properties of S$656.4 million accounted for 14% 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, the Group recorded net allowance for foreseeable losses of S$4.5 million on certain development properties arising from management's evaluation of the valuation of the properties as at 30 June 2018. In addition, valuation of development properties held by the Group's associated and joint venture companies affected the carrying value of the Group's investments and the share of profits of associated 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 2.8, 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 cost-to-complete by substantiating costs that have been committed to quotations from and 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 interests 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
As at 30 June 2018, the carrying amount of the Group's investment properties of S$733.3 million are stated at fair value, and accounted for 16% 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 in associated company and also the share of profits of the associated company. The disclosures relating to the investment in associated company is 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, 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 lease and financial information provided to the valuers; and • assessed the reasonableness of market values per square metre, 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 the Five-Year Financial Summary, Directors' Statement, Chairman's Message, Operating and Financial Review (Property, Hospitality, Retail) and Corporate Governance Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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 FRSs, 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 2018

Consolidated Income Statement

For the Financial Year Ended 30 June 2018

	Note	Group 2018 $'000	2017 $'000
Revenue	3	**373,230**	263,203
Cost of sales		**(193,055)**	(126,396)
Gross profit		**180,175**	136,807
Other gains – net	4	**32,426**	6,052
Expenses			
– Distribution		**(63,717)**	(66,869)
– Administrative and other		**(88,570)**	(87,781)
Operating profit/(loss)		**60,314**	(11,791)
Finance costs	7	**(32,497)**	(41,958)
Associated and joint venture companies			
– Share of profits		**211,620**	100,544
– Impairment loss		**-**	(27,116)
Profit before income tax		**239,437**	19,679
Income tax (expense)/credit	8(a)	**(18,328)**	6,720
Total profit		**221,109**	26,399
Attributable to:			
Equity holders of the Company		**218,803**	20,119
Non-controlling interests		**2,306**	6,280
		221,109	26,399
Earnings per share attributable to ordinary shareholders of the Company (cents):			
Basic	9(a)	**27.47**	2.59
Diluted	9(b)	**27.36**	2.55

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

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 30 June 2018

	Note	Group 2018 $'000	Group 2017 $'000
Total profit		**221,109**	26,399
Other comprehensive (expense)/income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value (losses)/gains on available-for-sale financial assets		**(739)**	1,214
Cash flow hedges		**4,449**	(1,644)
Currency translation differences		**(13,457)**	14,453
Share of other comprehensive income of associated and joint venture companies		**6,139**	1,875
		(3,608)	15,898
Item that will not be reclassified subsequently to profit or loss:			
Revaluation gains on property, plant and equipment		**2,012**	1,652
Other comprehensive (expense)/income, net of tax	8(a)	**(1,596)**	17,550
Total comprehensive income		**219,513**	43,949
Attributable to:			
Equity holders of the Company		**217,762**	38,391
Non-controlling interests		**1,751**	5,558
		219,513	43,949

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

Statements of Financial Position

As at 30 June 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**792,151**	847,373	**609,945**	641,423
Trade and other receivables	12	**94,227**	125,694	**586,901**	524,763
Inventories	13	**23,716**	19,421	**-**	-
Development properties	14	**656,355**	739,930	**-**	-
Tax recoverable		**7,693**	6,467	**-**	-
Assets held for sale	15	**-**	252,208	**-**	-
		1,574,142	1,991,093	**1,196,846**	1,166,186
Non-current assets					
Trade and other receivables	16	**285,715**	213,984	**533,454**	617,872
Investments in associated and joint venture companies	17	**1,766,611**	1,604,409	**-**	-
Investments in subsidiary companies	18	**-**	-	**282,063**	282,063
Investment properties	19	**733,250**	651,805	**-**	-
Property, plant and equipment	20	**117,044**	115,928	**10,549**	10,992
Deferred income tax assets	8(b)	**7,935**	5,662	**-**	-
Other non-current assets	21	**47,011**	32,954	**12,982**	10,780
		2,957,566	2,624,742	**839,048**	921,707
Total assets		**4,531,708**	4,615,835	**2,035,894**	2,087,893
LIABILITIES					
Current liabilities					
Trade and other payables	22	**108,925**	172,770	**17,476**	32,741
Current income tax liabilities		**42,609**	36,834	**293**	834
Borrowings	23	**-**	4,253	-	-
Liabilities held for sale	15	**-**	2,147	-	-
		151,534	216,004	**17,769**	33,575
Non-current liabilities					
Borrowings	23	**780,066**	925,371	**599,248**	602,793
Deferred income tax liabilities	8(b)	**36,490**	38,139	**-**	-
Other non-current liabilities	25	**13,546**	20,614	**3,716**	979
		830,102	984,124	**602,964**	603,772
Total liabilities		**981,636**	1,200,128	**620,733**	637,347
NET ASSETS		**3,550,072**	3,415,707	**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
Other reserves	28	**(23,203)**	(13,489)	**(31,644)**	(21,169)
Retained earnings	29	**2,514,733**	2,321,935	**460,777**	485,687
		3,329,780	3,146,696	**1,267,383**	1,302,768
Perpetual securities	27	**147,778**	147,778	**147,778**	147,778
Non-controlling interests		**72,514**	121,233	-	-
TOTAL EQUITY		**3,550,072**	3,415,707	**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 2018

	Note	Attributable to ordinary shareholders of the Company						
		Share capital $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Perpetual securities $'000	Non-controlling interests $'000	Total equity $'000
2018								
Beginning of financial year		838,250	(13,489)	2,321,935	3,146,696	147,778	121,233	3,415,707
Total comprehensive (expense)/income		-	(1,041)	218,803	217,762	-	1,751	219,513
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	-	(303)	16,839	16,536	-	(49,750)	(33,214)
Liquidation of subsidiary companies		-	(144)	-	(144)	-	-	(144)
Disposal of a subsidiary company		-	4,655	-	4,655	-	-	4,655
End of financial year		**838,250**	**(23,203)**	**2,514,733**	**3,329,780**	**147,778**	**72,514**	**3,550,072**
2017								
Beginning of financial year		838,250	(33,657)	2,318,116	3,122,709	-	209,817	3,332,526
Total comprehensive income		-	18,272	20,119	38,391	-	5,558	43,949
Transfer to statutory reserve		-	1,565	(1,565)	-	-	-	-
Issuance of perpetual securities, net of transaction costs		-	-	-	-	147,727	-	147,727
Cost of share-based payment		-	1,098	-	1,098	-	30	1,128
Reissuance of treasury shares		-	470	-	470	-	-	470
Accrued perpetual securities distribution	27	-	-	(51)	(51)	51	-	-
Ordinary and special dividends paid	24	-	-	(46,426)	(46,426)	-	-	(46,426)
Dividends paid by a subsidiary company to non-controlling interests		-	-	-	-	-	(1,572)	(1,572)
Issuance of ordinary shares by a subsidiary company to non-controlling interests		-	-	(253)	(253)	-	253	-
Acquisition of additional interest in a subsidiary company	18	-	-	31,995	31,995	-	(92,534)	(60,539)
Liquidation of subsidiary companies		-	(161)	-	(161)	-	(319)	(480)
Disposal of a joint venture company		-	(1,076)	-	(1,076)	-	-	(1,076)
End of financial year		838,250	(13,489)	2,321,935	3,146,696	147,778	121,233	3,415,707

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 2018

	Note	Group 2018 $'000	Group 2017 $'000
Cash flows from operating activities			
Total profit		**221,109**	26,399
Adjustments for:			
Income tax expense/(credit)		**18,328**	(6,720)
Depreciation of property, plant and equipment		**7,564**	8,220
Write-off of property, plant and equipment		**323**	193
Impairment loss on available-for-sale financial assets		**-**	3,185
Impairment loss on investment in a joint venture company		**-**	4
Dividend income		**(958)**	(136)
Fair value (gains)/losses on investment properties		**(12,630)**	3,956
Fair value losses/(gains) on derivative financial instruments		**950**	(1,470)
Allowance for stock obsolescence		**1,404**	837
Impairment loss on receivables from a joint venture company		**-**	27,116
Dilution loss on interest in an associated company		**3,534**	4,667
Allowance/(write-back of allowance) for foreseeable losses on development properties		**4,498**	(24)
Gain on disposal of property, plant and equipment		**(716)**	(501)
Gain on disposal of a joint venture company		**-**	(4,522)
Gain on disposal of subsidiary companies		**(16,691)**	-
Gain on liquidation of subsidiary companies		**(144)**	(187)
Interest income		**(7,724)**	(6,893)
Finance costs		**32,497**	41,958
Share of profits of associated and joint venture companies		**(211,620)**	(100,544)
Share-based payment		**1,342**	1,128
Currency translation differences		**3,254**	841
Operating cash flow before working capital changes		**44,320**	(2,493)
Changes in operating assets and liabilities:			
Balances with associated and joint venture companies		**2,834**	(1,371)
Development properties		**96,250**	201,138
Inventories		**(5,328)**	1,040
Trade and other receivables and other current assets		**12,858**	(25,004)
Trade and other payables		**(29,736)**	(1,900)
Cash generated from operations		**121,198**	171,410
Income tax paid		**(15,982)**	(31,929)
Net cash generated from operating activities		**105,216**	139,481

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2018

	Note	Group 2018 $'000	Group 2017 $'000
Cash flows from investing activities			
Acquisition of additional interest in a subsidiary company		**(70,667)**	(23,086)
Acquisition of interest in a joint venture company		**(1,600)**	-
Additions to investment properties		**(66,918)**	(78,461)
Additions to property, plant and equipment		**(9,438)**	(7,728)
Purchase of available-for-sale financial assets		**(9,774)**	(18,305)
Disposal of subsidiary companies, net of cash disposed of	10	**267,784**	-
Disposal of joint venture companies		**-**	498,958
Disposal of property, plant and equipment		**1,805**	538
Liquidation of joint venture companies		**-**	152
Distribution to non-controlling interests upon liquidation of subsidiary companies		**-**	(294)
Advancement of the loans to joint venture companies		**(79,326)**	(30,317)
Dividends received		**39,795**	13,125
Interest received		**7,898**	6,315
Net cash generated from investing activities		**79,559**	360,897
Cash flows from financing activities			
Issuance of perpetual securities, net of transaction costs		**-**	147,727
Reissuance of treasury shares		**-**	470
Purchase of treasury shares		**(4,479)**	-
(Advancement)/repayment of the loans to non-controlling interests		**(15,810)**	18,624
Proceeds from borrowings		**-**	110,183
Repayment of borrowings		**(144,662)**	(556,121)
Ordinary and special dividends paid		**(46,468)**	(46,426)
Perpetual securities distribution paid		**(6,120)**	-
Dividends paid to non-controlling interests		**(720)**	(1,572)
Interest paid		**(31,424)**	(41,461)
Net cash used in financing activities		**(249,683)**	(368,576)
Net (decrease)/increase in cash and cash equivalents		**(64,908)**	131,802
Cash and cash equivalents at beginning of financial year		**852,572**	722,883
Effects of currency translation on cash and cash equivalents		**4,487**	(2,113)
Cash and cash equivalents at end of financial year		**792,151**	852,572
Amount included in assets held for sale	15	**-**	(5,199)
	10	**792,151**	847,373

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

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 ("FRS"), under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS 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).

Interpretations and amendments to published standards effective in 2018
On 1 July 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years, except for the following:

FRS 7 Statement of Cash Flows
The amendments to FRS 7 *Statement of Cash Flows (Disclosure Initiative)* sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in Note 10.

2.2 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 when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods
Revenue from the sale of goods is recognised when a Group entity has delivered the products to the customer, the customer has accepted the products and collectability of the related receivable is reasonably assured, except for income from the sale of development properties which is disclosed in Note 2.8.

(b) 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.

(c) 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Revenue recognition *(continued)*

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

(e) Interest income
Interest income is recognised using the effective interest method.

2.3 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 2.4 for the accounting policy on goodwill on acquisitions.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 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 2.5 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 2.4 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, 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 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.

2.4 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.

2.5 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.

2.6 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 the revalued amounts less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent professional valuers at least once every three years and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income and accumulated in equity, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase is recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in equity in respect of that asset and reduces the amount accumulated in equity. All other decreases in carrying amounts are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Property, plant and equipment *(continued)*

(a) Measurement *(continued)*

(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.

(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". Any amount in the asset revaluation reserve relating to that item is transferred to retained earnings directly.

2.7 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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 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. 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.

Sales of development properties under construction in respect of sale and purchase agreements entered into prior to completion of construction are recognised when the properties are delivered to the buyers, except for in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

For sales of development properties of the Group that are within the scope as described in paragraph 2 of the Accompanying Note to INT FRS 115 *Agreements for the Construction of Real Estate*, the Group recognises revenue for sales of such development properties 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. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised in profit or loss immediately.

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.

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.

2.9 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Impairment of non-financial assets *(continued)*

(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, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to Note 2.6 for the treatment of a revaluation decrease.

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, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss as an expense, a reversal of that impairment is also recognised in profit or loss.

2.10 Financial assets

(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 available-for-sale 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) Available-for-sale financial assets
Available-for-sale 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Financial assets *(continued)*

(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

Available-for-sale 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 available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Financial assets *(continued)*

(e) Impairment *(continued)*

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.10(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 available-for-sale 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.

2.11 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 amortised to profit or loss over the period of the subsidiary companies' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

2.12 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.

2.13 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 are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to borrowings acquired specifically for the construction or development of properties. The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised as cost of the property under development.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 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 cross currency swaps 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 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.

The Group has entered into currency forwards to manage the Group's exposure to currency risk on highly probable forecasted transactions in foreign currencies. These contracts do not qualify for hedge accounting.

2.15 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.

Notes to the Financial Statements

For the Financial Year Ended 30 June 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Fair value estimation of financial assets and liabilities *(continued)*

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.

2.16 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.

2.17 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.

2.18 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Income taxes *(continued)*

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.

2.19 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.

2.20 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.

2.21 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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 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.

2.23 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 and current and deferred income tax liabilities.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.24 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.

2.25 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.

2.26 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.

2.27 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.

3. REVENUE

	Group	
	2018	**2017**
	$'000	**$'000**
Revenue from sale of:		
– development properties	**192,180**	76,360
– goods	**137,283**	145,709
Rental income	**35,884**	35,102
Management fees	**6,925**	5,896
Dividend income	**958**	136
	373,230	263,203

Included in the Group's revenue from sale of development properties is revenue recognised on a percentage of completion basis amounting to nil (2017: $37.9 million).

4. OTHER GAINS – NET

	Group 2018 $'000	Group 2017 $'000
Other gains:		
– Interest income	**7,724**	6,893
– Gain on disposal of subsidiary companies	**16,691**	-
– Gain on disposal of a joint venture company	**-**	4,522
– Gain on disposal of property, plant and equipment	**716**	501
– Gain on liquidation of subsidiary companies	**144**	-
– Fair value gains on investment properties	**12,630**	-
– Fair value gains on derivative financial instruments	**-**	1,470
– Write-back of allowance for foreseeable losses on development properties	**-**	24
– Foreign exchange gain - net	**-**	1,246
– Other miscellaneous gains	**5,429**	3,621
	43,334	18,277
Other losses:		
– Fair value losses on investment properties	**-**	(3,956)
– Fair value losses on derivative financial instruments	**(950)**	-
– Dilution loss on interest in an associated company	**(3,534)**	(4,667)
– Impairment loss on available-for-sale financial assets	**-**	(3,185)
– Allowance for foreseeable losses on development properties	**(4,498)**	-
– Foreign exchange loss - net	**(1,529)**	-
– Other miscellaneous losses	**(397)**	(417)
	(10,908)	(12,225)
	32,426	6,052

5. EXPENSES BY NATURE

	Group 2018 $'000	Group 2017 $'000
Depreciation of property, plant and equipment	**7,564**	8,220
Employee compensation	**69,518**	70,260
Auditors' remuneration paid/payable to:		
– auditor of the Company	**417**	360
– other auditors	**324**	315
Other fees paid/payable to:		
– auditor of the Company	**282**	214
– other auditors	**269**	121
Allowance for stock obsolescence	**1,404**	837
Write-off of property, plant and equipment	**323**	193
Rental expense on operating leases	**35,332**	39,087
Development cost included in cost of sales	**114,249**	54,412
Raw materials and finished goods included in cost of sales	**60,605**	64,048

Included in the Group's rental expense on operating leases is contingent rent amounting to $4.7 million (2017: $2.0 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.

6. EMPLOYEE COMPENSATION

	Group 2018 $'000	Group 2017 $'000
Wages and salaries (including directors' remuneration)	**62,145**	62,738
Employer's contribution to defined contribution plans including Central Provident Fund	**6,031**	6,394
Share-based payment	**1,342**	1,128
	69,518	70,260

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

7. FINANCE COSTS

	Group 2018 $'000	Group 2017 $'000
Interest expense to banks	**32,439**	39,215
Redemption premium for borrowings	**58**	2,743
	32,497	41,958

8. INCOME TAXES

(a) Income tax expense/(credit)

	Group 2018 $'000	Group 2017 $'000
Tax expense attributable to profit is made up of:		
Current income tax		
– Singapore	**15,583**	4,991
– Foreign	**9,668**	24,958
	25,251	29,949
Deferred income tax	**(3,781)**	(31,354)
	21,470	(1,405)
Overprovision in preceding financial years		
– Current income tax	**(2,843)**	(4,764)
– Deferred income tax	**(299)**	(551)
	18,328	(6,720)

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.

8. INCOME TAXES *(continued)*

(a) Income tax expense/(credit) *(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	
	2018 $'000	**2017 $'000**
Tax calculated at Singapore standard rate of income tax	**4,729**	(13,747)
Different tax rates in other countries	**2,873**	(928)
Expenses not deductible for tax purposes	**11,575**	21,793
Income not subject to tax	**(3,594)**	(5,941)
Overprovision of tax	**(3,142)**	(5,315)
Unrecognised tax losses/(utilisation of previously unrecognised tax losses)	**5,887**	(2,582)
	18,328	(6,720)

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

		Group	
	Before tax $'000	**Tax charge $'000**	**After tax $'000**
2018			
Fair value losses on available-for-sale financial assets	(739)	-	(739)
Cash flow hedges	4,449	-	4,449
Currency translation differences	(13,457)	-	(13,457)
Share of other comprehensive income of associated and joint venture companies	6,139	-	6,139
Revaluation gains on property, plant and equipment	2,012	-	2,012
	(1,596)	**-**	**(1,596)**
2017			
Fair value gains on available-for-sale financial assets	1,214	-	1,214
Cash flow hedges	(1,644)	-	(1,644)
Currency translation differences	14,453	-	14,453
Share of other comprehensive income of associated and joint venture companies	1,875	-	1,875
Revaluation gains on property, plant and equipment	1,652	-	1,652
	17,550	-	17,550

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	
	2018	**2017**
	$'000	**$'000**
Deferred income tax assets to be utilised within one year	**(2,454)**	(485)
Deferred income tax assets to be utilised after one year	**(5,481)**	(5,177)
Deferred income tax liabilities to be settled within one year	**50**	-
Deferred income tax liabilities to be settled after one year	**36,440**	38,139

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 $129.1 million (2017: $81.1 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**
2018					
Beginning of financial year	4,021	28,298	4,410	2,064	38,793
Currency translation differences	9	242	-	53	304
(Credited)/charged to income statement	(599)	1,967	(3,993)	48	(2,577)
End of financial year	**3,431**	**30,507**	**417**	**2,165**	**36,520**
2017					
Beginning of financial year	3,698	28,319	9,759	24,076*	65,852
Currency translation differences	(10)	(106)	-	(88)	(204)
Credited to income statement	(267)	(110)	(5,349)	(21,924)	(27,650)
Reclassified to deferred income tax assets	600	195	-	-	795
End of financial year	4,021	28,298	4,410	2,064	38,793

* Includes deferred income tax liability of $23.9 million relating to land appreciation tax of a development property in the People's Republic of China.

8. INCOME TAXES *(continued)*

(b) Deferred income taxes *(continued)*

Deferred income tax assets – Group

	Accelerated tax depreciation $'000	Revaluation gains $'000	Tax losses $'000	Provisions and other temporary differences $'000	Total $'000
2018					
Beginning of financial year	211	-	315	5,790	6,316
Currency translation differences	7	-	5	133	145
(Charged)/credited to income statement	(23)	-	(309)	1,836	1,504
End of financial year	**195**	**-**	**11**	**7,759**	**7,965**
2017					
Beginning of financial year	-	-	326	359	685
Currency translation differences	-	-	(11)	591	580
(Charged)/credited to income statement	(389)	(195)	-	4,840	4,256
Reclassified from deferred income tax liabilities	600	195	-	-	795
End of financial year	211	-	315	5,790	6,316

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 2018	2017
Profit attributable to:		
– equity holders of the Company ($'000)	**218,803**	20,119
– holders of perpetual securities ($'000)	**(6,120)**	(51)
Profit attributable to ordinary shareholders of the Company ($'000)	**212,683**	20,068
Weighted average number of ordinary shares in issue ('000)	**774,165**	773,526
Basic earnings per share (cents)	**27.47**	2.59

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	
	2018	**2017**
	$'000	**$'000**
Profit attributable to ordinary shareholders of the Company	**212,683**	20,068
Adjustments for share options and share plans of:		
– a subsidiary company	**-**	(12)
– an associated company	**(343)**	(316)
Profit used to determine diluted earnings per share	**212,340**	19,740

	2018	**2017**
	'000	**'000**
Weighted average number of ordinary shares in issue	**774,165**	773,526
Adjustment for:		
– share plans	**2,035**	1,934
Weighted average number of shares used to determine diluted earnings per share	**776,200**	775,460
Diluted earnings per share (cents)	**27.36**	2.55

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Fixed deposits with financial institutions	**241,225**	231,161	**150,000**	154,500
Cash and bank balances	**550,926**	616,212	**459,945**	486,923
	792,151	847,373	**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 $49.1 million (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.

10. CASH AND CASH EQUIVALENTS *(continued)*

Disposal of subsidiary companies
On 5 September 2017, 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	4,655
Gain on disposal of subsidiary companies	16,691
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 provision $'000
2018		
Beginning of financial year	929,624	5,451
Principal and interest payments	(144,662)	(31,424)
Interest capitalised as cost of development properties	-	47
Interest expense	1,366	31,131
Currency translation differences	(1,464)	(1)
Others	(4,798)	-
End of financial year	**780,066**	**5,204**

11. DERIVATIVE FINANCIAL INSTRUMENTS

	2018		2017	
	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	229,095	5,890	113,210	2,826
Net investment hedge				
– Cross currency swaps	143,325	9,378	147,207	7,420
		15,268		10,246
Current liabilities				
Non-hedging instruments				
– Currency forwards	143,838	**(958)**	3,216	(80)
Non-current liability				
Cash flow hedge				
– Interest rate swap	-	-	118,000	(979)
Net investment hedge				
– Cross currency swap	83,216	(3,716)	-	-
		(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 liability				
Cash flow hedge				
– Interest rate swap	-	-	118,000	(979)
Non-hedging instrument				
– Cross currency swaps*	83,216	(3,716)	-	-
		(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.

11. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

As at 30 June 2018, the fixed interest rate on SGD interest rate swap is 3.1% (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% (2017: 1.5% to 3.4%) per annum. The main floating rates are Singapore Swap Offered Rate and Hong Kong Interbank Offered Rate.

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

Cross currency swaps, that will mature by June 2023 (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.

Please refer to Note 2.14 for details of the financial instruments and hedging policies.

12. TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	**39,337**	12,087	**-**	-
Allowance for impairment of receivables	**(61)**	(88)	**-**	-
	39,276	11,999	**-**	-
Due from subsidiary companies				
– non-trade [Note 12(a)]	**-**	-	**904,312**	826,624
Allowance for impairment of receivables	**-**	-	**(320,477)**	(308,906)
	-	-	**583,835**	517,718
Due from associated and joint venture companies				
– non-trade [Note 12(b)]	**3,127**	4,285	**303**	302
Due from non-controlling interests	**2,284**	-	**-**	-
Dividends receivable from an associated company	**-**	11,363	**-**	-
Deposits	**25,835**	38,979	**41**	67
Prepayments	**10,656**	20,475	**1,289**	3,284
Accrued receivables [Note 12(c)]	**-**	22,551	**-**	-
Derivative financial instruments [Note 11]	**28**	2,188	**-**	2,062
Sundry receivables	**13,021**	13,854	**1,433**	1,330
	94,227	125,694	**586,901**	524,763

(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 $429.8 million (2017: $351.9 million).

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

(c) Accrued receivables relate to the unbilled portion of sales consideration of completed development properties.

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

13. INVENTORIES

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

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

14. DEVELOPMENT PROPERTIES

	Group 2018 $'000	2017 $'000
Properties under development		
– Land, at cost	**106,247**	103,251
– Development costs and overhead expenditure capitalised	**41,067**	68,524
	147,314	171,775
– Allowance for foreseeable losses	**(16,481)**	(11,528)
	130,833	160,247
– Progress billings	**(23,894)**	(30,594)
	106,939	129,653
Properties held for sale	**549,416**	610,277
	656,355	739,930
Value of development properties mortgaged to secure long term banking facilities granted (Note 23)	**-**	259,107
Total interest capitalised during the financial year	**47**	6

Significant estimates and judgement are applied in assessing the valuation of development properties in accordance with Note 2.8. Allowance for foreseeable losses on development properties is disclosed in Note 4.

14. DEVELOPMENT PROPERTIES *(continued)*

The major development properties are as follows:

Location	Type of development	Tenure		% of completion at 30.06.2018	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
Malaysia								
Le Nouvel KLCC at Section 43, Town of Kuala Lumpur	195 units of condominium housing	Freehold		100	n/a	6,084	50,033	100
Nobleton Crest at Section 89, Town of Kuala Lumpur	25 units of condominium housing	Freehold		100	n/a	4,047	12,482	100
Taman Bukit Minyak Utama at Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang	163 units of terrace and semi-detached houses and shop houses	Freehold	Phase 4A Phase 5	100 96	n/a 2018	47,397	38,783	100
Impiana Boulevard and Impiana Gallery at Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang	16 units of shop houses	Freehold		100	n/a	9,494	7,913	100
Jesselton Hills at Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang	609 units of terrace and semi-detached houses	Freehold	Phases 3-5	100	n/a	224,578	n/a	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	67,365	100
Vacant land at Mukim of Ulu Klang, Gombak, Selangor	-	Freehold		-	-	188,151	n/a	100
Vacant land at Pekan Penaga, District of Petaling, Selangor	-	99-year lease expiring 2093		-	-	38,155	n/a	100
Vacant land at Mukim 14-16, Daerah Seberang Perai Tengah, Pulau Pinang	-	Freehold		-	-	479,812	n/a	100

14. DEVELOPMENT PROPERTIES *(continued)*

Location	Type of development	Tenure		% of completion at 30.06.2018	Expected completion date	Land area (Sq m)	Gross floor area (Sq m)	Group's interest in property (%)
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

15. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In the previous financial year, 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 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 2017 $'000
Trade and other payables	2,147

Cumulative expense recognised in other comprehensive income relating to disposal group classified as held for sale are as follows:

	Group 2017 $'000
Currency translation losses	6,014

16. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Loans to subsidiary companies [Note 16(a)]	**-**	-	**536,586**	621,054
Allowance for impairment of receivables	**-**	-	**(3,132)**	(3,182)
	-	-	**533,454**	617,872
Loans to joint venture companies [Note 16(b)]	**303,482**	236,170	**-**	-
Allowance for impairment of receivables [Note 16(b)]	**(27,116)**	(27,116)	**-**	-
	276,366	209,054	**-**	-
Loans to non-controlling interests [Note 16(c)]	**7,916**	2,395	**-**	-
Deposits	**1,433**	2,535	**-**	-
	285,715	213,984	**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 $244.9 million (2017: $168.0 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 2.5.

(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 $238.0 million (2017: $170.7 million), which are subordinated to banking facilities of $718.0 million (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 3 of the fair value measurement hierarchy.

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.	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Summarised statement of financial position						
Current assets	**1,665,583**	1,116,316	**177,946**	126,726	**130,361**	81,439
Non-current assets	**4,725,741**	4,498,214	**19,064**	23,340	**20,970**	21,816
Current liabilities	**(501,502)**	(276,852)	**(81,824)**	(68,485)	**(64,617)**	(40,985)
Non-current liabilities	**(926,351)**	(952,212)	**(846)**	-	**(1,529)**	(1,168)
Net assets	**4,963,471**	4,385,466	**114,340**	81,581	**85,185**	61,102
Summarised statement of comprehensive income						
Revenue	**170,580**	210,829	**307,860**	285,673	**260,330**	204,982
Other gains – net and expenses	**334,924**	39,800	**(268,360)**	(256,864)	**(216,432)**	(173,893)
Profit before income tax	**505,504**	250,629	**39,500**	28,809	**43,898**	31,089
Income tax expense	**(15,376)**	(18,135)	**(9,588)**	(5,444)	**(12,463)**	(8,784)
Total profit	**490,128**	232,494	**29,912**	23,365	**31,435**	22,305
Other comprehensive income/(expense)	**8,161**	7,544	**2,847**	(246)	**(137)**	399
Total comprehensive income	**498,289**	240,038	**32,759**	23,119	**31,298**	22,704

	Wing Tai Properties Limited	
	2018	**2017**
	$'000	**$'000**
Net assets of an associated company attributable to:		
– Non-controlling interests	**937**	713
– Equity holders	**4,962,534**	4,384,753
Total comprehensive income of an associated company attributable to:		
– Non-controlling interests	**275**	537
– Equity holders	**498,014**	239,501

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

	Uniqlo (Singapore) Pte. Ltd.		Uniqlo (Malaysia) Sdn. Bhd.	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Included in net assets of the joint venture companies are:				
– Cash and cash equivalents	**97,807**	69,965	**61,021**	40,829
– Financial liabilities (excluding trade and other payables and provisions):				
– Current	**-**	(2,347)	**(1,808)**	(713)
Included in total comprehensive income of the joint venture companies are:				
– Interest income	**629**	406	**548**	493
– Depreciation and amortisation	**(7,273)**	(8,679)	**(8,335)**	(7,929)
– Interest expense	**(284)**	(543)	**(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						
2018						
Beginning of financial year	1,506,602	39,975	27,496	30,336	97,807	1,604,409
Currency translation differences	(38,313)	-	1,593			
Dilution loss	(3,534)	-	-			
Dividends received	(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	166,010	14,657	14,146	16,807	45,610	211,620
– Other comprehensive income/(expense)	2,818	1,395	(62)	1,988	3,321	6,139
End of financial year	**1,612,126**	**56,027**	**38,333**	**60,125**	**154,485**	**1,766,611**

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)*						
2017						
Beginning of financial year	1,408,547	36,131	17,897	34,423	88,451	1,496,998
Currency translation differences	35,309	-	(618)			
Dilution loss	(4,667)	-	-			
Dividends received/receivable	(14,919)	(7,485)	-	(2,025)	(9,510)	(24,429)
Group's share of (at gross shareholding):	34.4%	49.0%	45.0%			
– Profit/(loss) for the year	79,735	11,449	10,037	(677)	20,809	100,544
– Other comprehensive income/(expense)	2,597	(120)	180	(782)	(722)	1,875
End of financial year	1,506,602	39,975	27,496	30,336	97,807	1,604,409

	Group 2018 $'000	Group 2017 $'000
Capital commitments in relation to interest in a joint venture company	**12,247**	12,505
Share of joint venture companies' capital commitments	**61,908**	34,531
Share of associated and joint venture companies' contingent liabilities and financial guarantees incurred jointly with other investors	**434,292**	156,498
Market value of quoted equity shares of an associated company	**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 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 2018 that become publicly available prior to the date of the Group's consolidated financial statements.

As at 30 June 2018, 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.

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.

18. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2018	2017
	$'000	$'000
Equity investments, at cost	**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	
	2018	2017
Name of company	%	%
Wing Tai Malaysia Sdn. Bhd. (formerly known as Wing Tai Malaysia Berhad)	**-**	11.9
Brave Dragon Ltd	**10.6**	10.6

In May 2017, the Company and its wholly-owned subsidiary company, Wing Tai Investment & Development Pte Ltd, collectively "Joint Offerors", offered an unconditional take-over to acquire all the remaining ordinary shares of Wing Tai Malaysia Berhad ("WTM") not already owned by the Joint Offerors for a cash offer price of RM1.80 per WTM share. The shares of WTM were subsequently delisted from the Official List of Bursa Securities on 30 August 2017. The acquisition was completed on 27 September 2017 and WTM became a wholly-owned subsidiary company of the Group.

18. INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

The following table summarises the financial information of each of the Group's subsidiary companies with material non-controlling interests, based on their respective consolidated financial statements prepared in accordance with FRS, 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.

	Brave Dragon Ltd $'000
2018	
Summarised statement of financial position	
Current assets	403
Non-current assets	546,345
Current liabilities	(29,893)
Net assets	516,855
Net assets attributable to non-controlling interests	54,787
Add: Carrying amount of individually immaterial non-controlling interests of other subsidiary companies	17,727
Carrying amount of non-controlling interests	**72,514**
Summarised statement of comprehensive income	
Total profit	56,542
Other comprehensive expense	(11,000)
Total comprehensive income	45,542
Total comprehensive income attributable to non-controlling interests	4,828
Summarised cash flows	
Cash flows from:	
– Operating activities	(150)
– Investing activities	9,901
– Financing activities	(9,509)
Net increase in cash and cash equivalents	242

18. INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

	Wing Tai Malaysia Berhad $'000	Brave Dragon Ltd $'000	Total $'000
2017			
Summarised statement of financial position			
Current assets	459,595	3,498	463,093
Non-current assets	134,574	502,645	637,219
Current liabilities	(34,127)	(34,830)	(68,957)
Non-current liabilities	(143,376)	-	(143,376)
Net assets	416,666	471,313	887,979
Net assets attributable to non-controlling interests	49,750	49,959	99,709
Add: Carrying amount of individually immaterial non-controlling interests of other subsidiary companies			21,524
Carrying amount of non-controlling interests			121,233
Summarised statement of comprehensive income			
Revenue	83,682	-	83,682
Total profit	13,974	27,310	41,284
Other comprehensive (expense)/income	(28)	11,586	11,558
Total comprehensive income	13,946	38,896	52,842
Total comprehensive income attributable to non-controlling interests	2,861	4,123	6,984
Dividends paid to non-controlling interests	1,572	-	1,572
Summarised cash flows			
Cash flows from:			
– Operating activities	2,396	(2)	2,394
– Investing activities	(1,120)	1,066	(54)
– Financing activities	(14,486)	(1,075)	(15,561)
Net decrease in cash and cash equivalents	(13,210)	(11)	(13,221)

19. INVESTMENT PROPERTIES

	Group 2018 $'000	Group 2017 $'000
Beginning of financial year	**651,805**	577,732
Fair value gains/(losses) recognised in income statement	**12,630**	(3,956)
Additions	**66,918**	78,461
Transfer from development properties	**-**	1,361
Transfer from property, plant and equipment	**3,379**	-
Currency translation differences	**(1,482)**	(1,793)
End of financial year	**733,250**	651,805

The following amounts are recognised in the income statement:

	Group 2018 $'000	Group 2017 $'000
Rental income	**31,464**	29,960
Direct operating expenses arising from investment properties that generated rental income	**(10,140)**	(9,897)

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 (1st to 9th 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	6,030	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

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	4,965	100
464 St. Kilda Road, Melbourne, Victoria	8-storey commercial property	Freehold	13,827	50
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 $324.1 million (2017: $301.7 million) were mortgaged to banks to secure long term banking facilities granted to certain subsidiary companies (Note 23).

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						
2018						
Cost or valuation						
Beginning of financial year						
Cost	-	-	4,688	25,361	50,110	80,159
Valuation	32,636	61,833	-	-	-	94,469
	32,636	61,833	4,688	25,361	50,110	174,628
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)
Revaluation gains	-	918	-	-	-	918
Currency translation differences	1,549	314	93	317	1,028	3,301
End of financial year	34,427	59,735	4,234	24,738	53,500	176,634
Representing:						
Cost	-	-	4,234	24,738	53,500	82,472
Valuation	34,427	59,735	-	-	-	94,162
	34,427	59,735	4,234	24,738	53,500	176,634
Accumulated depreciation and impairment losses						
Beginning of financial year	538	437	3,030	13,797	40,898	58,700
Depreciation charge	541	1,235	514	1,050	4,224	7,564
Disposals	-	-	(535)	(1,571)	(1,418)	(3,524)
Write-off	-	-	-	(1,467)	(1,891)	(3,358)
Revaluation adjustments	-	(1,094)	-	-	-	(1,094)
Currency translation differences	42	25	84	286	865	1,302
End of financial year	1,121	603	3,093	12,095	42,678	59,590
Net book value						
End of financial year	**33,306**	**59,132**	**1,141**	**12,643**	**10,822**	**117,044**

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

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Motor vehicles $'000	Office equipment $'000	Furniture and fittings $'000	Total $'000
Group						
2017						
Cost or valuation						
Beginning of financial year						
Cost	-	-	6,402	25,175	51,430	83,007
Valuation	33,447	61,484	-	-	-	94,931
	33,447	61,484	6,402	25,175	51,430	177,938
Additions	269	-	525	1,490	5,444	7,728
Disposals	-	-	(2,150)	(569)	(897)	(3,616)
Write-off	-	-	-	(397)	(5,180)	(5,577)
Reclassified to assets held for sale	-	-	-	(35)	-	(35)
Revaluation gains	-	570	-	-	-	570
Currency translation differences	(1,080)	(221)	(89)	(303)	(687)	(2,380)
End of financial year	32,636	61,833	4,688	25,361	50,110	174,628
Representing:						
Cost	-	-	4,688	25,361	50,110	80,159
Valuation	32,636	61,833	-	-	-	94,469
	32,636	61,833	4,688	25,361	50,110	174,628
Accumulated depreciation and impairment losses						
Beginning of financial year	-	296	4,625	13,646	42,927	61,494
Depreciation charge	540	1,233	613	1,378	4,456	8,220
Disposals	-	-	(2,136)	(557)	(886)	(3,579)
Write-off	-	-	-	(377)	(5,007)	(5,384)
Reclassified to assets held for sale	-	-	-	(13)	-	(13)
Revaluation adjustments	-	(1,082)	-	-	-	(1,082)
Currency translation differences	(2)	(10)	(72)	(280)	(592)	(956)
End of financial year	538	437	3,030	13,797	40,898	58,700
Net book value						
End of financial year	32,098	61,396	1,658	11,564	9,212	115,928

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

	Motor vehicles $'000	Office equipment $'000	Furniture and fittings $'000	Total $'000
Company				
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**
2017				
Cost				
Beginning of financial year	1,953	11,352	2,507	15,812
Additions	-	1,000	-	1,000
Disposals	(950)	(9)	-	(959)
Write-off	-	(4)	(1)	(5)
End of financial year	1,003	12,339	2,506	15,848
Accumulated depreciation				
Beginning of financial year	1,070	1,833	2,057	4,960
Depreciation charge	193	357	310	860
Disposals	(950)	(9)	-	(959)
Write-off	-	(4)	(1)	(5)
End of financial year	313	2,177	2,366	4,856
Net book value				
End of financial year	690	10,162	140	10,992

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

The freehold and leasehold land and buildings are valued by independent professional valuers based on the properties' highest and best use using the Direct Comparison Approach and/or the Capitalisation Approach. A description of the valuation techniques and the valuation processes of the Group are provided in Note 32(e).

If the freehold and leasehold land and buildings stated at valuation were included in the financial statements at cost less accumulated depreciation, their net book values would be as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Freehold land and buildings	**28,303**	27,442
Leasehold land and buildings	**37,380**	41,260

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 $3.0 million (2017: $0.8 million) were mortgaged to banks to secure long term banking facilities granted to subsidiary companies (Note 23).

21. OTHER NON-CURRENT ASSETS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Derivative financial instruments [Note 11]	**15,268**	10,246	**9,793**	7,591
Available-for-sale financial assets [Note 21(a)]	**31,743**	22,708	**3,189**	3,189
	47,011	32,954	**12,982**	10,780

(a) Available-for-sale financial assets

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	**22,708**	6,276	**3,189**	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

21. OTHER NON-CURRENT ASSETS *(continued)*

(a) Available-for-sale financial assets *(continued)*

Available-for-sale financial assets are analysed as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Quoted securities in:				
- Singapore	**28,554**	19,519	**-**	-
Unquoted securities in:				
- Singapore	**3,189**	3,189	**3,189**	3,189
	31,743	22,708	**3,189**	3,189

There are no active markets and no recent transactions for the unquoted securities and the fair values cannot currently be estimated within a reasonable range using valuation techniques.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	**15,798**	17,987	**-**	-
Due to subsidiary companies				
– non-trade [Note 22(a)]	**-**	-	**167**	25,251
Due to associated and joint venture				
companies – non-trade [Note 22(b)]	**15,929**	15,925	**-**	-
Accrued project costs	**23,415**	38,759	**-**	-
Accrued operating expenses	**36,376**	26,565	**17,207**	7,334
Tenancy and other deposits	**10,029**	30,613	**-**	-
Derivative financial instruments [Note 11]	**958**	80	**-**	-
Other payables	**6,420**	42,841	**102**	156
	108,925	172,770	**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.

23. BORROWINGS

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

The carrying amounts of borrowings approximated their fair values and are categorised under Level 3 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	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Less than one year	**102,952**	238,787	**18,753**	13,000
Between one and two years	**268,089**	-	**247,998**	-
Between two and five years	**330,025**	271,397	**253,497**	250,543
Over five years	**79,000**	419,440	**79,000**	339,250
	780,066	929,624	**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.

24. DIVIDENDS

	Group and Company 2018 $'000	Group and Company 2017 $'000
Dividends paid in respect of the preceding financial year		
First and final dividend of 3 cents (2017: 3 cents) per share	**23,234**	23,213
Special dividend of 3 cents per share	**23,234**	23,213
	46,468	46,426

The directors have recommended a first and final dividend in respect of the financial year ended 30 June 2018 of 3 cents per share and a special dividend of 5 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 2019.

The proposed first and final dividend in respect of the financial year ended 30 June 2017 have been accounted for in the shareholders' equity as an appropriation of retained earnings in the current financial year.

25. OTHER NON-CURRENT LIABILITIES

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Tenancy deposits	**3,725**	4,499	**-**	-
Loans from non-controlling interests	**-**	8,005	**-**	-
Retention payable	**4,376**	5,172	**-**	-
Derivative financial instruments [Note 11]	**3,716**	979	**3,716**	979
Others	**1,729**	1,959	**-**	-
	13,546	20,614	**3,716**	979

Loans from 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 other non-current liabilities approximated their fair values and are categorised under Level 3 of the fair value measurement hierarchy.

26. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares '000	Amount $'000
Issued share capital		
2018		
Beginning and end of financial year	**793,927**	**838,250**
2017		
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.

26. SHARE CAPITAL *(continued)*

(a) The Wing Tai Holdings Limited (2001) Share Option Scheme (the "Scheme")

The Scheme was approved and adopted by the members of the Company at an Extraordinary General Meeting ("EGM") held on 31 August 2001. The Scheme was terminated by the members of the Company at an EGM held on 30 October 2008 (without prejudice to the rights of holders of options thereunder in respect of options which have been granted).

Details of the movement in the options granted under the Scheme on the unissued ordinary shares of the Company during the year were as follows:

Date of grant	Beginning of financial year	Number of options exercised	Number of options forfeited	Number of options expired	End of financial year	Exercise price ($)	Expiry date
2018							
06.09.2007	**1,199,000**	**-**	**-**	**(1,199,000)**	**-**	3.136	05.09.2017
2017							
05.09.2006	620,400	(285,900)	-	(334,500)	-	1.645	04.09.2016
06.09.2007	1,353,000	-	(154,000)	-	1,199,000	3.136	05.09.2017
	1,973,400	(285,900)	(154,000)	(334,500)	1,199,000		

In the previous financial year, the Company reissued 285,900 treasury shares at an average price of $1.65 per share for the fulfilment of share options exercised. The weighted average share price at the time of exercise was $1.76 per share.

(b) 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 "Share Plans") were adopted by the members of the Company at an EGM held on 30 October 2008.

Wing Tai PSP

On 25 September 2017 (2017: 21 September 2016), awards were granted by the Company to qualifying employees pursuant to the Wing Tai PSP in respect of 333,000 (2017: 323,000) 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%.

26. SHARE CAPITAL *(continued)*

(b) Share Plans *(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	Adjustment of shares awarded arising from targets achieved	Number of shares released	End of financial year
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**
2017					
25.09.2013	115,000	-	(97,500)	(17,500)	-
26.09.2014	182,000	-	-	-	182,000
14.09.2015	191,000	-	-	-	191,000
21.09.2016	-	323,000	-	-	323,000
	488,000	323,000	(97,500)	(17,500)	696,000

Wing Tai RSP

On 25 September 2017 (2017: 21 September 2016), awards were granted by the Company to qualifying employees pursuant to the Wing Tai RSP in respect of 772,000 (2017: 555,000) 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 years. 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	Beginning of financial year	Number of shares granted	Number of shares released	Number of shares forfeited	End of financial year
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**
2017					
25.09.2013	460,400	-	(446,400)	(14,000)	-
26.09.2014	619,500	-	(256,800)	(27,500)	335,200
14.09.2015	837,000	-	(243,000)	(69,700)	524,300
21.09.2016	-	555,000	-	(36,000)	519,000
	1,916,900	555,000	(946,200)	(147,200)	1,378,500

The fair values of the awards granted pursuant to the Wing Tai PSP and the Wing Tai RSP on 25 September 2017 (2017: 21 September 2016) determined using the Monte Carlo simulation model was $0.1 million (2017: $0.1 million) and $1.6 million (2017: $0.9 million) respectively. The significant inputs into the model were share price at grant date of $2.15 (2017: $1.68) per share, standard deviation of expected share price returns of 20.3% (2017: 22.5%), dividend yield of 0.5% (2017: 1.2%) and annual risk-free one-year, two-year and three-year interest rates of 1.2%, 1.3% and 1.5% (2017: 0.7%, 0.9% and 1.1%) 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

In the previous financial year, the Company issued $150,000,000 4.08% senior perpetual securities at an issue price of 100%, excluding transaction costs. The securities are recorded at the proceeds received, net of direct 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.

28. OTHER RESERVES

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Share-based payment reserve	**1,769**	11,668	**1,769**	10,486
Cash flow hedge reserve	**4,025**	(424)	**577**	(1,058)
Asset revaluation reserve	**26,259**	24,247	**-**	-
Share of capital reserves of associated and joint venture companies	**68,925**	62,877	**-**	-
Currency translation reserve	**(95,525)**	(87,333)	**-**	-
Fair value reserve	**475**	1,214	**-**	-
Treasury shares reserve	**(33,990)**	(30,597)	**(33,990)**	(30,597)
Statutory reserve	**4,859**	4,859	**-**	-
	(23,203)	(13,489)	**(31,644)**	(21,169)

(a) Share-based payment reserve

	Group 2018	Group 2017	Company 2018	Company 2017
Beginning of financial year	**11,668**	11,996	**10,486**	10,889
Employee share plans and share option schemes:				
– Value of employee services (Notes 6 and 26)	**1,342**	1,128	**1,181**	1,023
– Reissuance of treasury shares	**(1,196)**	(1,426)	**(1,196)**	(1,426)
Expiry of share options	**(9,634)**	-	**(8,702)**	-
Termination of share plans	**(411)**	-	**-**	-
Attributable to non-controlling interests	**-**	(30)	**-**	-
End of financial year	**1,769**	11,668	**1,769**	10,486

(b) Cash flow hedge reserve

	Group 2018	Group 2017	Company 2018	Company 2017
Beginning of financial year	**(424)**	1,220	**(1,058)**	471
Fair value gains/(losses) on derivative financial instruments	**3,866**	(5,095)	**1,930**	(2,188)
Reclassified to income statement as finance costs	**583**	3,451	**(295)**	659
End of financial year	**4,025**	(424)	**577**	(1,058)

(c) Asset revaluation reserve

	Group 2018	Group 2017	Company 2018	Company 2017
Beginning of financial year	**24,247**	22,595	**-**	-
Revaluation gains on property, plant and equipment	**2,012**	1,652	**-**	-
End of financial year	**26,259**	24,247	**-**	-

(d) Share of capital reserves of associated and joint venture companies

	Group 2018	Group 2017	Company 2018	Company 2017
Beginning of financial year	**62,877**	62,284	**-**	-
Share of capital reserves of associated and joint venture companies	**6,139**	1,875	**-**	-
Disposal of a joint venture company	**-**	(1,076)	**-**	-
Attributable to non-controlling interests	**(91)**	(206)	**-**	-
End of financial year	**68,925**	62,877	**-**	-

28. OTHER RESERVES *(continued)*

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
(e) Currency translation reserve				
Beginning of financial year	**(87,333)**	(102,553)	**-**	-
Translation of financial statements of foreign subsidiary, associated and joint venture companies	**(8,815)**	8,543	**-**	-
Translation of foreign currency denominated loans which form part of net investment in subsidiary companies	**(4,642)**	5,910	**-**	-
Termination of share plans	**108**	-	**-**	-
Liquidation of subsidiary companies	**(144)**	(186)	**-**	-
Disposal of a subsidiary company	**4,655**	-	**-**	-
Attributable to non-controlling interests	**646**	953	**-**	-
End of financial year	**(95,525)**	(87,333)	**-**	-
(f) Fair value reserve				
Beginning of financial year	**1,214**	-	**-**	-
Fair value (losses)/gains on available-for-sale financial assets	**(739)**	1,214	**-**	-
End of financial year	**475**	1,214	**-**	-
(g) Treasury shares reserve				
Beginning of financial year	**(30,597)**	(32,493)	**(30,597)**	(32,493)
Reissuance of treasury shares	**1,086**	1,896	**1,086**	1,896
Purchase of treasury shares	**(4,479)**	-	**(4,479)**	-
End of financial year	**(33,990)**	(30,597)	**(33,990)**	(30,597)
(h) Statutory reserve				
Beginning of financial year	**4,859**	3,294	**-**	-
Transfer from revenue reserves	**-**	2,087	**-**	-
Attributable to non-controlling interests	**-**	(522)	**-**	-
End of financial year	**4,859**	4,859	**-**	-
Total	**(23,203)**	(13,489)	**(31,644)**	(21,169)

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 2018 was 21,731,400 (2017: 20,168,500). The Company reissued 715,600 (2017: 1,249,600) treasury shares during the financial year pursuant to the Wing Tai RSP (2017: Wing Tai PSP, Wing Tai RSP and share options). The purchase cost of the treasury shares reissued amounted to $1.1 million (2017: $1.9 million). The total consideration for the treasury shares reissued which comprised the value of employee services amounted to $1.2 million (2017: $1.4 million).

29. RETAINED EARNINGS

(a) Retained earnings of the Group are distributable except for accumulated retained earnings of associated and joint venture companies amounting to $1,254.0 million (2017: $1,099.7 million) and the amount of $34.0 million (2017: $30.6 million) utilised to purchase treasury shares. Retained earnings of the Company are distributable except for the amount of $34.0 million (2017: $30.6 million) utilised to purchase treasury shares.

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

	Company	
	2018 **$'000**	**2017** **$'000**
Beginning of financial year	**485,687**	499,357
Total comprehensive income	**18,866**	32,807
Expiry of share options	**8,702**	-
Reissuance of treasury shares	**110**	-
Accrued perpetual securities distribution	**(6,120)**	(51)
Ordinary and special dividends paid (Note 24)	**(46,468)**	(46,426)
End of financial year	**460,777**	485,687

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	
	2018 **$'000**	**2017** **$'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	
	2018 **$'000**	**2017** **$'000**
Not later than one year	**25,996**	26,552
Between one and five years	**20,552**	30,714
	46,548	57,266

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	
	2018 **$'000**	**2017** **$'000**
Not later than one year	**30,140**	26,878
Between one and five years	**41,923**	39,732
Later than five years	**23,544**	27,734
	95,607	94,344

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	
	2018 **$'000**	**2017** **$'000**	**2018** **$'000**	**2017** **$'000**
Financial guarantees issued to banks for credit facilities granted to:				
– subsidiary companies	**-**	-	**98,498**	101,044
– joint venture companies	**8,280**	22,260	**-**	-
	8,280	22,260	**98,498**	101,044

The Company has given financial guarantees for all liabilities incurred under a tender bond facility of a subsidiary company amounting to $15.0 million (2017: $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 and interest rate 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.

32. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk

(i) Currency risk

The Group operates in Asia-Pacific with dominant operations in Singapore, Malaysia, Australia, 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 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							
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)	347,384	9,727	86	8,067	3,086	908	369,258
Other non-current assets	31,743	-	-	-	-	-	31,743
	1,031,227	71,321	5,485	27,013	8,432	49,674	1,193,152
Financial liabilities							
Trade and other payables	(75,975)	(24,355)	(2,271)	(582)	(850)	(3,934)	(107,967)
Borrowings	(651,250)	-	(35,399)	(78,075)	(19,707)	-	(784,431)
Other non-current liabilities	(4,787)	(5,043)	-	-	-	-	(9,830)
	(732,012)	(29,398)	(37,670)	(78,657)	(20,557)	(3,934)	(902,228)
Net financial assets/(liabilities)	299,215	41,923	(32,185)	(51,644)	(12,125)	45,740	290,924
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(299,472)	(41,744)	19,494	(18,892)	13,401	(48,580)	(375,793)
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)**

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							
2017							
Financial assets							
Cash and cash equivalents	683,330	58,087	5,778	820	8,294	91,064	847,373
Trade and other receivables (current and non-current)	281,190	20,547	409	13,769	228	872	317,015
Other non-current assets	22,708	-	-	-	-	-	22,708
	987,228	78,634	6,187	14,589	8,522	91,936	1,187,096
Financial liabilities							
Trade and other payables	(99,720)	(64,242)	(2,438)	(565)	(679)	(5,046)	(172,690)
Borrowings	(652,500)	(140,333)	(36,147)	(80,190)	(20,454)	-	(929,624)
Other non-current liabilities	(10,477)	(5,752)	(3,406)	-	-	-	(19,635)
	(762,697)	(210,327)	(41,991)	(80,755)	(21,133)	(5,046)	(1,121,949)
Net financial assets/(liabilities)	224,531	(131,693)	(35,804)	(66,166)	(12,611)	86,890	65,147
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(224,642)	118,780	18,518	(12,557)	14,313	(89,290)	(174,878)
Firm commitments and highly probable forecast transactions in foreign currencies	-	-	(921)	(774)	-	(6,293)	(7,988)
Currency forwards and cross currency swaps	-	-	17,780	(232,510)	-	8,407	(206,323)
Currency exposure	(111)	(12,913)	(427)	(312,007)*	1,702	(286)	(324,042)

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

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
Company							
2018							
Financial assets							
Cash and cash equivalents	608,898	169	878	-	-	-	609,945
Trade and other receivables (current and non-current)	658,277	-	2,760	97,876	71,572	7	830,492
Other non-current assets	3,189	-	-	-	-	-	3,189
	1,270,364	169	3,638	97,876	71,572	7	1,443,626
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)	667,078	169	(11,426)	97,849	71,572	(318)	824,924
Net financial assets denominated in the Company's functional currency	(667,078)	-	-	-	-	-	(667,078)
Cross currency swaps	-	-	15,064	(208,971)	-	-	(193,907)
Currency exposure	**-**	**169**	**3,638**	**(111,122)***	**71,572**	**(318)**	**(36,061)**
2017							
Financial assets							
Cash and cash equivalents	616,728	24,646	49	-	-	-	641,423
Trade and other receivables (current and non-current)	561,692	57	-	105,021	20,631	1	687,402
Other non-current assets	3,189	-	-	-	-	-	3,189
	1,181,609	24,703	49	105,021	20,631	1	1,332,014
Financial liabilities							
Trade and other payables	(32,333)	(7)	(66)	(25)	-	(310)	(32,741)
Borrowings	(587,500)	-	(15,293)	-	-	-	(602,793)
	(619,833)	(7)	(15,359)	(25)	-	(310)	(635,534)
Net financial assets/(liabilities)	561,776	24,696	(15,310)	104,996	20,631	(309)	696,480
Net financial assets denominated in the Company's functional currency	(561,776)	-	-	-	-	-	(561,776)
Cross currency swaps	-	-	15,355	(129,090)	-	-	(113,735)
Currency exposure	-	24,696	45	(24,094)*	20,631	(309)	20,969

* The HKD net currency exposure of $297.7 million (2017: $312.0 million) for the Group and $111.1 million (2017: $24.1 million) for the Company mainly relate to cross currency swaps entered into as net investment hedges for the Group's investment in its associated company (Note 11).

32. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

(i) Currency risk (continued)

If the RM, USD, HKD and AUD change against the SGD by 1% (2017: 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	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Group				
RM against SGD				
– strengthened	**2**	(130)	**-**	-
– weakened	**(2)**	130	**-**	-
USD against SGD				
– strengthened	**36**	7	**-**	-
– weakened	**(36)**	(7)	**-**	-
HKD against SGD				
– strengthened	**(2,976)**	(3,112)	**-**	-
– weakened	**2,976**	3,112	**-**	-
AUD against SGD				
– strengthened	**13**	17	**-**	-
– weakened	**(13)**	(17)	**-**	-
Company				
RM against SGD				
– strengthened	**2**	247	**-**	-
– weakened	**(2)**	(247)	**-**	-
USD against SGD				
– strengthened	**36**	-	**-**	-
– weakened	**(36)**	-	**-**	-
HKD against SGD				
– strengthened	**(1,111)**	(241)	**-**	-
– weakened	**1,111**	241	**-**	-
AUD against SGD				
– strengthened	**716**	206	**-**	-
– weakened	**(716)**	(206)	**-**	-

32. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

(ii) 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'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% (2017: 1%) with all other variables being held constant, the profit before income tax would have been lower/higher by $1.0 million (2017: $2.4 million) as a result of higher/lower interest expense on these borrowings. Other comprehensive income would have been higher/lower by $6.5 million (2017: $0.5 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% (2017: 1%) with all other variables being held constant, the profit before income tax would have been lower/higher by $0.2 million (2017: $0.1 million) as a result of higher/lower interest expense on these borrowings. Other comprehensive income would have been higher/lower by $3.6 million (2017: $0.2 million) as a result of higher/lower fair value of interest rate swaps designated as cash flow hedges of floating rate borrowings.

(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 and trade and other receivables. The Group and the Company have no significant concentration of credit risk with any single entity, except for receivables and loan from subsidiary and joint venture companies (Notes 12 and 16). 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.

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	
	2018 **$'000**	**2017** **$'000**
By business segments		
Development properties	**32,782**	7,865
Investment properties	**1,528**	326
Retail	**4,798**	2,796
Others	**168**	12,375
	39,276	23,362

(i) 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.

32. FINANCIAL RISK MANAGEMENT *(continued)*

(b) Credit risk *(continued)*

(ii) 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 age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2018 $'000	**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

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.

32. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Liquidity risk *(continued)*

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				
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	107,967	-	-	-
Borrowings	29,312	199,186	586,048	81,472
Other non-current liabilities	-	7,140	2,690	-
Financial guarantees	-	-	-	8,280
	138,897	**196,642**	**593,901**	**89,752**
2017				
Net-settled interest rate swaps	1,802	1,802	2,961	14
Gross-settled cross currency swaps				
– Receipts	(7,068)	(7,068)	(163,218)	(89,463)
– Payments	6,650	6,650	157,277	88,364
Gross-settled currency forwards				
– Receipts	(11,575)	-	-	-
– Payments	11,774	-	-	-
Trade and other payables	172,690	-	-	-
Borrowings	37,517	40,563	560,220	444,905
Other non-current liabilities	-	16,495	3,141	-
Financial guarantees	13,980	-	-	8,280
	225,770	58,442	560,381	452,100
Company				
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**
2017				
Net-settled interest rate swaps	926	926	330	-
Gross-settled cross currency swaps				
– Receipts	(6,502)	(6,502)	(142,162)	(89,463)
– Payments	6,178	6,178	138,540	88,364
Trade and other payables	32,741	-	-	-
Borrowings	21,944	21,944	304,813	364,690
Financial guarantees	-	-	20,854	80,190
	55,287	22,546	322,375	443,781

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	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Borrowings	**780,066**	929,624	**599,248**	602,793
Less: Cash and cash equivalents	**(792,151)**	(847,373)	**(609,945)**	(641,423)
Net (cash)/debt	**(12,085)**	82,251	**(10,697)**	(38,630)
Equity attributable to equity holders of the Company:				
- ordinary shareholders	**3,329,780**	3,146,696	**1,267,383**	1,302,768
- holders of perpetual securities	**147,778**	147,778	**147,778**	147,778
	3,477,558	3,294,474	**1,415,161**	1,450,546
Debt-equity ratio	**n/m**	2%	**n/m**	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 2018 and 2017.

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				
2018				
Assets				
Derivative financial instruments	-	15,296	-	15,296
Investment properties	-	-	733,250	733,250
Property, plant and equipment	-	-	94,162	94,162
Available-for-sale financial assets	28,554	-	3,189	31,743
Liabilities				
Derivative financial instruments	-	(4,674)	-	(4,674)
	28,554	**10,622**	**830,601**	**869,777**
2017				
Assets				
Derivative financial instruments	-	12,434	-	12,434
Investment properties	-	-	651,805	651,805
Property, plant and equipment	-	-	94,469	94,469
Available-for-sale financial assets	19,519	-	3,189	22,708
Liabilities				
Derivative financial instruments	-	(1,059)	-	(1,059)
	19,519	11,375	749,463	780,357

32. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Fair value measurements *(continued)*

(i) Fair value measurement hierarchy

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
2018				
Assets				
Derivative financial instruments	-	9,793	-	9,793
Available-for-sale financial asset	-	-	3,189	3,189
Liabilities				
Derivative financial instruments	-	(3,716)	-	(3,716)
	-	**6,077**	**3,189**	**9,266**
2017				
Assets				
Derivative financial instruments	-	9,653	-	9,653
Available-for-sale financial asset	-	-	3,189	3,189
Liabilities				
Derivative financial instruments	-	(979)	-	(979)
	-	8,674	3,189	11,863

(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.

32. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Fair value measurements *(continued)*

(ii) Level 3 fair value measurements

(a) Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs used to determine the fair values of investment properties and freehold and leasehold land and buildings classified as property, plant and equipment that are categorised under Level 3 of the fair value measurement hierarchy which involves significant unobservable inputs.

Type	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 and the People's Republic of China	Direct Comparison Approach	Market value per square metre	$383 - $22,058 (2017: $365 - $21,445)	The higher the adjusted valuation, the higher the fair value
	Capitalisation Approach	Estimated rental rate per square metre per month	$19 - $98 (2017: $27 - $100)	The higher the rental rate, the higher the fair value
		Estimated rental rate per bay per month	$304 - $312 (2017: $342)	The higher the rental rate, the higher the fair value
		Capitalisation rate	3.75% - 6.25% (2017: 3.90% - 6.25%)	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate	6.25% - 7.75% (2017: 6.50% - 7.75%)	The higher the discount rate, the lower the fair value

There were no significant inter-relationships between the significant unobservable inputs.

(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 and freehold and leasehold land and buildings classified as property, plant and equipment 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.

32. FINANCIAL RISK MANAGEMENT *(continued)*

(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		Company	
	2018 **$'000**	**2017** **$'000**	**2018** **$'000**	**2017** **$'000**
Loans and receivables	**1,161,409**	1,164,388	**1,440,437**	1,328,825
Financial liabilities at amortised cost	**897,863**	1,121,949	**616,724**	635,534

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	
	2018 **$'000**	**2017** **$'000**
Commission income received from a joint venture company	**975**	1,104
Management and service fees received from joint venture companies	**3,530**	4,222
Management fees paid to an associated company	**260**	493
Payments on behalf of joint venture companies	**6,075**	5,226

(b) Key management personnel compensation

	Group	
	2018 **$'000**	**2017** **$'000**
Salaries and other short term employee benefits	**13,702**	12,894
Share-based payment	**443**	411
	14,145	13,305

Included in the above is compensation paid/payable to directors of the Company which amounted to $9.4 million (2017: $9.1 million).

34. SEGMENT INFORMATION

The Group is organised into three main business segments - development properties, investment properties and retail. Other operations of the Group comprise mainly management services and investment holding, neither of which constitutes a separately reportable segment. The segment information for the reportable segments is as follows:

2018	Development properties $'000	Investment properties $'000	Retail $'000	Others $'000	Group $'000
Revenue	192,180	35,884	136,126	9,040	**373,230**
EBIT*	66,859	197,745	34,329	(34,723)	**264,210**
Interest income					**7,724**
Finance costs					**(32,497)**
Profit before income tax					**239,437**
Income tax expense					**(18,328)**
Total profit					**221,109**
Segment assets	1,426,496	816,083	56,821	170,576	**2,469,976**
Investments in associated and joint venture companies	509,996	1,246,017	103,776	(93,178)	**1,766,611**
Due from associated and joint venture companies	278,602	20	868	3	**279,493**
	2,215,094	2,062,120	161,465	77,401	**4,516,080**
Tax recoverable					**7,693**
Deferred income tax assets					**7,935**
Consolidated total assets					**4,531,708**
Segment liabilities	48,814	12,263	13,959	47,435	**122,471**
Borrowings	-	84,199	-	695,867	**780,066**
	48,814	96,462	13,959	743,302	**902,537**
Current income tax liabilities					**42,609**
Deferred income tax liabilities					**36,490**
Consolidated total liabilities					**981,636**
Capital expenditure	15	70,116	4,606	1,619	**76,356**
Depreciation	183	1,905	2,859	2,617	**7,564**

34. SEGMENT INFORMATION *(continued)*

2017	Development properties $'000	Investment properties $'000	Retail $'000	Others $'000	Group $'000
Revenue	76,360	35,102	143,948	7,793	263,203
EBIT*	(15,716)	87,852	27,499	(44,891)	54,744
Interest income					6,893
Finance costs					(41,958)
Profit before income tax					19,679
Income tax credit					6,720
Total profit					26,399
Segment assets	1,592,051	734,907	58,284	148,508	2,533,750
Assets held for sale	252,201	-	-	7	252,208
Investments in associated and joint venture companies	257,041	1,264,861	75,799	6,708	1,604,409
Due from associated and joint venture companies	201,649	10,818	805	67	213,339
	2,302,942	2,010,586	134,888	155,290	4,603,706
Tax recoverable					6,467
Deferred tax assets					5,662
Consolidated total assets					4,615,835
Segment liabilities	66,701	10,388	13,877	102,418	193,384
Liabilities held for sale	2,143	-	-	4	2,147
Borrowings	140,333	85,454	-	703,837	929,624
	209,177	95,842	13,877	806,259	1,125,155
Current income tax liabilities					36,834
Deferred income tax liabilities					38,139
Consolidated total liabilities					1,200,128
Capital expenditure	54	81,328	3,075	1,732	86,189
Depreciation	222	1,701	2,997	3,300	8,220

* EBIT includes share of profits of associated and joint venture companies which are disclosed in Note 17.

The Group's three main business segments operate in five main geographical areas - Singapore, Malaysia, Australia, the People's Republic of China ("PRC") and Hong Kong SAR.

	Revenue		Non-current assets	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Singapore	**226,748**	177,058	**950,735**	819,338
Malaysia	**137,426**	83,682	**155,410**	135,105
Australia	**5,939**	1,392	**119,781**	69,437
PRC	**3,117**	1,071	**106,124**	89,210
Hong Kong SAR	**-**	-	**1,625,516**	1,511,652
	373,230	263,203	**2,957,566**	2,624,742

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 2018 %	2017 %
(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. (formerly known as Wing Tai Malaysia Berhad)	!	Malaysia	Investment holding	**100**	88.1
	Angel Wing (M) Sdn. Bhd.	*, !	Malaysia	Property development	**100**	88.1
	Angkasa Indah Sdn. Bhd.	*, !	Malaysia	Property development	**100**	88.1
	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**	88.1
	Crossbrook Group Ltd	#	BVI/Hong Kong SAR	Investment holding	**100**	100
	DNP Hartajaya Sdn. Bhd.	*, !	Malaysia	Property development	**100**	88.1
	DNP Jaya Sdn. Bhd.	*, !	Malaysia	Property investment	**100**	88.1
	DNP Land Sdn. Bhd.	*, !	Malaysia	Property development	**100**	88.1
	D & P-Ejenawa Sdn. Bhd.	*, !	Malaysia	Property development	**100**	88.1
	Grand Eastern Realty & Development Sdn. Bhd.	*, !	Malaysia	Property development	**100**	88.1

n/a: not applicable

35. COMPANIES IN THE GROUP *(continued)*

Name of company		Country of incorporation/ place of business	Principal activities	Effective interest held by the Group 2018 %	2017 %
(b) Subsidiary companies *(continued)*					
Harta-Aman Sdn. Bhd.	*, !	Malaysia	Investment holding	**100**	88.1
Hartamaju Sdn. Bhd.	*, !	Malaysia	Property development	**100**	88.1
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**	88.1
Seniharta Sdn. Bhd.	*, !	Malaysia	Property investment	**100**	88.1
Starpuri Development Sdn. Bhd.	*, !	Malaysia	Property development	**100**	88.1
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**	-
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
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
Winsmart Investment Pte Ltd	*	Singapore	Property investment and development	**100**	100

35. COMPANIES IN THE GROUP *(continued)*

Name of company		Country of incorporation/ place of business	Principal activities	Effective interest held by the Group 2018 %	2017 %
(b) Subsidiary companies *(continued)*					
Wingjoy Investment Pte. Ltd.	*	Singapore	Investment holding	**100**	100
Wingspring Trust	*, +, ^	Australia	Property investment	**100**	-
Wing Mei (M) Sdn. Bhd.	*, !	Malaysia	Property investment	**100**	88.1
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**	88.1
Wing Tai Fashion Apparel Pte. Ltd.	*	Singapore	Retailing of garments	**100**	100
Wing Tai Fashion Sdn. Bhd.	*, !	Malaysia	Retailing of garments	**100**	88.1
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 Malaysia Property Management Sdn. Bhd. (formerly known as DNP Property Management Sdn. Bhd.	*, !	Malaysia	Project management and maintenance of properties	**100**	88.1
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
(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	**33.2**	33.2

35. COMPANIES IN THE GROUP *(continued)*

Name of company		Country of incorporation/ place of business	Principal activities	Effective interest held by the Group 2018 %	2017 %
(d) Joint venture companies					
Gardens Development Pte Ltd	*	Singapore	Property investment and development	**40**	-
G2000 Apparel (S) Pte Ltd	*	Singapore	Retailing of garments	**45**	45
Kualiti Gold Sdn. Bhd.	*, !	Malaysia	Property investment	**50**	44
Uniqlo (Malaysia) Sdn. Bhd.	*, &	Malaysia	Retailing of garments	**45**	39.6
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 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.

36. ADOPTION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL)

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Singapore Financial Reporting Standards (International) (SFRS(I)s), for annual periods beginning or after 1 January 2018.

The Group has adopted SFRS(I)s on 1 July 2018 and as a result, the Group's first quarter financial statements for the three-month period ending 30 September 2018 will be prepared in accordance with SFRS(I)s. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

In addition to the adoption of SFRS(I)s, the following standards, amendments and interpretations of SFRS(I)s are relevant to the Group and the Company on the same date:

- SFRS(I) 15 Revenue from Contracts with Customers;
- SFRS(I) 9 Financial Instruments;
- SFRS(I) 16 Leases;
- Amendments to SFRS(I) 9 Prepayment Features with Negative Compensation;
- Amendments to SFRS(I) 1-28 Long-term Interests in Associates and Joint Ventures;
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration; and
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments.

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) 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018)
SFRS(I) 15 replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue* and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of SFRS(I) 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

(i) Step 1: Identify the contract(s) with a customer
(ii) Step 2: Identify the performance obligations in the contract
(iii) Step 3: Determine the transaction price
(iv) Step 4: Allocate the transaction price to the performance obligations in the contract
(v) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

SFRS(I) 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is in the process of assessing the transition adjustments on the financial statements.

(b) SFRS(I) 9 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018)
SFRS(I) 9 replaces FRS 39 *Financial Instruments: Recognition and Measurement* and its relevant interpretations.

SFRS(I) 9 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from FVOCI reserve to retained profits.

Under SFRS(I) 9, there are no changes to classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss such changes are recognised in OCI.

36. ADOPTION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) *(continued)*

(b) SFRS(I) 9 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018) *(continued)*
SFRS(I) 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and the hedging instrument and for the 'hedged ratio' to be the same as the one the Group actually uses for risk management purposes.

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under SFRS(I) 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts.

The Group is in the process of assessing the transition adjustments on the financial statements.

(c) SFRS(I) INT 22 *Foreign Currency Transactions and Advance Considerations* (effective for annual periods beginning on or after 1 January 2018)
SFRS(I) INT 22 *Foreign Currency Transactions and Advance Considerations* considers how to determine the date of the transactions when applying the standard on foreign currency transactions, FRS 21 *The Effects of Changes in Foreign Exchange Rates.* The Interpretation applies where the Group either pays or receives consideration in advance for foreign currency-denominated contracts.

For single upfront payment/receipt, the Interpretation states that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of the related item, should be the date on which an entity recognises the non-monetary asset or liability arising from the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity should determine the date of the transaction for each payment or receipt.

The Interpretation is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group does not expect a material impact on the financial statements upon adoption of the Interpretation.

(d) 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 statement of financial position, 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 new standard also introduces expanded disclosure requirements and changes in presentation.

The standard will affect primarily the accounting for the Group's operating leases as a lessee. As at the reporting date, the Group has non-cancellable operating lease commitments of $46.5 million (Note 30(b)). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under SFRS(I) 16.

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 2018.

Shareholding Statistics

As at 10 September 2018

SHARE CAPITAL

No. of Issued Shares:	793,927,260
No. of Issued Shares (excluding Treasury Shares):	766,634,460
No./percentage of Treasury Shares:	27,292,800 (3.56%)
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	185	1.56	4,911	0.00
100 to 1,000	1,447	12.17	1,158,011	0.15
1,001 to 10,000	7,968	67.05	36,557,525	4.77
10,001 to 1,000,000	2,258	19.00	87,951,800	11.47
1,000,001 and above	26	0.22	640,962,213	83.61
Total	**11,884**	**100.00**	**766,634,460**	**100.00**

TWENTY LARGEST SHAREHOLDERS

Name		No. of Shares	%
1	Wing Sun Development Private Limited	222,235,490	28.99
2	DBS Vickers Securities (Singapore) Pte Ltd	73,340,358	9.57
3	Winlyn Investment Pte Ltd	72,717,436	9.49
4	Citibank Nominees Singapore Pte Ltd	63,142,435	8.24
5	DBS Nominees Pte Ltd	57,117,243	7.45
6	UOB Kay Hian Pte Ltd	41,037,149	5.35
7	Raffles Nominees (Pte) Ltd	20,789,774	2.71
8	Empire Gate Holdings Limited	19,539,572	2.55
9	HSBC (Singapore) Nominees Pte Ltd	15,990,404	2.09
10	DBSN Services Pte Ltd	13,269,353	1.73
11	United Overseas Bank Nominees Pte Ltd	10,146,895	1.32
12	OCBC Securities Private Ltd	6,179,319	0.81
13	OCBC Nominees Singapore Pte Ltd	4,355,228	0.57
14	Winway Investment Pte Ltd	3,529,166	0.46
15	DB Nominees (Singapore) Pte Ltd	1,992,521	0.26
16	Phillip Securities Pte Ltd	1,900,110	0.25
17	Tan Hwee Bin	1,650,635	0.22
18	Maybank Kim Eng Securities Pte Ltd	1,629,910	0.21
19	Nanyang Gum Benjamin Manufacturing (Pte) Ltd	1,609,000	0.21
20	Sunshine Ventures Pte Ltd	1,500,000	0.20
	Total	**633,671,998**	**82.68**

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 10 September 2018, approximately 47.99% 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 10 September 2018

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
FMR LLC	38,756,561

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.

This page has been intentionally left blank.

This page has been intentionally left blank.

This page has been intentionally left blank.

Printed on environmentally friendly paper


At the heart of the open-air courtyard of the newly renovated Winsland Serviced Suites by Lanson Place is a stainless steel sculpture *Tribute to a Tree Series: 55 Leaves* by Okashimo. Fifty five floating leaves are suspended in a delicate and visually playful state, with leaves at the top appearing to be tossed up by an illusionary gust of wind and frozen in motion as they slowly yield to gravity. The leaves float gently and settle at the bottom in a state of rest, calm or pause, capturing a sense of "moment-ness". Set against a backdrop of moving water, it rests atop a stone seat wall to create an ambience of provoked calm.

Living Art, Living Heritage