IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES, THE UNITED KINGDOM, THE EUROPEAN UNION OR THE EUROPEAN ECONOMIC AREA

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be (i) a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)) or (ii) located within the United States ("**U.S.**"). The attached information memorandum is being sent at your request and by accepting this e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the U.S. nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or a person to whom an offer is being made pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, and (B) agree to be bound by the limitations and restrictions described therein. Any reference to the "**SFA**" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Wing Tai Holdings Limited (the "**Issuer**"), DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

Restrictions: The attached information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, DBS Bank Ltd. or Oversea-Chinese Banking Corporation Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the U.S. or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering of securities do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering of securities be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering of securities shall be deemed to be made by the dealers or such affiliate on behalf of the Issuer in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession the attached information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive the attached information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO, AND YOU MAY NOT, FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive the attached information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Information Memorandum dated 16 May 2019

WING TAI HOLDINGS LIMITED

(Incorporated with limited liability in the Republic of Singapore on 9 August 1963)
Company Registration Number: 196300239D

S$150,000,000 4.48 per cent. Senior Perpetual Capital Securities

Issue price: 100 per cent.

The S$150,000,000 4.48 per cent. Senior Perpetual Capital Securities (the "**Securities**") will be issued by Wing Tai Holdings Limited (the "**Issuer**"). The Securities confer a right to receive distributions (each a "**Distribution**"), at a rate (the "**Distribution Rate**") of (i) in respect of the period from (and including) 24 May 2019 (the "**Issue Date**") to (but excluding) 24 May 2024 (the "**First Reset Date**"), 4.48 per cent. per annum, (ii) in respect of the period from (and including) the First Reset Date to (but excluding) 24 May 2029 (the "**Step-Up Date**"), the applicable Reset Distribution Rate (as defined in "*Terms and Conditions of the Securities*") and (iii) in respect of the period from (and including) the Step-Up Date and each Reset Date (as defined in "*Terms and Conditions of the Securities*") falling thereafter to (but excluding) the immediately following Reset Date, the applicable Reset Distribution Rate, provided always that in the event that a Change of Control Event (as defined in "*Terms and Conditions of the Securities*") has occurred, if the Issuer has not redeemed the Securities in accordance with the Terms and Conditions of the Securities, the then prevailing Distribution Rate shall be increased by one per cent. per annum with effect from (and including) the Distribution Payment Date immediately following the date on which the Change of Control Event occurred (or, if the Change of Control Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date). The Securities will be issued on or about the Issue Date and will be constituted by a trust deed to be dated on or before the Issue Date between the Issuer and DBS Trustee Limited as trustee (the "**Trustee**"). Subject to the provisions of the Securities relating to deferral of Distributions (see "*Terms and Conditions of the Securities — Distribution Discretion*"), Distributions shall be payable semi-annually in arrear on 24 May and 24 November in each year (each a "**Distribution Payment Date**").

The Issuer may, at its sole discretion, elect to defer any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice of such election to the holders of the Securities (the "**Securityholders**") not less than 10 nor more than 20 business days prior to the relevant Distribution Payment Date unless a Compulsory Distribution Payment Event (as defined in "*Terms and Conditions of the Securities*") has occurred during the 12 months ending on the day before such Distribution Payment Date. Any Distribution so deferred shall constitute "**Arrears of Distribution**". If, on any Distribution Payment Date, payment of Distributions (including Arrears of Distribution and Additional Distribution Amount (as defined in "*Terms and Conditions of the Securities*")) scheduled to be made on such date is not made in full, the Issuer and its subsidiaries will be subject to the restrictions as described in "*Terms and Conditions of the Securities — Distribution Discretion — Distribution and Capital Stopper*". Each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Securities at the Distribution Rate. The Issuer may further defer any Arrears of Distributions by complying with the foregoing notice requirement and is not subject to any limit as to the number of times Distributions and Arrears of Distribution can be deferred. See *"Terms and Conditions of the Securities — Distribution Discretion"*.

The Securities constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves, and at least *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

The Securities are perpetual securities and have no fixed final redemption date. The Securities may be redeemed at the option of the Issuer, in whole, but not in part, at any time on 24 May 2024 or any Distribution Payment Date thereafter, on giving not less than 30 nor more than 60 days' irrevocable notice to the Securityholders, the Agents and the Trustee. The Securities may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) upon the occurrence of; *inter alia*: (i) a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms, *inter alia*, that the Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations, (ii) any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment is made public on or after the Issue Date such that the Issuer has or will become obliged to pay additional amounts in respect of the Securities and such obligations cannot be avoided by the Issuer taking reasonable measures available to it; (iii) any change in, or amendment to, the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") or any other accounting standards that may replace SFRS(I) for the purposes of the consolidated financial statements of the Issuer resulting in the Securities not being recorded as "equity" of the Issuer; (iv) a Tax Deductibility Event (as defined in "*Terms and Conditions of the Securities*"); (v) a Change of Control Event or (vi) the aggregate principal amount of the Securities outstanding being less than 10 per cent. of the aggregate principal amount originally issued. See "*Terms and Conditions of the Securities – Redemption and Purchase*". Payment on the Securities will be made without deduction for or on account of taxes of Singapore to the extent described under "*Terms and Conditions of the Securities — Taxation*".

Application will be made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Information Memorandum. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Securities on, the SGX-ST is not to be taken as an indication of the merits of the Securities, the Issuer and/or its subsidiaries.

For a discussion of certain investment considerations relating to the Securities, see "*Risk Factors*".

The Securities will be issued in registered form in the denomination of S$250,000. The Securities will be represented by a global certificate (the "**Global Certificate**") in registered form which will be registered in the name of The Central Depository (Pte) Limited (the "**Depository**") on or about the Issue Date. Individual certificates (the "**Certificates**") evidencing holdings of Securities will be available only in certain limited circumstances described under "*Summary of Provisions Relating to the Securities while in Global Form*".

The Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The Securities are being offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and, subject to certain exceptions, may not be offered or sold within the United States.

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("MAS"). Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

The Securities are not, and are not expected to be, rated by any rating agency.

Sole Global Coordinator

DBS

Joint Lead Managers and Joint Bookrunners

DBS

OCBC Bank

The Issuer accepts responsibility for the information contained in this Information Memorandum. This Information Memorandum contains all information with respect to the Issuer and the Group (as defined below) and to the Securities that is material in the context of the issue and offering of the Securities (including all information required by applicable laws and the information that, according to the particular nature of the Issuer and of the Securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching to the Securities). The statements contained in this Information Memorandum relating to the Issuer and to the Group are in all material respects true and accurate and not misleading, the opinions and intentions expressed in this Information Memorandum with regard to the Issuer and to the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and there are no other facts in relation to the Issuer, the Group or the Securities the omission of which would, in the context of the issue and offering of the Securities, make any statement in this Information Memorandum misleading in any material respect. All reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

This Information Memorandum has been prepared by the Issuer for use in connection with the offer and sale of the Securities outside the United States. The Issuer, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited (each a "**Joint Lead Manager**" and collectively, the "**Joint Lead Managers**") reserve the right to reject any offer to purchase the Securities, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States. Distribution of this Information Memorandum by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person, or other person within the United States, is prohibited.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue and offering of the Securities may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of, the Issuer, the Joint Lead Managers, the Trustee or the Agents to subscribe for or purchase the Securities and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

None of the Joint Lead Managers, the Trustee, any of the Agents or any of their respective affiliates has separately verified the information contained in this Information Memorandum. None of the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of their respective officers or employees is making any representation, warranty or undertaking, express or implied, as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, the Joint Lead Managers, the Trustee and the Agents make no representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information contained in this Information Memorandum or any other information supplied in connection with the Securities (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provision of the SFA). Each person receiving this Information Memorandum acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or on any person affiliated with the Joint Lead Managers, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Joint Lead Managers, the Trustee or the Agents that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. Each potential purchaser of the Securities shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Joint Lead

Managers, the Trustee, the Agents or any of its officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee or any of the Agents. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any).

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the Joint Lead Managers of the Securities. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the Joint Lead Managers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The distribution of this Information Memorandum and the offering or sale of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction. The Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, Securities may not be offered or sold within the United States or to U.S. persons (as defined in Regulation S). For a description of certain restrictions on offers and sales of Securities and on distribution of this Information Memorandum, see "*Subscription and Sale*".

This Information Memorandum does not constitute an offer of, or an invitation by or on behalf of, the Issuer or the Joint Lead Managers to subscribe for, or purchase, any Securities.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents accepts any responsibility for the contents of this Information Memorandum, or for any other statement, made or purported to be made by any of the Joint Lead Managers, the Trustee or the Agents or on their behalf in connection with the Issuer or the issue and offering of the Securities. Each of the Joint Lead Managers and the Trustee and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Subscription Agreement (as defined in "*Subscription and Sale*") and the issue of the Securities by the Issuer pursuant to the Subscription Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Joint Lead Managers, the Trustee or the Agents) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Issuer pursuant to the Subscription Agreement.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under "Subscription and Sale" on pages 87 to 89 of this Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.

Notification under Section 309B of the SFA

The Securities shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Packaged Retail Investment and Insurance Products – Prohibition of Sales to Retail Investors

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and its subsidiaries (the "**Group**") (including the financial forecasts, profit projections, statements as to the expansion plans of the Group, expected growth in the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail under the section "*Risk Factors*".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Group to be materially different from the results, performance or achievements expected, expressed or implied by the forward-looking statements in this Information Memorandum, undue reliance must not be placed on such forward-looking statements. None of the Group, the Joint Lead Managers, the Trustee or the Agents represents nor warrants that the actual future results, performance or achievements of the Group will be as discussed in those statements. Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of any Securities shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Group disclaims any responsibility, and undertakes no obligation, to update or revise any forward-looking statement contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which such statements are based.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Information Memorandum, unless otherwise specified or the context otherwise requires, all references to "Singapore" are references to the Republic of Singapore and all references to the "U.S." and "United States" are references to the United States of America. All references to the "Government" herein are references to the government of the Republic of Singapore. References herein to "Singapore dollars" and "S$" are to the lawful currency of Singapore and all references to "U.S. dollars" and "U.S.$" are to the lawful currency of the United States of America.

In this Information Memorandum, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the selected consolidated financial information of the Group as at and for the periods indicated. The Group's financial statements are reported in Singapore dollars.

The selected consolidated financial information as of and for the financial years ended 30 June 2016, 30 June 2017 and 30 June 2018 and the nine months ended 31 March 2018 and 31 March 2019 has been derived from the Group's financial statements for the financial years ended 30 June 2017 and 30 June 2018 and the Group's unaudited financial statements announcement for the nine months ended 31 March 2019 included in this Information Memorandum and should be read together with those financial statements and the notes thereto. The Group's audited financial statements for the financial years ended 30 June 2017 and 30 June 2018 contained in this Information Memorandum were prepared and presented in accordance with then applicable Singapore Financial Reporting Standards.

On 1 July 2018, the Group adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)s"), which comprise standards and interpretations that are identical to the International Financial Reporting Standards issued by the International Accounting Standards Board.

In adopting SFRS(I)s, the Group has applied all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I)s. The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 July 2017, which is the Group's date of transition to SFRS(I). The effects of adoption of SFRS(I)s on the Group's financial statements are disclosed in Section 5 to the Group's unaudited financial statements announcement for the nine months ended 31 March 2019 and as set out on Pages F-171 to F-173 in this information memorandum.

CONSOLIDATED INCOME STATEMENTS

	9M2019[1]	9M2018[1]	2018 (audited)	2017 (audited)	2016 (audited)
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	259,243	253,172	373,230	263,203	544,531
Cost of sales	(149,768)	(131,527)	(193,055)	(126,396)	(347,443)
Gross profit	109,475	121,645	180,175	136,807	197,088
Other gains – net	9,651	16,752	32,426	6,052	7,765
Expenses					
- Distribution	(46,738)	(47,757)	(63,717)	(66,869)	(88,457)
- Administrative and other	(63,194)	(62,296)	(88,570)	(87,781)	(88,880)
Operating profit / (loss)	9,194	28,344	60,314	(11,791)	27,516
Finance costs	(23,726)	(25,117)	(32,497)	(41,958)	(45,542)
Associated and joint venture companies					
- Share of profits	42,645	93,891	211,620	100,544	59,399
- Impairment loss	-	-	-	(27,116)	-
Profit before income tax	28,113	97,118	239,437	19,679	41,373
Income tax credit /(expense)	990	(8,178)	(18,328)	6,720	(25,712)
Total profit	29,103	88,940	221,109	26,399	15,661
Attributable to:					
Equity holders of the Company	28,356	90,131	218,803	20,119	7,079
Non-controlling interests	747	(1,191)	2,306	6,280	8,582
	29,103	88,940	221,109	26,399	15,661
Earnings per share attributable to equity holders of the Company (cents)					
Basic	3.10	11.05	27.47	2.59	0.91
Diluted	3.09	11.02	27.36	2.55	0.87

CONSOLIDATED BALANCE SHEETS

	As at 31 March 2019[1] S$'000	As at 30 June 2018[1] S$'000	As at 30 June 2018 (audited) S$'000	As at 30 June 2017 (audited) S$'000	As at 30 June 2016 (audited) S$'000
ASSETS					
Current assets					
Cash and cash equivalents	639,825	792,151	792,151	847,373	722,883
Trade and other receivables	35,536	57,708	94,227	125,694	75,571
Inventories	21,811	23,716	23,716	19,421	21,568
Development properties	571,573	675,241	656,355	739,930	1,228,769
Tax recoverable	9,027	7,693	7,693	6,467	3,698
Other assets	36,935	30,940	-	-	-
Assets held for sale	-	-	-	252,208	495,512
	1,314,707	1,587,449	1,574,142	1,991,093	2,548,001
Non-current assets					
Trade and other receivables	282,230	284,282	285,715	213,984	218,140
Investments in associated and joint venture companies	1,750,125	1,761,669	1,766,611	1,604,409	1,496,998
Investment properties	731,540	733,250	733,250	651,805	577,732
Property, plant and equipment	112,834	115,099	117,044	115,928	116,444
Deferred income tax assets	5,805	6,795	7,935	5,662	-
Other assets	39,221	48,444	47,011	32,954	20,168
	2,921,755	2,949,539	2,957,566	2,624,742	2,429,482
Total assets	4,236,462	4,536,988	4,531,708	4,615,835	4,977,483
LIABILITIES					
Current liabilities					
Trade and other payables	58,078	96,494	108,925	172,770	134,545
Current income tax liabilities	28,446	42,609	42,609	36,834	38,905
Borrowings	3,486	-	-	4,253	87,348
Other liabilities	9,889	20,660	-	-	-
Liabilities held for sale	-	-	-	2,147	-
	99,899	159,763	151,534	216,004	260,798
Non-current liabilities					
Borrowings	626,703	780,066	780,066	925,371	1,289,158
Deferred income tax liabilities	35,996	36,568	36,490	38,139	65,167
Other liabilities	15,185	13,546	13,546	20,614	29,834
	677,884	830,180	830,102	984,124	1,384,159
Total liabilities	777,783	989,943	981,636	1,200,128	1,644,957
NET ASSETS	3,458,679	3,547,045	3,550,072	3,415,707	3,332,526
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	838,250	838,250	838,250	838,250	838,250
Other reserves	(24,370)	39,395	(23,203)	(13,489)	(33,657)
Retained earnings	2,423,367	2,449,269	2,514,733	2,321,935	2,318,116
	3,237,247	3,326,914	3,329,780	3,146,696	3,122,709
Perpetual securities	149,303	147,778	147,778	147,778	-
Non-controlling interest	72,129	72,353	72,514	121,233	209,817
TOTAL EQUITY	3,458,679	3,547,045	3,550,072	3,415,707	3,332,526

[1] Reported under Singapore Financial Reporting Standards (International)

Please refer to the section "Index to Financial Statements" in this Information Memorandum for the audited financial statements for the financial years ended 30 June 2017 and 30 June 2018 and the unaudited financial statements announcements for the nine months ended 31 March 2018 and 31 March 2019.

FINANCIAL REVIEW

9M2019 v 9M2018

For the nine months ended 31 March 2019 ("current period"), the Group recorded a total revenue of S$259.2 million. This is a 2% increase from the S$253.2 million revenue recorded in the nine months ended 31 March 2018 ("corresponding period"), mainly attributable to the increase in property sales in Malaysia.

The Group recorded a net profit before tax of S$28.1 million in the current period as compared to S$97.1 million in the corresponding period, primarily due to the absence of one-off gain on disposal of a subsidiary company and the lower contribution from Wing Tai Properties Limited in Hong Kong. The share of profits of Wing Tai Properties Limited in the corresponding period included a one-off gain on disposal of its interest in Winner Godown Building, an industrial building located in Tsuen Wan.

In the current period, the Group's net profit attributable to shareholders was S$28.4 million as compared to the S$90.1 million recorded in the corresponding period.

The Group's net asset value per share was S$4.22 and it was in a net cash position as at 31 March 2019.

FY2018 v FY2017

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 recognized.

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 recognized by Wing Tai Properties Limited in Hong Kong from the disposal of Winner Godown Building, an industrial building located in Tsuen Wan and W Square, a Grade A office building located in Wan Chai. 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.

FY2017 v FY2016

For the financial year ended 30 June 2017, the Group recorded a total revenue of S$263.2 million. This represents a 52% decrease from the S$544.5 million revenue recorded in the previous year. This decrease is largely due to the lower contributions from development properties.

The current year revenue from development properties was mainly attributable to the progressive sales recognized from The Tembusu and the additional units sold in Le Nouvel Ardmore in Singapore and Verticas Residences in Malaysia.

The Group recorded a net profit before tax of S$19.7 million in the current year as compared to S$41.4 million in the previous year primarily due to the lower profits from development properties. The 24% increase amounting to S$14.0 million in the share of profits of associated and joint venture companies in the current year partially mitigated the drop in net profit before tax. This is mainly due to the higher contribution from Wing Tai Properties Limited in Hong Kong.

The Group's net profit attributable to shareholders for the current year was S$20.1 million, an increase of 184% over the S$7.1 million net profit recorded in the previous year.

The Group's net asset value per share as at 30 June 2017 was S$4.07 as compared to S$4.04 as at 30 June 2016. The Group's net gearing ratio decreased to 0.02 times as at 30 June 2017 from 0.21 times as at 30 June 2016.

SUMMARY OF THE OFFERING

*The following is a general summary of the offering of the Securities. This summary is partly derived from and should be read in conjunction with the full text of the terms and conditions of the Securities (the "**Conditions**"), the Trust Deed (the "**Trust Deed**") and the Agency Agreement (the "**Agency Agreement**") relating to the Securities. The Conditions, the Trust Deed and the Agency Agreement will prevail to the extent of any inconsistency with the terms set out in this summary. Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the Conditions.*

Issuer:	Wing Tai Holdings Limited.
Sole Global Coordinator:	DBS Bank Ltd.
Joint Lead Managers and Joint Bookrunners:	DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited.
Description:	S$150,000,000 4.48 per cent. Senior Perpetual Capital Securities.
Issue Date:	24 May 2019.
Status of the Securities:	The Securities will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves, and at least *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Issue Price:	100 per cent. of the principal amount of the Securities.
Form and Denomination:	The Securities will be issued in registered form in the specified denomination of S$250,000.
Distributions:	Subject to Condition 5, the Securities confer a right to receive distributions (each a "**Distribution**") from and including the Issue Date at the applicable Distribution Rate (as defined below), payable semi-annually in arrear on 24 May and 24 November in each year (each a "**Distribution Payment Date**") with the first payment of distribution being made on 24 November 2019 (the "**First Distribution Payment Date**") in respect of the period from (and including) the Issue Date to (but excluding) the First Distribution Payment Date.
Distribution Rate:	The rate of distribution (the "**Distribution Rate**") applicable to the Securities shall be: (i) in respect of the period from (and including) the Issue Date to (but excluding) 24 May 2024 (the "**First Reset Date**"), 4.48 per cent. per annum; (ii) in respect of the period from (and including) the First Reset Date to (but excluding) 24 May 2029 (the "**Step-Up Date**"), the applicable Reset Distribution Rate (as defined below); and (iii) in respect of the period from (and including) the Step-Up Date and each Reset Date (as defined below) falling thereafter to (but excluding) the immediately following Reset Date, the applicable Reset Distribution Rate,

Provided always that in the event that a Change of Control Event (as defined below) has occurred, if the Issuer has not redeemed the Securities in accordance with Condition 6(f), the then prevailing Distribution Rate shall be increased by one per cent. per annum (the "**Step-Up Margin**") with effect from (and including) the Distribution Payment Date immediately following the date on which the Change of Control Event occurred (or, if the Change of Control Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purposes of this section:

(1) "**Reset Date**" means the First Reset Date and each date falling every five years after the First Reset Date; and

(2) "**Reset Distribution Rate**" means:

  (i) (in respect of the period from (and including) the First Reset Date to (but excluding) the Step-Up Date) the Swap Offer Rate (as defined in the Conditions) with respect to the relevant Reset Date plus the Initial Spread (as defined in the Conditions);

  (ii) (in respect of the period from (and including) the Step-Up Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date) the Swap Offer Rate with respect to the relevant Reset Date plus the Initial Spread plus the Step-Up Margin;

Optional Deferral of Distributions:

The Issuer may, at its sole discretion, elect to defer any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice (an "**Optional Deferral Notice**") of such election to the Securityholders in accordance with Condition 16, the Trustee and the Agents not less than 10 nor more than 20 business days prior to the relevant Distribution Payment Date unless, during the 12 months ending on the day before such Distribution Payment Date, either or both of the following (each such event, a "**Compulsory Distribution Payment Event**") have occurred:

(i) a dividend, distribution or other payment has been paid or declared by the Issuer or any of its subsidiaries on or in respect of any of the Junior Obligations or (except on a *pro rata* basis with the Securities) any of its Specified Parity Obligations; or

(ii) any of the Junior Obligations has been redeemed, reduced, cancelled, bought-back or acquired for any consideration by the Issuer or any of its subsidiaries or (except on a *pro rata* basis with the Securities) any of its Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration.

For the purposes of this section:

(1) "**Junior Obligation**" means (A) any ordinary shares of the Issuer and (B) any class of the Issuer's share capital and any other instruments or securities (including without limitation any preference shares, preferred units or subordinated perpetual securities) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Securities; and

(2) "**Specified Parity Obligations**" means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (A) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Securities and (B) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

Arrears of Distribution:

Any Distribution deferred pursuant to Condition 5(a) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect (in the circumstances set out in Condition 5(a)) to further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distributions can or shall be deferred pursuant to Condition 5 except that Condition 5(d) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

Each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Securities at the Distribution Rate and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to Condition 5 and shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the provisions of Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

The Issuer:

(i) may satisfy any Arrears of Distribution (in whole or in part) at any time together with any Additional Distribution Amount by giving notice of such election to the Securityholders (in accordance with Condition 16), the Trustee and the Agents not less than 10 nor more than 20 business days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution on the payment date specified in such notice); and

(ii) in any event shall satisfy all Arrears of Distribution (in whole but not in part) on the earliest of:

(1) the date of redemption of the Securities in accordance with Conditions 6(b), 6(c), 6(d), 6(e), 6(f) or 6(g);

(2) the next Distribution Payment Date on the occurrence of a breach of Condition 5(e); and

(3) the date such amount becomes due under Condition 9 or on a winding-up of the Issuer.

Any partial payment of outstanding Arrears of Distribution or any Additional Distribution Amount by the Issuer shall be shared by the Securityholders on a *pro rata* basis.

Restrictions in the case of a Deferral:

If, on any Distribution Payment Date, payment of Distributions (including Arrears of Distribution and Additional Distribution Amount) scheduled to be made on such date is not made in full by reason of Condition 5, the Issuer shall not and shall procure that none of its subsidiaries shall:

(i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on any of the Junior Obligations or (except on a *pro rata* basis with the Securities) any of its Specified Parity Obligations; or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of its Junior Obligations or (except on a *pro rata* basis with the Securities) any of its Specified Parity Obligations,

unless and until the Issuer (1) has satisfied in full all outstanding Arrears of Distribution and Additional Distribution Amount; or (2) is permitted to do so by an Extraordinary Resolution.

Maturity Date:

The Securities are perpetual securities in respect of which there is no fixed redemption date.

Redemption at the Option of the Issuer:

The Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the Securityholders, the Agents and the Trustee, redeem all (and not some only) of the Securities on 24 May 2024 or any Distribution Payment Date thereafter. Any such redemption of Securities shall be at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption).

Redemption for Taxation Reasons:

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Agents and the Trustee (which notice shall be irrevocable), at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(i) the Issuer receives a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

(1) the Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

(2) the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or

(ii) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date, and such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Securities then due.

Prior to the publication of any notice of redemption pursuant to Condition 6(b), the Issuer shall deliver to the Trustee:

(A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment to the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

Redemption for Accounting Reasons:

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Agents and the Trustee (which notice shall be irrevocable), at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if the Securities must not or must no longer be recorded as "equity" of the Issuer as a result of any change in, or amendment to, the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") or any other accounting standards that may replace SFRS(I) for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), which change or amendment becomes effective on or after the Issue Date.

Prior to the publication of any notice of redemption pursuant to Condition 6(d), the Issuer shall deliver to the Trustee:

(A) a certificate signed by two directors of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(B) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect,

and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

Redemption for Tax Deductibility Reasons:

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Agents and the Trustee (which notice shall be irrevocable), at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(i) the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

    (1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;

    (2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication

of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or

(3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is issued or announced before the Issue Date,

the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer would no longer, or within 90 days of the date of the opinion referred to in paragraph (B) below would not, be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA (the "**Tax Deductibility Event**"); or

(ii) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA.

Prior to the publication of any notice of redemption pursuant to Condition 6(e), the Issuer shall deliver or procure that there is delivered to the Trustee:

(A) a certificate signed by two directors of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(B) an opinion of the Issuer's independent tax or legal advisers of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change, amendment, interpretation or pronouncement has taken place or is due to take effect,

and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in which event it shall be conclusive and binding on the Securityholders.

Redemption upon a Change of Control:

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Agents and the Trustee (which notice shall be irrevocable), at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Control Event.

For the purposes of this section:

(1) "**Change of Control Event**" means:

  (i) any Person or Persons (acting together with its related corporations) (other than Permitted Holders) acquires or acquire Control of the Issuer, if such Person or Persons does not or do not have, and would not be deemed to have, Control over the Issuer on the Issue Date; or

  (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other Person or Persons (acting together with its related corporations) (other than Permitted Holders), unless the consolidation, merger, sale or transfer will not result in such other Person or Persons acquiring Control over the Issuer or the successor entity;

(2) "**Control**" means:

  (i) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Issuer; or

  (ii) the right to appoint and/or remove all or the majority of the members of the Issuer's board of directors, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

(3) "**Immediate Family**" has the meaning ascribed to it under the section entitled "*Definitions and Interpretation*" of the Listing Manual of the Singapore Exchange Securities Trading Limited;

(4) "**Permitted Holder**" means any Person or group of Persons who is or are the Immediate Family of any Person or group of Persons who has Control of the Issuer on the Issue Date;

(5) "**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and

(6) "**related corporation**" has the meaning ascribed to it in the Companies Act, Chapter 50 of Singapore.

Prior to the publication of any notice of redemption pursuant to Condition 6(f), the Issuer shall deliver or procure that there is delivered to the Trustee a certificate signed by two directors of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

Redemption in the case of Minimal Outstanding Amount:

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Agents and the Trustee (which notice shall be irrevocable), at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Limited right to institute proceedings in relation to the Securities:

Notwithstanding any of the provisions in Condition 9, the right to institute winding-up proceedings is limited to circumstances where payment under the Securities has become due. In the case of any Distribution (including any Arrears of Distribution or any Additional Distribution Amount), such Distribution will not be due if the Issuer has elected to defer such Distribution pursuant to Condition 5.

Enforcement Events:

If (i) the Issuer fails to pay the principal of or any Distributions (including any Arrears of Distribution and any Additional Distribution Amount) on any of the Securities when due and such failure continues for a period of 10 business days in the case of Distributions (including any Arrears of Distribution and any Additional Distribution Amount) or two business days in the case of principal or (ii) an order is made or an effective resolution is passed for the Winding-Up or dissolution of the Issuer (together, the "**Enforcement Events**"), the Issuer shall be deemed to be in default under the Trust Deed and the Securities and the Trustee may, subject to the provisions of Condition 9(a), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

For the purposes of the Conditions, "**Winding-Up**" means, with respect to the Issuer, a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership or similar proceedings in respect of the Issuer.

Clearing System:

The Securities will be represented by beneficial interests in the Global Certificate, which will be registered in the name of the Depository, and deposited on the Issue Date with the Depository. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the Depository. Except as described herein, certificates for Securities will not be issued in exchange for beneficial interests in the Global Certificate.

Taxation:

All payments in respect of the Securities by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Securityholders of such amounts as would have been received by them had no such withholding or deduction been required, except in the circumstances specified in Condition 8.

Selling Restrictions:	For a description of the selling restrictions on offer, sale and delivery of the Securities, see "*Subscription and Sale*".
Listing and Trading of the Securities:	Application will be made to the SGX-ST for the listing and quotation of the Securities on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Information Memorandum. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Securities on, the SGX-ST is not to be taken as an indication of the merits of the Securities, the Issuer and/or its subsidiaries. For so long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require, the Securities will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 or its equivalent in foreign currencies.
Rating:	The Securities are not, and are not expected to be, rated by any rating agency.
Trustee:	DBS Trustee Limited.
Principal Paying Agent, Transfer Agent, Calculation Agent and Registrar:	DBS Bank Ltd.
Governing Law:	The Securities will be governed by, and construed in accordance with, the laws of Singapore.
Use of Proceeds:	The net proceeds from the issue of the Securities will be used by the Group for the furtherance of its business activities, including the financing of the Group's business expansion and general working capital.

RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider all the information set forth in this Information Memorandum including the investment considerations and risk factors set out below.

The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the business, assets, financial condition, performance or prospects of the Issuer and its subsidiaries or the properties owned by the Group or any decision to purchase, own or dispose of the Securities. Additional risks which the Issuer is currently unaware of or currently deems immaterial may also impair its and/or the Group's business, assets, financial condition, performance or prospects. If any of the following risk factors develop into actual events, the business, assets, financial condition, performance or prospects of the Issuer and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Securities may be adversely affected. Further, the market price of the Securities could decline, and investors may lose all or part of their investments in the Securities. The investment considerations and risk factors discussed below also include forward-looking statements and the Issuer's and the Group's actual results may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and investment considerations and risk factors that appear under a particular subheading may also apply to one or more other sub-headings.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor may require in investigating the Issuer or the Group, prior to making an investment decision in relation to the Securities

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the offering of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Joint Lead Managers, the Trustee or the Agents that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities.

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Risks Associated with the Group's Business and Operations

The Group's property development business is heavily dependent on the performance of the real estate market in Singapore and in the jurisdictions in which it operates

Most of the Group's existing properties and development projects are located in Singapore. The Group also has property interests in Malaysia, Hong Kong, China and Australia and may from time to time expand into new markets. The success of the Group's property development business therefore depends heavily on the continued growth of the real estate market in Singapore and in the jurisdictions in which it operates. The Group's financial condition, results of operation and profitability may be materially and adversely affected by any adverse development in the supply of or demand for property or property prices in Singapore and/or in the jurisdictions in which it operates. A downturn in the real estate market may lead to a decline in the rental income in the Group's properties and/or a decline in the capital value of the Group's properties and development projects, which may have an adverse impact on the results of operations and the financial condition of the Group, and this may in turn affect the Issuer's ability to fulfil its payment obligations under the Securities.

The Group faces various financing risks

The Group's property development and property investment businesses require substantial amounts of funds for the acquisition of land. In addition to internally generated funds, the Group would typically seek external debt financing. As such, it has significant obligations to service its borrowings. Due to the nature of the Group's property development and property investment businesses, its expansion plans and its working capital requirements for its properties, the Group is likely to continue to have significant debt levels in the future.

In recent years, credit markets worldwide have experienced significant volatility including a reduction in liquidity levels, increasing costs for credit protection and a general decline in lending activity between financial institutions and in commercial lending markets worldwide.

The Group's ability to obtain debt financing or funds from the capital markets for its requirements depends on prevailing economic conditions, its ongoing performance, the general condition of the property market and the acceptability of the financing terms offered. Any deterioration or decline in lending activity may result in the Group incurring increasing financing costs associated with the Group's levels of debt in order to raise additional funds. The Group cannot ensure that future financing will be available or available on acceptable terms, or in an amount sufficient to fund its needs. In the event that the Group is unable to obtain acceptable financing, it may not be able to undertake certain new projects, and the Group's operational results may be adversely affected.

Bank facilities granted to the Group usually come attached with interest components, some of which are at a floating rate. The interest rates may vary according to prevailing market interest rates. In the event that the provision for interest expense is inadequate, the Group's financial performance may be adversely affected. Any increase in the costs of financing as a result of an increase in interest rates will also affect the profitability of the Group.

As security for payment under such financing, the Group may also be required to mortgage or pledge certain of its assets to the lenders and/or assign sale and rental proceeds, performance bonds and insurances in respect of its properties to these lenders.

The Group is therefore subject to the risks typically associated with significant debt levels, such as the risk of not being able to meet principal or interest payments, in the event of which it also risks the lenders foreclosing on its properties or effecting forced sales, resulting in a loss of assets and income to the Group and adversely affecting its financial performance.

The Group may face risks associated with investing in unfamiliar markets

The Group has acquired and may continue to acquire properties on a strategic and selective basis in international markets. When the Group acquires properties located in these markets, it may face risks associated with a lack of market knowledge or understanding of the local economy, forging new business relationships in the area and unfamiliarity with local legal requirements and government and planning procedures. In addition, due diligence, transaction and structuring costs may be higher than those the Group has previously faced and once completed it may be more difficult for the Group to develop such properties on the same basis or as profitably as its existing development properties. The Group works to mitigate such risks through extensive due diligence and research; however, no assurance can be given that all such risks will be eliminated.

The Group may be affected by changing market conditions in the jurisdictions in which it operates

The property markets in the jurisdictions in which the Group operates are subject to changes in economic outlook and financial market volatilities. Rapidly changing market conditions, including changes in customer preferences, market prices and the desirability of a location, may adversely affect the Group's business. Timing the launch of new projects is therefore key to securing sales of units at optimal sales prices. A downturn in the property markets in the jurisdictions in which the Group operates leading to lower property values may result in the Group having to delay the launches of new developments. This will result in increased holding costs until the development properties are sold. Furthermore, property development requires significant capital outlays and returns on capital are not achieved until cash is received from pre-sales, sales or leases. The size of the capital outlays and the number of parties involved in a property development project make it difficult to change property development plans once set. As a result, the Group may not be able to adjust its plans or reallocate its resources to adapt to rapidly changing market conditions.

The Group's performance is dependent on its ability to identify property development projects with good potential returns and to complete such projects within a scheduled time frame to realise such returns. Such ability is based on the Group's understanding of the operational environment and/or anticipation of the market conditions. Hence, the viability and profitability of the Group's property development projects may be affected by factors such as unexpected project delays, changes in interest rates, construction costs, land costs and market conditions. There is no assurance that the Group will be consistently successful in identifying profitable property development projects, and completing and launching such projects under the best possible market conditions as planned. There is also no assurance that a project, which may be assessed to be profitable at the initial phases, will not turn out to be a loss-making asset or investment of the Group due to changes in circumstances not within the Group's control. Should the Group fail to identify profitable property development projects and complete them profitably or within a reasonable time, its business, financial condition and results of operations may be adversely affected.

The amount of revenue to be recognised in a financial year is dependent on the number, value and stage of completion of projects undertaken by the Group, which in turn depends on various factors, such as the availability of the Group's resources, market sentiment, market competition and general economic conditions.

There is no assurance that the amount of revenue from the sales of property development projects will remain comparable every year. Should there be any reasons that cause the Group to undertake fewer or no new property development projects or should there be any delay in the progress of any of the projects in the Group's portfolio, its revenue recognised in a particular year may be adversely affected.

The Group may be adversely affected by the illiquidity of real estate investments

The Group invests primarily in real estate, which entails a higher level of risk than a portfolio which has a diverse range of investments. Real estate investments are relatively illiquid. Such illiquidity may affect the Group's ability to vary its investment portfolio or dispose of part of its assets in response to changes in economic, real estate market or other conditions. For example, the Group may be unable to dispose of its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Moreover, the Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. This could have an adverse effect on the Group's financial condition and results of operations, which may in turn affect the Issuer's ability to fulfil its payment obligations under the Securities.

The Group faces increasing competition

The Group's real estate business competes with both domestic and international companies with respect to factors such as location, pricing, concept and design. Intensified competition between real estate developers may result in increased costs for land acquisition, lower profit margins and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may adversely affect the Group's property development business. Further, such competition may increase due to the entry of new players in the industries in which the Group operates. As a result, there can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to the Group's activities will not have a material adverse effect on its business and financial condition.

The Group's business may be affected by changes in government regulation and policies in the countries where it operates

The Group currently has operations in Singapore, Malaysia, Hong Kong, China and Australia. The property development industries in the countries in which the Group operates are subject to significant government regulations, which may result in a reduction in the Group's income or an increase in the Group's costs. In addition, regulatory approvals may be required for, among other things, labour, land and title acquisition, development planning and design and construction and mortgage financing and refinancing. Such approvals may stipulate, among other things, maximum periods for the commencement of development of the land. Some of these countries may also restrict the level, percentage and manner of foreign ownership and investment in real estate or may impose additional costs on foreigners seeking to invest in or own properties. Such regulations are at times ambiguous, and the interpretation and application of these regulations can be inconsistent, which can affect demand for the Group's properties and may potentially be detrimental to the Group. If the Group fails to obtain the relevant approvals or comply with applicable laws and regulations, it may, among other things, be subject to imposition of fines or penalties, have its licences or approvals revoked thus resulting in delays to the completion of the Group's property development projects, or lose its right to own, develop or manage its properties and its businesses, any or all of which could have a material and adverse impact on its business, financial condition, prospects and results of operations. Governments of the countries in which the Group operates may also seek to promote a stable and sustainable property market by monitoring the property market and adopting measures as and when they deem necessary. These governments may introduce new policies or amend or abolish existing policies at any time and these policies may have retroactive effect. These changes may have a material and adverse impact on the overall performance of the property markets in which the Group operates, and thus affect the Group's business, financial condition, prospects and results of operations.

In addition, in the countries in which the Group operates, in order to develop and complete a property development, a property developer must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including, amongst others, land use rights certificates, planning permits, pre-sale permits and certificates or confirmations of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. Problems may be encountered in obtaining such government approvals or in fulfilling the conditions required for obtaining the approvals, especially as new laws, regulations or policies may come into effect from time to time with respect to the property development industry in general or the particular processes with respect to the granting of approvals. If the Group fails to obtain relevant approvals or fulfil the conditions of those approvals for its property developments, these developments may not proceed as scheduled, and the Group's business, financial condition, prospects and results of operations may be adversely affected.

In some instances, the governments in the jurisdictions in which the Group operates may adopt restrictive policies with respect to the issuance of certain permits or approvals. The Group's business, financial condition, prospects and results of operations may also be affected by changes in policies relating to immigration and/or foreign ownership of residential housing, policies adopted and/or actions taken by public housing authorities and policies relating to land sales by such governments.

In Singapore, the Singapore Government is actively involved in the development, construction and sale of housing to middle and lower-income families through its public housing scheme. The Singapore Government is also a major supplier of land to private developers. The Singapore Government has exercised and continues to exercise significant influence over Singapore's economy in general and the property industry in particular, and the policies of the Singapore Government concerning the economy or the real estate sector, or any change therein, could have a material adverse effect on the business of the Group. For example, changes to the Master Plan guidelines relating to zoning and micro-planning restrictions on land use, and changes in laws relating to sustainable development, environmental controls, building codes, property tax, income tax and capital gains tax, could adversely affect the profitability of the Group.

In recent years, the Singapore Government has implemented a series of measures to cool the Singapore property market and to seek to maintain a stable and sustainable property market where prices move in line with economic fundamentals. For instance, on 13 January 2011, the Singapore Government announced the extension of the holding period for imposition of the seller's stamp duty ("**SSD**") on residential properties from three years to four years based on SSD rates ranging from 4% to 16% which were imposed on residential properties acquired (or purchased) on or after 14 January 2011 and disposed of (or sold) within four years of acquisition. On 10 March 2017, the Singapore government announced the reduction of the holding period for imposition of the SSD on residential properties from four years to three years, based on lowered rates. Ranging from 4% to 12%, the lowered SSD rates will be imposed on residential properties which are acquired (or purchased) on or after 11 March 2017 and disposed of (or sold) within three years of acquisition.

In December 2011, the Singapore Government introduced the additional buyer's stamp duty ("**ABSD**"), which was further enhanced in January 2013 and again in July 2018. ABSD ranging from 5% to 30% is to be paid by certain groups of people who buy or acquire residential properties (including residential land). Further, the Group may, where necessary, apply for ABSD remission and if granted, the Inland Revenue Authority of Singapore ("**IRAS**") may impose conditions on the Group. If such conditions are not met, ABSD with interest will be payable. While the Group is not currently affected by ABSD, it will be subject to such ABSD and interest for future residential land acquisition which the Group may undertake.

In addition, the loan-to-value limits on housing loans granted by financial institutions have been tightened for individuals whose loan tenure exceeds 30 years or the loan period extends beyond the borrower's retirement age, individuals who already have at least one outstanding loan, as well as non-individuals such as companies. Besides tighter loan-to-value limits, the minimum cash down payment for individuals applying for a second or subsequent housing loan has also been raised. In June 2013, the Monetary Authority of Singapore introduced a new total debt servicing ratio ("**TDSR**") framework for property loans granted by financial institutions to individuals. The TDSR framework requires financial institutions to take into consideration borrowers' other outstanding debt obligations when granting property loans. The TDSR is the percentage of total monthly debt obligations to gross monthly income and the general position is that a property loan extended by a financial institution will not exceed a TDSR threshold of 60%. On 10 March 2017, the Singapore Government announced that the TDSR framework will no longer apply to mortgage equity withdrawal loans with loan-to-value ratios of 50% and below with effect from 11 March 2017. Existing and any further legislation or policies to encourage financial prudence which may be introduced by the Singapore Government to moderate the property market in Singapore, may affect the purchasing power of potential buyers of residential properties and may dampen the general sentiments of the residential property market, resulting in reduced demand for and consequently fewer sales of residential property units in Singapore.

To address the stamp duty rate differential between direct acquisition/disposal of residential properties and acquisition/disposal of equity interest in entities holding primarily residential properties, the Singapore Government introduced the Additional Conveyance Duties ("**ACD**"). ACD is chargeable on qualifying acquisitions/disposals of equity interest (for example shares or units) in property-holding entities ("**PHEs**") which own primarily tangible assets that are residential properties in Singapore on or after 11 March 2017. No ACD will apply if the transfer of equity interest in a PHE is pursuant to a will or by way of assent.

There is no assurance that the Singapore Government will abolish the existing legislation or policies intended to cool the property market. There is also no assurance that the Singapore Government will not introduce further legislation or policies or amend existing legislation or policies to further regulate the growth of the Singapore property market.

All these measures may have an adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

The Group is subject to risks associated with the development of residential properties

The Group is primarily involved in the development of residential properties. Property developments typically require substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cashflows may be generated through pre-sales or sales of a completed property development. Depending on the size of the development, the time span for completing a property development usually lasts for more than a year. Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which in turn has a direct impact on the profitability of the projects. Factors that may affect the profitability of a project also include the risk that the receipt of government approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, and lacklustre sales of the properties. The sales and the value of a property development project may be adversely affected by a number of factors, including but not limited to the international, regional and local political and economic climate, local real estate conditions, perceptions of property buyers, competition from other available properties, changes in market rates for comparable sales and increased business and operating costs. If any of the property development risks described above materialises, the Group's returns on investments may be lower than originally expected and the Group's financial performance may be materially and adversely affected.

The Group may not be able to successfully manage its land bank, which could adversely affect its margins

In the business of property development, the Group needs to identify the right land for property development in order to achieve good investment returns. The Group replenishes and sources for new land bank through participating in government tenders and auctions as well as acquiring plots of land from private owners. The Group cannot assure investors that the measures it employs to manage land inventory risks will be successful and cannot guarantee that suitable land plots and properties will always be available for the Group's acquisition, development and/or investment. In the event of significant changes in economic, political, security or market conditions, the Group may have to sell subdivision lots and property units at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Group to defer the commencement of residential and land development projects. This would require the Group to continue to carry the cost of acquired but undeveloped land on its statement of financial position, as well as reduce the amount of property available for sale. Any of the foregoing events could have a material adverse effect on the Group's business, financial condition and results of operations.

Certain construction risks may arise during the building of any new property

The construction of new developments entails significant risks, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interference, floods or unforeseen cost increases, any of which could give rise to delayed completions or cost overruns. Difficulties in obtaining the requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the cost, or delay the construction or opening of, new developments. All of these factors may adversely affect the Group's business, financial condition and results of operations.

The Group may be affected by disruptions and project delays to its property development projects

The time required to complete a property development project depends on various factors, including the size of the project, prevailing market conditions and availability of resources. Delays may arise due to various factors, including adverse weather conditions, unforeseen engineering, environmental or geological problems, natural calamities, power failure, machinery and equipment breakdown, shortage of construction materials, shortage of labour, work stoppages, accidents, litigation, cessation of business of the Group's contractors, disputes with the contractors and unexpected delay in obtaining required approvals, licences, permits, allocations or authorisations. Such delays may result in cost overruns and increased financing costs which may adversely affect the Group's profitability. Furthermore, any delay in project completion may also expose the Group to claims for liquidated damages from the purchasers of the property development projects. Although the Group may be reimbursed by its contractors responsible for the delay or compensated by its insurance policies under certain circumstances, there is no assurance that such reimbursement or compensation will cover the entire losses incurred by the Group and the Group's business, financial condition and results of operations may be adversely affected.

The Group relies on independent contractors to provide property development products and services

The Group engages independent third party contractors to provide significant property development services, including construction, piling and foundation, building and property fitting-out work, interior decoration and installation of air-conditioning units and elevators. There can be no assurance that the services rendered by any such independent contractor or any subcontractor will be completed in a timely manner or be of satisfactory quality. If these services are not timely or of acceptable quality, the Group may incur substantial costs to complete the projects and to remedy any defects and the Group's reputation could be significantly harmed. The Group is also exposed to the risk that a contractor may require additional funds in excess of the fixed cost to which they committed contractually and the Group may have to bear such additional amounts. Furthermore, any contractor that experiences financial or other difficulties, including labour disputes with its employees, may be unable to carry out such construction or related work, resulting in delay in the completion of the Group's development projects or resulting in additional costs. The Group believes that any problems with the Group's contractors, individually or in the aggregate, may materially and adversely affect the Group's financial condition, results of operations or reputation. There is no assurance that such problems with the Group's contractors will not occur in the future.

The Group may be involved in legal and other proceedings arising from its operations from time to time

The Group may from time to time be involved in disputes with various parties involved in the development and sale of the Group's properties such as contractors, sub-contractors, suppliers, construction companies, purchasers, tenants and other partners. As a property developer, the Group may face disputes with, and claims from, purchasers in connection with delays and alleged defective works carried out in its property development projects. It may also have disputes with its contractors or suppliers over issues including, amongst other things, the quality of construction materials, the standard and skilfulness of their labourers and prices of the construction contracts. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject the Group to administrative proceedings and unfavourable decrees that could result in financial losses or delay the construction or completion of the Group's projects. In the event that such disputes are not resolved amicably or claims are successfully made against the Group and the Group is required to compensate the claimants, its business reputation and financial performance may be adversely affected.

The Group's performance may be affected by changes in commodity prices

The Group faces risks in relation to changes in commodity prices due to the consumption of large quantities of building materials, including raw iron, steel, sand, granite and concrete in its property development operations. As a property developer, in general, the Group enters into fixed or guaranteed maximum price construction contracts with independent construction companies, each of which concerns the development of a significant part of its overall development project. These contracts typically cover both the supply of the building materials and the construction of the facility during the construction period. In accordance with industry practice, the Group or its contractors may amend existing construction contracts, including fixed or maximum price terms, to take into account significant price movements of construction materials. Therefore, should the price of building materials increase significantly prior to the Group entering into a fixed or guaranteed maximum price construction contract, or should its existing contractors fail to perform under their contracts, the Group may be required to pay more to existing or prospective contractors, which could materially and adversely affect the Group's results of operations and financial condition.

The Group is subject to risks in relation to pre-sold properties

The Group faces risks relating to the pre-sale of properties. For example, the Group may fail to complete a fully or partially pre-sold property development, in which case, the Group may be liable for potential losses that buyers may suffer as a result. There can be no assurance that these losses would not exceed the purchase price paid in respect of the pre-sold units. In addition, if a pre-sold property development is not completed on time, the buyers of such pre-sold units may be entitled to compensation for late delivery. Failure to complete a property development on time may be attributed to factors such as the time taken and the costs involved in completing construction, which are in turn adversely affected by factors such as delays in obtaining the requisite licences, permits or approval from government agencies or authorities, shortages of labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents and changes in government priorities and policies. If the delay extends beyond the contractually specified period, these buyers may even be entitled to terminate the pre-sale agreements and claim damages. There is no assurance that the Group will not experience any significant delays in completion or delivery or that the Group will not be subject to any liabilities for any such delays. Furthermore, a high default rate of the buyers under their respective sale agreements could have an adverse effect on the Group's property development business, cashflow and financial position.

There is also a risk that due to conditions in the financial markets or difficult economic conditions, purchasers of such pre-sold properties may not be able to obtain credit to finance their purchases and/or might become insolvent. The ability of purchasers to obtain credit to finance their purchases may also be affected by changes in government policies, laws and regulations. This may result in such purchasers delaying or being unable to meet their payment obligations in respect of such pre-sold properties, which may materially and adversely affect the Group's business, financial condition and results of operations.

The Group may not be able to generate adequate returns on its properties held for long-term purposes

Property investment is subject to varying degrees of risks. The investment returns available from investments in real estate depend, to a large extent, on the amount of capital appreciation generated, income earned from the rental of the relevant properties as well as the expenses incurred. Maximising yields from properties held for long-term investment also depends to a large extent on active ongoing management and maintenance of the properties. The ability to eventually dispose of investment properties will also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation in the case of certain types of commercial properties. The revenue derived from and the value of property investment may be adversely affected by a number of factors, including but not limited to changes in market rates for comparable rentals, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs resulting from periodic maintenance, repair and re-letting. If the Group expands the property investment aspect of the Group's business but is unable to generate adequate returns, the Group's financial condition and results of operations may be adversely affected.

The properties held by the Group may be revalued downwards

Property valuations generally include a subjective evaluation of certain factors relating to the relevant properties, such as their relative market positions, their financial and competitive strengths and their physical conditions. General property prices are subject to the volatilities of the property market and there can be no assurance that the Group will not be required to make downward revaluation of the properties owned by it in the future. Any fall in the gross revenue or net property income earned from the Group's properties will result in downward revaluation of such properties. Downward revaluations could negatively impact the Group's gearing, which could in turn trigger a default under certain loan covenants and/or impact the Group's ability to refinance its existing borrowings or secure additional borrowings.

In addition, the Group is required to measure investment properties at fair value at each balance sheet date and any change in the fair value of the investment properties is recognised in the statements of total return. Changes in fair value may have an adverse effect on the Group's financial results for the financial year if there is a significant decrease in the valuation of the Group's properties which results in revaluation losses that are recognised in its statements of total return.

The Group may suffer an uninsured loss

The Group maintains insurance cover appropriate to its risk profile after taking into account the level of retained risk the Group considers to be appropriate, relative to the cost of cover available in the market place. Not all risks are insured, either because the cover is not available in the market or that cover is not available on commercially viable terms. The Group is exposed to the risk of cover not being continually available. Availability may be influenced by factors outside the Group's control, which could reduce the markets' underwriting capacity, breadth of policy coverage or simply make the cost of cover too expensive. The Group could be exposed to uninsured third-party claims, loss of revenue or reduction of fixed asset values which may, in turn, have an adverse effect on Group profitability, cash flows and ability to satisfy banking covenants. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage for the Group will be available in the future on commercially reasonable terms, at commercially reasonable rates or at all.

The outbreak of an infectious disease or any other serious public health concern in Singapore could adversely impact the business, results of operations and financial conditions of the Group

As most of the Group's existing investment properties and development projects are located in Singapore, the outbreak of an infectious disease in Singapore such as the Zika virus, Severe Acute Respiratory Syndrome, Middle East Respiratory Syndrome, H5N1 avian flu or the H1N1 swine flu could have a negative impact on the economy and business activities in Singapore. This may result in an adverse development in the supply of or demand for property or property prices which would in turn have a material and adverse effect on the Group's business, results of operations and financial conditions. There can be no assurance that any precautionary measures taken against such infectious diseases would be effective. A future outbreak of an infectious disease or any other serious public health concern in Singapore could seriously harm the Group's business.

Terrorist attacks, other acts of violence or war and adverse political developments may affect the business and results of operations of the Group

The economies of the countries the Group operates in and the international financial markets could be affected by terrorist activities, acts of violence or war and adverse political developments. This may, in turn, affect the operations, revenues and profitability of the Group. Due to their unpredictable nature, the Group may not be able to foresee the consequences of such developments or put in place adequate measures to mitigate the possible adverse effects of such developments on the Group's businesses and operations.

The Group may be affected by changes in regulatory, political and social conditions

The Group currently operates and has investments in Singapore, China, Malaysia, Hong Kong and Australia and, as part of its future plans, the Group may consider expanding its businesses further overseas. Any unfavourable changes in the political, economic and social conditions or government policies of these countries could materially and adversely affect its business, financial condition, results of operations and future growth. The Group is unable to foresee the nature of governmental laws and regulations applicable to its operations or investments that may be introduced in future. Laws and regulations governing business entities in these countries may change and are often subject to a number of possibly conflicting interpretations, both by business entities and by the courts. At times, the interpretation, application or enforcement of laws and regulations may be unclear and the content of applicable laws and regulations may not be immediately available to the public. Such laws and regulations may become more stringent or onerous in the future and if additional compliance procedures are introduced, the Group's operational costs may increase. If the Group is unable to comply with such laws and regulations, it may not be able to operate or invest in these territories or countries. This increases its exposure to risks in specific territories or countries where it would otherwise have the expertise to compete. These risks may have a material impact on its business, financial condition and results of operations.

In addition, risks of doing business abroad include (a) political upheavals, internal strife, civil commotions, strikes and riots; (b) expropriation or seizure of property; (c) nullification, renegotiation or modification of existing agreements; (d) import/export quotas, trade tariffs, embargoes and other forms of public and governmental regulation; (e) unfavourable taxes, tax increases and retroactive tax claims; (f) currency exchange rate fluctuations, devaluations and restrictions on currency repatriation; and (g) insurrection or war that may disrupt or limit markets. The occurrence of these political, economic and social conditions in countries (i) where the Group currently operates and has investments and (ii) where it may operate or has investments in the future, may affect its ability to operate or invest in those countries.

The Group cannot provide any assurance on the sustainability of its growth

Apart from the Group's development plans and growth strategies, other factors which are beyond its control, such as availability of strategic locations, intense market competition and consumer preferences, may also affect the growth of the Group's retail business. There is no assurance that the Group will continue to be able to achieve or maintain similar levels of growth in revenue and profits in the future. For example, the Group's growth and business volume may be affected if it is unable to procure additional strategic locations for its retail outlets. There is no assurance that the Group will be able to continue to secure ideal locations to expand its businesses. The past results of the Group should not be used as an indicator of its future performance.

The Group depends on certain key personnel and the loss of any key personnel may adversely affect its operations

The Group's success depends, in part, upon the continued service and performance of the key management personnel and their teams. Although the Group has in place succession planning policies and strategies, the loss of any of these key employees could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Future performance of the Group depends largely on its ability to attract, train, retain and motivate high quality personnel. The loss of key employees without suitable replacements may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may encounter problems with its joint ventures that may adversely affect its business

The Group may encounter problems with its joint ventures that may adversely affect its business. The Group has entered into joint venture agreements with business partners (including property developers and retailers), and, as part of its property development and retail businesses, intends to continue to do so. As joint ventures generally enable the pooling of financial resources and management expertise in the development of projects to reduce the risks undertaken by a single party, the Group views joint ventures as an important factor in the success of any property development, investment project and retail businesses. Depending on the nature, the Group's equity interest and the extent of its involvement in such projects, the Group may not be able to control the decision-making process of joint venture projects without reference to its joint venture partners. In addition, there is no assurance that any new joint ventures that the Group enters into will yield its anticipated benefits.

A joint venture partner may have economic or business interests or goals inconsistent with or different from those of the Group, and as such may take actions which may differ from that of the Group, or act in a manner which may not be aligned with the Group's policies or objectives. Any dispute with the Group's joint venture partners which cannot be resolved amicably may escalate and become litigious or result in the early termination of such joint venture which could in turn adversely affect the Group's business, financial condition and results of operations. Political uncertainties or new government regulations such as restrictions on ownership or changes in economic, business and operating conditions may also result in a decline in the Group's investment in these joint venture entities and associated companies or a loss in its ability to influence the management and directors of, and the decisions made by, these joint venture entities and associated companies. Additionally, in light of the current economic climate, the Group's joint venture partners may not be able to fulfil their respective contractual obligations (for example, they may default in making payments during future capital calls or capital raising exercises) or may experience a decline in creditworthiness. Although joint venture agreements generally contain terms that govern the treatment of such events to the detriment of the defaulting party and the Group would generally seek to enforce its rights as enumerated within such agreements, the occurrence of any of these events may materially and adversely affect the performance of the Group's joint ventures. There is no assurance that the Group will not encounter such risks which may have a material adverse effect on its business, financial condition and results of operations in the future.

Political uncertainties or new government regulations (such as restrictions on property ownership) or changes in economic, business and operating conditions may also result in a decline in the Group's investment in these joint ventures or a loss in the Group's ability to influence the management, directors and decisions made under these joint ventures. There is no assurance that the Group will not, in the future, encounter such business risks which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is exposed to foreign exchange risk

The Group has business presence overseas and, as a result, is exposed to movements in foreign exchange rates. The Group holds assets, collects revenue and incurs liabilities and expenses in a number of currencies, while its reporting currency is in Singapore dollars. This being the case, some of the Group's activities and income, costs and operating cash flows are exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the respective local currencies of the countries in which the Group operates or has investments, when the assets and liabilities are translated into Singapore dollars for financial reporting purposes. Consequently, portions of the Group's costs and margins may be affected by fluctuations in the exchange rates between these currencies. As far as possible, the Group adopts a natural hedge by funding its operations and investments in the same local currency to mitigate its exposure to exchange rate fluctuations. To the extent that the Group's revenue and purchases/liabilities are not sufficiently matched in the same currency and to the extent that there are timing differences between collection and payments, the Group may be exposed to adverse foreign exchange fluctuation. Additionally, the Group may be exposed to future exchange rate fluctuations in the relevant countries when capital and profits are repatriated back to Singapore.

The Group operates in highly competitive industries and any failure by the Group to compete could result in the Group losing market share and revenue

The Group operates in the property and retail industries, both of which are highly competitive. Any failure by the Group to compete in these industries could result in it losing market share and revenue.

The property development industry in the jurisdictions in which the Group operates is highly competitive and this could adversely affect the Group's business if it fails to compete successfully in the market. Other property developers, some with greater resources and more lower-cost land banks, compete with the Group in seeking prospective buyers. Competition from such property developers may adversely affect the Group's ability to sell its projects. In the event that the Group is unable to sell a significant proportion of its properties, it may incur holding costs, including interests costs and maintenance costs, which may adversely affect its financial condition and results of operation. The retail market in Singapore is also highly competitive. These competitors include specialty branded retail shops, department stores, major chain stores and international retailers which offer related products. The industry players compete with one another based on, amongst other things, product variety, product design, image of stores, advertising and marketing, product quality and price. There is no assurance that the Group will be able to maintain its competitive edge in the future in light of the changing and competitive market environment. Increasing competition in the industry may affect the pricing and profitability of the Group's products. If the Group does not successfully compete against its competitors, its results of operations may be materially and adversely affected.

The Group's business is subject to discretionary consumer spending

The Group is engaged in the retail of apparel. These are discretionary products which are highly subject to consumer spending. Accordingly, the Group's turnover is particularly sensitive to changes in economic conditions and consumer confidence, all of which can affect discretionary consumer spending. Consumer confidence is affected by, among other factors, general business conditions, stock market and real estate market conditions, as well as by current and expected future global or regional macroeconomic conditions such as employment rates, inflation and interest rates.

Accordingly, any changes in the market and economic conditions of Singapore and the other countries in which the Group operates may affect consumers' disposable income, consumer confidence and hence discretionary consumer spending. In addition, discretionary consumer spending may also be adversely impacted by changes in government policies, regulations or laws; in particular, any upward adjustment to consumer sales tax may lead to decreased consumer spending. Adverse changes in these factors would reduce the volume of sales which will in turn adversely affect the Group's business, prospects, growth strategies, profitability, financial condition and results of operations.

The Group may be affected by rental rates and the terms of its leases

Increase in rental rates may affect the Group's profit margin and hence its earnings. The Group also faces the risk of not being able to renew its existing leases or renewal on terms which are equal or more favourable than the terms of the existing leases, in which event, the Group's operations and profitability may be affected.

The Group may be affected by the conditions surrounding its retail outlets

The human traffic flow to the malls in which the Group's retail outlets are located may be affected by a number of factors, for example, the opening of a new or refurbished mall in the vicinity. Other factors include changes to the malls in which the Group's retail outlets are located, such as change in the anchor tenant or tenant mix in the malls, renovation or construction works affecting accessibility, or any adverse changes in the maintenance and condition of the mall. A decrease in human traffic flow to the Group's retail outlets may result in less sales thereby affecting the Group's revenue.

The accessibility of the Group's retail stores may be affected by regulatory changes

The Group recognises that its retail business is largely dependent upon the accessibility of its retail stores (for example, locations with a high volume of human traffic). Therefore, the Group endeavours to establish retail stores in prime locations which are easily accessible to the public. However, in the event of changes to rules and regulations, such as public health and safety rules, access routes to the retail stores may be affected. This may result in a decrease in revenue for such stores (which may have high operating costs, such as high rental rates) and in turn result in losses to or a decline in profits for the Group.

The Group's business may be affected by non-renewal of leases, increase in rental of its retail outlets, failure to secure new leases at strategic locations or termination of leases prior to expiry

Some of the Group's retail outlets are located at strategic locations which are accessible to customers. A majority of these shops are leased from independent third parties. There is no assurance that each of these leases will be renewed upon expiry or on favourable terms and conditions. Failure to renew the existing leases upon expiry or on favourable terms and conditions may adversely affect the Group's performance and future development.

Should the Group fail to renew any of its leases upon expiry, the affected shops may need to be relocated. If the shops are relocated to less favourable areas, the Group's revenue may be adversely affected and the Group may have to incur costs for renovation and removal. Shops may face closure if the increase in rental is excessive or if the Group is unable to find alternative locations. In such cases, the Group may have to incur additional costs for closure and may face a decline in revenue.

The Group may be affected by the emergence of online retailing

With the advent of e-commerce and mobile technology, online retailing has emerged as the main challenge to conventional "brick and mortar" retailing in recent years. With consumers increasingly preferring to shop online, retailers are developing their own online shopping platforms to decrease their dependence on traditional retail channels. Many retailers are as advanced as the consumers in adopting digital and mobile technology. The malls in which the Group's retail outlets are located may gradually lose their appeal and relevance for new age consumers and retailers, which may result in less sales thereby affecting the Group's revenue.

The Group may be affected by changing consumer tastes

The Group operates in a retail market that is subject to rapid changes in consumer tastes and preferences and fashion trends that are difficult to predict. The Group's sales depend on the popularity of its brands and the market perception and consumer acceptance of its products, which are, in large part, dependent on its ability to cater to different consumer tastes. The success and popularity of the

Group's products depends on its ability to anticipate, identify and respond to such changes in a timely manner and to design marketable and appealing products accordingly. If the Group misjudges fashion trends and consumer preferences, or fails to anticipate or respond to higher consumer demand for design and quality, its revenue and operating profits may be adversely affected. Similarly, if the Group fails to appreciate the extent of any anticipated increase of consumer demand for the Group's products, it may experience a loss of sales opportunities, or if the Group underestimates any anticipated decrease in consumer demand, it may suffer losses; both scenarios may negatively impact the Group's profitability.

The Group may be adversely affected by a compulsory acquisition of property by the Singapore Government

The Land Acquisition Act, Chapter 152 of Singapore, *inter alia*, gives the Singapore Government the power to acquire any land in Singapore:

- for any public purpose;
- where the acquisition is required by any person, corporation or statutory board, for any work or undertaking which is of public benefit or of public utility or in the public interest; or
- for any residential, commercial or industrial purpose.

In determining the amount of the compensation to be awarded pursuant to any such compulsory acquisition, the following matters, *inter alia*, would be considered: (i) the market value of the property as at the date of the publication in the Government Gazette of the notification of the intended acquisition of the land (provided that within six months from the date of publication of such notification, a declaration of acquisition is made by publication in the Government Gazette) or (ii) the market value of the property as at the date of publication in the Government Gazette of the declaration of intention to acquire in any other case.

Accordingly, if the market price of the property or part thereof which is acquired is greater than the lowest of the market values referred to above, the value of the properties will be reduced to below market level.

If any property development project of the Group is compulsorily acquired by the Singapore Government before the temporary occupation permit is attained, it is not established under existing Singapore laws that the risk of compulsory acquisition lies with the respective buyers. Even if the risk resides with the respective buyers, an event of compulsory acquisition would conceivably lead to a high default rate of the buyers under their respective sale agreements and could in turn have an adverse effect on the Group's cashflow, business and financial position.

Risks Associated with the Securities

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities;
- understand thoroughly the terms of the Securities; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

The Securities are perpetual securities and investors have no right to require redemption

The Securities are perpetual and have no maturity date. The Issuer is under no obligation to redeem the Securities at any time and the Securities can only be disposed of by sale. Securityholders who wish to sell their Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Securities.

Securityholders may not receive Distribution payments if the Issuer elects to defer Distribution payments under the Conditions

The Issuer may, at its sole discretion and subject to certain conditions, elect to defer any scheduled Distribution on the Securities for any period of time. The Issuer is subject to certain restrictions in relation to the payment of dividends on its Junior Obligations and the redemption and repurchase of its Junior Obligations until all outstanding Arrears of Distribution and any Additional Distribution Amount are satisfied. The Issuer is not subject to any limits as to the number of times Distributions can be deferred pursuant to the Conditions, subject to compliance with certain restrictions. Although, following a deferral, Arrears of Distributions are cumulative, subject to the Conditions, the Issuer may defer their payment for an indefinite period of time by delivering the relevant deferral notices to the Securityholders.

Any deferral of Distribution will likely have an adverse effect on the market price of the Securities. In addition, as a result of the Distribution deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the financial condition of the Issuer.

The Securities may be redeemed at the Issuer's option on certain dates on or after five years after the Issue Date or the occurrence of certain other events

The Conditions provide that the Securities are redeemable at the Issuer's option, in whole but not in part, on the First Reset Date or on any Distribution Payment Date falling after the First Reset Date at their principal amount together with any Arrears of Distributions, Additional Distribution Amounts and Distribution accrued to (but excluding) the date fixed for redemption.

In addition, the Issuer also has the right to redeem the Securities, in whole but not in part, at their principal amount together with any Arrears of Distributions, Additional Distribution Amounts and Distribution accrued to (but excluding) the date fixed for redemption upon the occurrence of, *inter alia*: (i) a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms, *inter alia*, that the Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations, (ii) any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date such that the Issuer has or will become obliged to pay additional amounts in respect of the Securities and such obligations cannot be avoided by the Issuer taking reasonable measures available to it; (iii) any change in, or amendment to, the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") or any other accounting standards that may replace SFRS(I) for the purposes of the consolidated financial statements of the Issuer resulting in the Securities not being recorded as "equity" of the Issuer; (iv) a Tax Deductibility Event; (v) a Change of Control Event or (vi) the aggregate principal amount of the Securities outstanding being less than 10 per cent. of the aggregate principal amount originally issued.

The date on which the Issuer elects to redeem the Securities may not accord with the preference of individual Securityholders. This may be disadvantageous to Securityholders in light of market conditions or the individual circumstances of the Securityholders. In addition, a Securityholder may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Securities.

There are limited remedies for non-payment under the Securities

Any scheduled Distribution will not be due if the Issuer elects to defer that Distribution pursuant to the Conditions. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer is limited to circumstances where payment has become due and the Issuer fails to make the payment when due and such failure continues for a period of 10 business days in the case of Distributions (including any Arrears of Distribution and any Additional Distribution Amount) or two business days in the case of principal. The only remedy against the Issuer available to the Trustee or, where the Trustee has failed to proceed against the Issuer as provided in the Conditions, any Securityholder for recovery of amounts in respect of the Securities following the occurrence of a payment default after any sum becomes due in respect of the Securities will be instituting proceedings for the winding-up of the Issuer and/or proving in the winding-up of the Issuer and/or claiming in the liquidation of the Issuer in respect of any of the Issuer's payment obligations arising from the Securities.

An active trading market for the Securities may not develop

The Securities are a new issue of securities for which there is currently no trading market. Although an application will be made to the SGX-ST for the listing and quotation of the Securities on the SGX-ST, there is no guarantee that an active trading market for the Securities will develop or as to the liquidity or sustainability of any such market, the ability of Securityholders to sell their Securities or the price at which Securityholders will be able to sell their Securities. Neither Joint Lead Manager is obliged to make a market in the Securities and any such market making, if commenced, may be discontinued at any time at the sole discretion of such Joint Lead Manager. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Securities. Even if an active trading market were to develop, the Securities could trade at prices that may be lower than the initial offering price. Future trading prices of the Securities will depend on many factors, including, but not limited to:

- prevailing interest rates and interest rate volatility;
- the market for similar securities;
- the Issuer's operating and financial results;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community;
- changes in the Issuer's industry and competition; and
- general market, financial and economic conditions.

The Issuer may raise other capital which affects the price of the Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Securityholders if an order is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or may increase the likelihood of a deferral of Distributions under the Securities. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Securities and/or the ability of Securityholders to sell their Securities.

The market value of the Securities may be subject to fluctuation

Trading prices of the Securities may be influenced by numerous factors, including (i) the market for similar securities, (ii) the respective operating results and/or financial condition of the Issuer, its subsidiaries (if any), associated companies (if any) and joint venture companies (if any), and (iii) political, economic, financial and any other factors that can affect the capital markets, the industry and the Issuer, its subsidiaries (if any), associated companies (if any) and joint venture companies (if any) generally. Adverse economic developments in Singapore as well as countries in which the Issuer, its subsidiaries (if any), associated companies (if any) and joint venture companies (if any) operate or have business dealings could have a material adverse effect on the business, financial performance and financial condition of the Issuer, its subsidiaries (if any), associated companies (if any) and joint venture companies (if any) and the market value of the Securities. As a result, the market price of the Securities may be above or below the Issue Price.

An investment in the Securities is subject to interest rate risk

Securityholders may suffer unforeseen losses (both realised and unrealised) due to fluctuations in interest rates. The Securities are securities which, subject to the Terms and Conditions, pay a fixed distribution amount and upon redemption of the Securities, pay a fixed redemption amount. Such securities may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Securities. The market value of the Securities may be similarly affected which may result in a capital loss for Securityholders. Conversely, when interest rates fall, the prices of the Securities and the prices at which the Securities trade may rise. Securityholders may enjoy a capital gain but distributions received may be reinvested at lower prevailing interest rates.

An investment in the Securities is subject to inflation risk

Securityholders may suffer erosion on the return of their investments due to inflation. Securityholders may have an anticipated real rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce the actual real returns.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Securities are legal investments for it, (ii) the Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

Securityholders are bound by decisions of defined majorities in respect of any modification and waivers

The terms and conditions of the Securities contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders, including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The terms and conditions of the Securities also provide that the Trustee may agree without the consent of the Securityholders to (i) any modification of any of the provisions of the Trust Deed or any of the Issue Documents (as defined in the Trust Deed) or the Securities which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by the Depository and (ii) any other modification (except as mentioned in the Trust Deed or any of the Issue Documents or the Securities), and any waiver or authorisation of any breach or proposed breach, of any of the terms and conditions of the Securities or any of the provisions of the Trust Deed or any of the Issue Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders.

The Trustee may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction

In certain circumstances (pursuant to Condition 9), the Trustee may, at its discretion, request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Securityholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may have an impact on when such actions can be taken, or at all. The Trustee may not be able to take action, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such action directly.

The Securities will be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the Depository

The Securities will be represented by a Global Certificate. Such Global Certificate will be deposited with or registered in the name of the Depository. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates.

The Depository will maintain records of their accountholders in relation to the Global Certificate. While the Securities are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the Depository.

While the Securities are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Securities by making payments to the Depository, for distribution to their accountholders or, as the case may be, to the Principal Paying Agent for distribution to the holders as appearing in the records of the Depository. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the Depository to receive payments under the Securities. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the Depository to appoint appropriate proxies.

The performance of contractual obligations by the Issuer is dependent on other parties

The ability of the Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee and/or any of the Agents of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Securities, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Securityholders.

Securityholders are exposed to financial risks

Distribution payment, where applicable, and principal repayment for debts occur at specified periods (so long as not deferred) regardless of the performance of the Group. In the event that the Group suffers a deterioration in its financial condition (such as a serious decline in net operating cash flows), there is no assurance that the Issuer will have sufficient cash flow to meet payments under the Securities. Under such circumstances, the ability of the Issuer to meet payment expectations under the Trust Deed and the Securities may be adversely affected. The Issuer may be unable to make distribution payments, where applicable, or principal repayments under the Securities should the Group suffer serious decline in net operating cash flows.

Exchange rate risks and exchange controls may result in Securityholders receiving less distributions or principal than expected

The Issuer will pay distributions on the Securities in Singapore dollars. This presents certain risks relating to currency conversions if a Securityholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Singapore dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of Singapore dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Singapore dollars would decrease (i) the Investor's Currency equivalent yield on the Securities, (ii) the Investor's Currency equivalent value of the principal payable on the Securities and (iii) the Investor's Currency equivalent market value of the Securities.

Securityholders may be subject to Singapore taxation

The Securities are intended to be "qualifying debt securities" defined under the Income Tax Act, Chapter 134 of Singapore ("**ITA**"), subject to the fulfilment of certain conditions described in the section entitled "*Singapore Taxation*". However, there is no assurance that such Securities will enjoy the tax concessions should the relevant tax laws be amended or revoked at any time or in the event that the IRAS takes the view that the Securities are an equity instrument for Singapore tax purposes.

IRAS may disallow tax deduction on Distributions made by the Issuer in respect of the Securities

The Singapore income tax treatment of the Securities as described in the section "*Singapore Taxation*" is subject to the agreement of the IRAS. The IRAS may regard the Securities as an equity instrument for Singapore income tax purposes. In that case, Distributions (including Arrears of Distribution) from the Securities should be regarded as dividends for Singapore income tax purposes. Under such circumstances, no tax deduction shall be allowed to the Issuer on the Distributions arising from the issue of the Securities.

From a Securityholder's perspective, where the Securities are regarded as an equity instrument for Singapore income tax purposes, the Distributions and Arrears of Distribution declared by the Issuer (a tax resident company in Singapore) should be treated by the IRAS as one-tier tax exempt dividends and be exempted from Singapore income tax. Notwithstanding the foregoing, the Additional Distribution Amounts may be regarded as interest for Singapore income tax purposes and taxable at the applicable tax rates in the hands of the Securityholders (unless otherwise exempt from tax).

In addition, the tax concession/exemption for qualifying debt securities may not be available if the IRAS regards the Securities as an equity instrument for Singapore income tax purposes.

For further details on the tax treatment of the Securities, see "*Singapore Taxation*".

The Securities are not secured

The Securities constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves, and at least *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer. Accordingly, on a winding-up or insolvency of the Issuer, the Securityholders will not have recourse to any specific assets of the Issuer or its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Securities owed to the Securityholders. There can be no assurance that there would be sufficient value in the assets of the Issuer, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities owed to the Securityholders.

Application of Singapore insolvency and related laws to the Issuer may result in a material adverse effect on the Securityholders

There can be no assurance that the Issuer will not become bankrupt or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on the Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Securityholders.

Where the Issuer is insolvent or close to insolvent and the Issuer undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer. It may also be possible that if a company related to the Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer may also seek a moratorium even if the Issuer is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer, the need to obtain court permission may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, recent amendments to the Companies Act, Chapter 50 of Singapore in 2017 have introduced cram-down provisions for where there is a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Securityholders may be bound by a scheme of arrangement to which they may have dissented.

Further to the amendments that took effect on 23 May 2017 (some of which have been highlighted above), the Insolvency, Restructuring and Dissolution Bill (the "**IRD Bill**" or as passed, the "**IRD Act**") was passed in Parliament on 1 October 2018, but is not yet in force. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings, by reason only that the proceedings are commenced or that the company is insolvent. The extent to which the provisions in the IRD Act will impact this transaction (if at all) will depend on the extent to which such transactions will be exempted from the application of such provisions. There is no certainty as to whether the transaction contemplated under the issuance of the Securities will fall within such exemptions.

TERMS AND CONDITIONS OF THE SECURITIES

The following, subject to amendment, are the Terms and Conditions of the Securities, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Securities:

The issue of the S$150,000,000 4.48 per cent. senior perpetual capital securities (the "**Securities**", which expression includes any further securities issued pursuant to Condition 15 and forming a single series therewith) was authorised by a resolution of the Board of Directors of Wing Tai Holdings Limited (the "**Issuer**") passed on 9 May 2019. The Securities are constituted by a Trust Deed (the "**Trust Deed**") dated 24 May 2019 (the "**Issue Date**") between (1) the Issuer and (2) DBS Trustee Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons which are for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Securities.

Certain provisions of these terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Securities in definitive form and which also includes provisions which are not summarised herein. The Securities are issued with the benefit of a Deed of Covenant (the "**Deed of Covenant**") dated 24 May 2019 executed by the Issuer relating thereto. Payments in respect of the Securities will be made pursuant to an Agency Agreement (the "**Agency Agreement**") dated 24 May 2019 made between (1) the Issuer, (2) the Trustee, and (3) DBS Bank Ltd. as principal paying agent (in such capacity, the "**Principal Paying Agent**", which expression shall include such other principal paying agent as may be appointed by the Issuer from time to time under the Agency Agreement), registrar (in such capacity, the "**Registrar**", which expression shall include such other registrar as may be appointed by the Issuer from time to time under the Agency Agreement), calculation agent (in such capacity, the "**Calculation Agent**", which expression shall include such other calculation agent as may be appointed by the Issuer from time to time under the Agency Agreement) and transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include such other transfer agent as may be appointed by the Issuer from time to time under the Agency Agreement).

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection during usual business hours at the principal office of the Trustee (presently at 12 Marina Boulevard, Level 44 Marina Bay Financial Centre Tower 3, Singapore 018982) and at the specified offices of the Principal Paying Agent for the time being and the other paying agents for the time being (the "**Paying Agents**", which expression shall include the Principal Paying Agent), the Registrar and any Transfer Agents. "**Agents**" means the Principal Paying Agent, the Calculation Agent, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Securities. The Securityholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Covenant and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in the Conditions will have the meanings given to them in the Trust Deed.

1 Form, Specified Denomination and Title

(a) Form and Denomination

The Securities are issued in the specified denomination of S$250,000.

The Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(a), each Certificate shall be numbered serially and represent the entire holding of Securities by the same holder.

(b) Title

(i) Title to the Securities shall pass by transfer and registration in the register that is to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Security shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

(iii) *For so long as any of the Securities is represented by the Global Certificate (as defined in the Trust Deed) and the Global Certificate is registered in the name of the Depository (as defined in the Trust Deed), each person who is for the time being shown in the records of the Depository as the holder of a particular principal amount of such Securities (in which regard any certificate or other document issued by the Depository as to the principal amount of such Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, the Paying Agents, the Calculation Agent, the Transfer Agent and the Registrar as the holder of such principal amount of such Securities standing to the credit of its securities account for all purposes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts which accrue or are otherwise payable by the Issuer through the Depository in respect of such Securities, for which purpose the person whose name is shown on the Register shall be treated by the Issuer, the Trustee, the Paying Agents, the Calculation Agent, the Transfer Agent and the Registrar as the holder of such principal amount of such Securities in accordance with and subject to the terms of the Global Certificate (and the expressions "**Securityholder**", "**holder of Securities**" and "**holder**" and related expressions shall be construed accordingly). Securities which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the Depository.*

(iv) In these Conditions, "**Securityholder**" or "**holder of any Security**" or "**holder**" means the person in whose name a Security is registered (or, in the case of joint holders, the first named thereof).

2 Transfers of Securities

(a) Transfer

Subject to Conditions 2(c) and 2(d) below, one or more Securities may be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Securities to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. No transfer of title to any Security will be valid or effective unless and until entered on the Register. In the case of a transfer of part only of a holding of Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Securities to a person who is already a holder of Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Securities and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar, each Transfer Agent and the Trustee. A copy of the current regulations will be made available by the Registrar to any Securityholder upon request.

(b) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within five business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s) for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) Transfer or Exercise Free of Charge

Transfers of Securities and Certificates on registration, transfer or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(d) Closed Periods

No Securityholder may require the transfer of a Security to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal or Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, (ii) during the period of 15 days prior to (and including) any date on which Securities may be called for redemption by the Issuer at its option pursuant to Condition 6(c), (iii) after any such Security has been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date (as defined below).

(e) Regulations concerning transfers and registration

All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Securities scheduled to the Agency Agreement. The Issuer, with the prior written approval of the Registrar, each Transfer Agent and the Trustee, may, without the consent of the Securityholders, modify the regulations concerning the transfer of Securities. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Securityholder who requests in writing a copy of such regulations.

3 Status

The Securities constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves, and at least *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

4 Distribution

(a) Accrual of Distribution

Subject to Conditions 5(a) and 5(d), the Securities confer a right to receive distribution (each a "**Distribution**") from and including the Issue Date at the applicable Distribution Rate (as defined in Condition 4(b)) in accordance with this Condition 4, payable semi-annually in arrear on 24 May and 24 November in each year (each a "**Distribution Payment Date**"), with the first payment of distribution being made on 24 November 2019 (the "**First Distribution Payment Date**") in respect of the period from (and including) the Issue Date to (but excluding) the First Distribution Payment Date.

Unless otherwise provided in these Conditions, each Security will cease to confer the right to receive any Distribution from the due date for redemption unless, upon surrender of the Certificate representing such Security, payment of principal is improperly withheld or refused. In such event Distribution shall continue to accrue at such rate (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Security up to that day are received by or on behalf of the relevant holder, and (ii) the day seven days after the Trustee or the Principal Paying Agent has notified Securityholders of receipt of all sums due in respect of all the Securities up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If a Distribution is required to be calculated for a period of less than one year, the relevant day–count fraction used will be the number of days in the relevant period, from (and including) the date from which Distributions begin to accrue to (but excluding) the date on which it falls due, divided by 365.

For so long as any of the Securities is represented by the Global Certificate and the Global Certificate is held by CDP, the Distributions (including Arrears of Distribution and Additional Distribution Amounts) payable on such Securities will be determined based on the aggregate holdings of Securities of each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Securities.

(b) Rate of Distribution

The rate of distribution (the "**Distribution Rate**") applicable to the Securities shall be:

(i) in respect of the period from (and including) the Issue Date to (but excluding) the First Reset Date, 4.48 per cent. per annum;

(ii) in respect of the period from (and including) the First Reset Date to (but excluding) the Step-Up Date, the applicable Reset Distribution Rate; and

(iii) in respect of the period from (and including) the Step-Up Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date, the applicable Reset Distribution Rate,

Provided always that in the event that a Change of Control Event (as defined below) has occurred, if the Issuer has not redeemed the Securities within 60 days of the occurrence of a Change of Control Event in accordance with Condition 6(f), the then prevailing Distribution Rate shall be increased by the Change of Control Margin (as defined below) with effect from (and including) the Distribution Payment Date immediately following the date on which the Change of Control Event occurred (or, if the Change of Control Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

(c) Calculation of Reset Distribution Rate

The Calculation Agent will, on the second business day prior to each Reset Date, calculate the applicable Reset Distribution Rate or (if a Change of Control Event has occurred) the applicable Distribution Rate payable in respect of each Security. The Calculation Agent will cause the applicable Reset Distribution Rate determined by it to be notified to the Paying Agents, the Trustee, the Registrar, the Transfer Agents and the Issuer no later than the fourth business day thereafter. Notice thereof shall also be given by the Calculation Agent to the Securityholders as soon as possible in accordance with Condition 16. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents and the Securityholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

For the purposes of these Conditions:

"**Change of Control Margin**" means 1.00 per cent. per annum;

"**First Reset Date**" means 24 May 2024;

"**Initial Spread**" means 2.562 per cent.;

"**Reset Date**" means the First Reset Date and each date falling every five years after the First Reset Date;

"**Reset Distribution Rate**" means:

(i) (in respect of the period from (and including) the First Reset Date to (but excluding) the Step-Up Date) the Swap Offer Rate with respect to the relevant Reset Date plus the Initial Spread;

(ii) (in respect of the period from (and including) the Step-Up Date and each Reset Date falling thereafter to (but excluding) the immediately following Reset Date) the Swap Offer Rate with respect to the relevant Reset Date plus the Initial Spread plus the Step-Up Margin;

"**Reset Period**" means a period of five years;

"**Step-Up Date**" means 24 May 2029;

"**Step-Up Margin**" means 1.00 per cent.; and

"**Swap Offer Rate**" means:

(i) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period on the second business day prior to the relevant Reset Date (the "**Reset Determination Date**");

(ii) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Calculation Agent will determine the swap offer rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates (excluding the highest and the lowest rates) which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);

(iii) if on the Reset Determination Date, rates are not available on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate per annum notified by the Calculation Agent to the Issuer equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and

(iv) if on the Reset Determination Date, no rate is available on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in

Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations, as determined by the Calculation Agent or, if only one of the Reference Banks provides the Calculation Agent with such quotation, such rate quoted by that Reference Bank,

provided that, in each case, in the event the Swap Offer Rate is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum;

(d) Publication of Reset Distribution Rate

The Calculation Agent shall cause notice of the then applicable Reset Distribution Rate in respect of the Step-Up Date and each Reset Date to be notified to the Paying Agents, the Trustee, the Registrar, the Transfer Agents and the Issuer no later than the fourth business day after determination thereof and (in accordance with Condition 16) to the Securityholders as soon as possible after determination thereof.

(e) Determination or Calculation by Trustee

If the Calculation Agent does not at any material time determine or calculate the applicable Distribution Rate or the applicable Reset Distribution Rate and no other bank is appointed pursuant to the provisions of the Agency Agreement to make such determination or calculation, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(f) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Security remains outstanding, there shall at all times be three Reference Banks and there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to calculate the applicable Distribution Rate or the applicable Reset Distribution Rate, the Issuer shall notify the Trustee and (if different from the Calculation Agent) the Principal Paying Agent of this failure and promptly appoint another bank with an office in Singapore to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

For the purposes of this Condition 4, "**Reference Banks**" means three major banks selected by the Calculation Agent in the interbank market that is most closely connected with the Swap Offer Rate and "**Reference Bank**" means any of them.

5 Distribution Discretion

(a) Optional Deferral

The Issuer may, at its sole discretion, elect to defer any Distribution which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice (an "**Optional Deferral Notice**") of such election to the Securityholders in accordance with Condition 16, the Trustee and the Agents not less than 10 nor more than 20 business days prior to the relevant Distribution Payment Date unless, during the 12 months ending on the day before such Distribution Payment Date, either or both of the following (each such event, a "**Compulsory Distribution Payment Event**") have occurred:

(i) a dividend, distribution or other payment has been paid or declared by the Issuer or any of its subsidiaries on or in respect of any of the Junior Obligations or (except on a *pro rata* basis with the Securities) any of its Specified Parity Obligations; or

(ii) any of the Junior Obligations has been redeemed, reduced, cancelled, bought-back or acquired for any consideration by the Issuer or any of its subsidiaries or (except on a *pro rata* basis with the Securities) any of its Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration.

For the purposes of these Conditions:

(1) "**Junior Obligation**" means (A) any ordinary shares of the Issuer and (B) any class of the Issuer's share capital and any other instruments or securities (including without limitation any preference shares, preferred units or subordinated perpetual securities) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Securities; and

(2) "**Specified Parity Obligations**" means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (A) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Securities and (B) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

(b) No Obligation to Pay

The Issuer shall have no obligation to pay any Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on any Distribution Payment Date if it validly elects not to do so in accordance with Condition 5(a) and any failure to pay such Distribution shall not constitute an Enforcement Event.

(c) Requirements as to Notice

Each Optional Deferral Notice shall be accompanied, in the case of the notice to the Trustee, by a certificate signed by two directors of the Issuer confirming that no Compulsory Distribution Payment Event has occurred and is continuing and the Trustee shall be entitled to accept such certificate as sufficient evidence of the same, in which event it shall be conclusive and binding on the Securityholders.

(d) Cumulative Deferral

Any Distribution deferred pursuant to Condition 5(a) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect (in the circumstances set out in Condition 5(a)) to further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued Distribution. The Issuer is not subject to any limit as to the number of times Distributions and Arrears of Distributions can or shall be deferred pursuant to this Condition 5 except that this Condition 5(d) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

Each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Securities at the Distribution Rate and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 5 and shall be calculated by applying the applicable Distribution Rate to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(e) Distribution and Capital Stopper

If, on any Distribution Payment Date, payment of Distributions (including Arrears of Distribution and Additional Distribution Amount) scheduled to be made on such date is not made in full by reason of this Condition 5, the Issuer shall not and shall procure that none of its subsidiaries shall:

(i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on any of the Junior Obligations or (except on a *pro rata* basis with the Securities) any of its Specified Parity Obligations; or

(ii) redeem, reduce, cancel, buy back or acquire for any consideration and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of its Junior Obligations or (except on a *pro rata* basis with the Securities) any of its Specified Parity Obligations,

unless and until the Issuer (1) has satisfied in full all outstanding Arrears of Distribution and any Additional Distribution Amount; or (2) is permitted to do so by an Extraordinary Resolution.

(f) Satisfaction of Arrears of Distribution by payment

The Issuer:

(i) may satisfy any Arrears of Distribution (in whole or in part) at any time together with any Additional Distribution Amount by giving notice of such election to the Securityholders (in accordance with Condition 16), the Trustee and the Agents not less than 10 nor more than 20 business days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Distribution on the payment date specified in such notice); and

(ii) in any event shall satisfy all Arrears of Distribution (in whole but not in part) on the earliest of:

(1) the date of redemption of the Securities in accordance with Conditions 6(b), 6(c), 6(d), 6(e), 6(f) or 6(g);

(2) the next Distribution Payment Date on the occurrence of a breach of Condition 5(e); and

(3) the date such amount becomes due under Condition 9 or on a winding-up of the Issuer.

Any partial payment of outstanding Arrears of Distribution or any Additional Distribution Amount by the Issuer shall be shared by the Securityholders on a *pro rata* basis.

(g) No default

Notwithstanding any other provision in these Conditions or the Trust Deed, the deferral of any Distribution in accordance with this Condition 5 shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer.

6 Redemption and Purchase

(a) No Fixed Redemption Date

The Securities are perpetual securities in respect of which there is no fixed redemption date. The Securities may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) Redemption for Taxation Reasons

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Agents and the Trustee (which notice shall be irrevocable), at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(i) the Issuer receives a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

(1) the Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

(2) the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or

(ii) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date, and such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee:

(A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment to the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax,

and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

(c) Redemption at the Option of the Issuer

The Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the Securityholders, the Agents and the Trustee, redeem all (and not some only) of the Securities on 24 May 2024 or any Distribution Payment Date thereafter. Any such redemption of Securities shall be at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption).

All Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(c).

(d) Redemption for Accounting Reasons

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Agents and the Trustee (which notice shall be irrevocable), at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if the Securities must not or must no longer be recorded as "equity" of the Issuer as a result of any change in, or amendment to, Singapore Financial Reporting Standards (International) ("**SFRS(I)**") or any other accounting standards that may replace SFRS(I) for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), which change or amendment becomes effective on or after the Issue Date.

Prior to the publication of any notice of redemption pursuant to this Condition 6(d), the Issuer shall deliver to the Trustee:

(A) a certificate signed by two directors of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(B) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect,

and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 6(d), the Issuer shall be bound to redeem the Securities in accordance with this Condition 6(d).

(e) Redemption for Tax Deductibility Reasons

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Agents and the Trustee (which notice shall be irrevocable), at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(i) the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;

(2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or

(3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is issued or announced before the Issue Date,

the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer would no longer, or within 90 days of the date of the opinion referred to in paragraph (B) below would not, be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA (the "**Tax Deductibility Event**"); or

(ii) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the Distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA.

Prior to the publication of any notice of redemption pursuant to this Condition 6(e), the Issuer shall deliver or procure that there is delivered to the Trustee:

(A) a certificate signed by two directors of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(B) an opinion of the Issuer's independent tax or legal advisers of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change, amendment, interpretation or pronouncement has taken place or is due to take effect,

and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 6(e), the Issuer shall be bound to redeem all the Securities in accordance with this Condition 6(e).

(f) Redemption upon a Change of Control

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Agents and the Trustee (which notice shall be irrevocable), at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Control Event.

For the purposes of these Conditions:

"**Change of Control Event**" means:

(i) any Person or Persons (acting together with its related corporations) (other than Permitted Holders) acquires or acquire Control of the Issuer, if such Person or Persons does not or do not have, and would not be deemed to have, Control over the Issuer on the Issue Date; or

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other Person or Persons (acting together with its related corporations) (other than Permitted Holders), unless the consolidation, merger, sale or transfer will not result in such other Person or Persons acquiring Control over the Issuer or the successor entity;

"**Control**" means:

(i) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Issuer; or

(ii) the right to appoint and/or remove all or the majority of the members of the Issuer's board of directors, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

"**Immediate Family**" has the meaning ascribed to it under the section entitled "*Definitions and Interpretation*" of the Listing Manual of the Singapore Exchange Securities Trading Limited;

"**Permitted Holder**" means any Person or group of Persons who is or are the Immediate Family of any Person or group of Persons who has Control of the Issuer on the Issue Date;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and

"**related corporation**" has the meaning ascribed to it in the Companies Act, Chapter 50 of Singapore.

Prior to the publication of any notice of redemption pursuant to this Condition 6(f), the Issuer shall deliver or procure that there is delivered to the Trustee a certificate signed by two directors of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 6(f), the Issuer shall be bound to redeem the Securities in accordance with this Condition 6(f).

(g) Redemption in the case of Minimal Outstanding Amount

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Agents and the Trustee (which notice shall be irrevocable), at their principal amount (together with Distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon expiry of any such notice as is referred to in this Condition 6(g), the Issuer shall be bound to redeem all the Securities in accordance with this Condition 6(g).

(h) Purchase

The Issuer and/or any of its subsidiaries may at any time purchase Securities in the open market or otherwise at any price. The Securities so purchased, while held by or on behalf of the Issuer or any such subsidiary, shall not entitle the holder to vote at any meetings of the Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Securityholders or for the purposes of Condition 12(a).

(i) Cancellation

All Certificates representing Securities so redeemed or purchased by or on behalf of the Issuer shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Securities shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Securities shall be discharged.

7 Payments

(a) Method of Payment:

(i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Securities represented by such Certificates) in the manner provided in paragraph (ii) below.

(ii) Distributions (including any Arrears of Distribution and any Additional Distribution Amount) on each Security shall be paid to the person shown on the Register at the close of business on the fifth business day before the due date for payment thereof (the "**Record Date**"). Payments of Distributions (including any Arrears of Distribution and any Additional Distribution Amount) on each Security shall be made in the relevant currency by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of Distributions (including any Arrears of Distribution and any Additional Distribution Amount) may be made by transfer to an account in the relevant currency maintained by the payee with a bank.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Securityholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of Distributions (including any Arrears of Distribution and any Additional Distribution Amount) being paid is less than the amount then due, the Registrar will annotate the Register with the amount of Distributions (including any Arrears of Distribution and any Additional Distribution Amount) so paid.

(b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Securityholders in respect of such payments.

(c) **Payment Initiation:** Where payment is to be made by transfer to an account in the relevant currency, payment instructions (for value the due date, or if that is not a business day, for value the first following day which is a business day) will be initiated, and, where payment is to be made by cheque, the cheque will be mailed on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Appointment of Agents:** The Paying Agents, the Registrar and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Paying Agents, the Calculation Agent, the Registrar and the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Securityholder. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, the Calculation Agent, the Registrar or any Transfer Agent and (with the approval of the Trustee or the Securityholders by way of Extraordinary Resolution) to appoint additional or other Paying Agents, Calculation Agents, Registrars or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Calculation Agent, (iii) a Registrar, (iv) a Transfer Agent and (v) such other agents as may be required by any other stock exchange on which the Securities may be listed, in each case, as approved by the Trustee or the Securityholders by way of Extraordinary Resolution.

Notice of any such change or any change of any specified office shall promptly be given to the Securityholders.

(e) **Delay in Payment:** Securityholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Security if the due date is not a business day, if the Securityholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date for payment.

(f) **Non-Business Days:** If any date for payment in respect of any Security is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**business day**" means a day (other than a Saturday, or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified offices of the Principal Paying Agent and the Registrar are located and where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency.

8 Taxation

All payments in respect of the Securities by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Securityholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Certificate presented for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Security or the receipt of any sums due in respect of such Security (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

(c) by or on behalf of a Securityholder who would be able to lawfully avoid such withholding or deduction by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so.

"**Relevant Date**" in respect of any Security means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Securityholders that, upon further surrender of the Certificate representing such Security being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender. Any reference in these Conditions to principal, Distributions, Arrears of Distributions and/or Additional Distribution Amounts shall be deemed to include any premium payable in respect of the Securities, all amounts in the nature of principal payable pursuant to Condition 6, all amounts payable pursuant to Condition 4 and any additional amounts which may be payable under these Conditions or any undertaking given in addition to or substitution for it under the Trust Deed.

9 Enforcement Events

(a) Non-payment when due

Notwithstanding any of the provisions below in this Condition 9, the right to institute winding-up proceedings is limited to circumstances where payment under the Securities has become due. In the case of any Distribution (including any Arrears of Distribution or any Additional Distribution Amount), such Distribution will not be due if the Issuer has elected to defer such Distribution pursuant to Condition 5, provided that nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit any rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Trust Deed or the Securities.

(b) Enforcement Events

If any of the following events ("**Enforcement Events**") occurs, the Trustee at its discretion may (but is not obliged to), and if so requested by holders of at least 25 per cent. in principal amount of the Securities then outstanding or if so directed by an Extraordinary Resolution shall (provided that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for payment of the Securities at their principal amount together with any Distributions (including any outstanding Arrears of Distribution and any Additional Distribution Amount) accrued to such date:

(i) **Non-Payment:** the Issuer fails to pay the principal of or any Distributions (including any Arrears of Distribution and any Additional Distribution Amount) on any of the Securities when due and such failure continues for a period of 10 business days in the case of Distributions (including any Arrears of Distribution and any Additional Distribution Amount) or two business days in the case of principal; or

(ii) **Winding-Up:** an order is made or an effective resolution passed for the Winding-Up or dissolution of the Issuer.

"**Winding-Up**" means, with respect to the Issuer, a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership or similar proceedings in respect of the Issuer.

10 Prescription

Claims against the Issuer for payment in respect of the Securities shall be prescribed and become void unless made within three years from the appropriate Relevant Date in respect of them.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar, the Principal Paying Agent or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Securityholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Meetings of Securityholders, Modification, Waiver and Substitution

(a) Meetings of Securityholders

The Trust Deed contains provisions for convening meetings of Securityholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Securityholders holding not less than ten per cent. in principal amount of the Securities for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Securityholders. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Securities for the time being outstanding, or at any adjourned meeting two or more persons holding or representing Securities whatever the principal amount of the Securities so held or represented, except that, at any meeting, the business of which includes consideration of proposals, *inter alia*, (i) to amend the dates of redemption of the Securities or any date for payment of Distribution (including any Arrears of Distribution and any Additional Distribution Amount) on the Securities, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Securities, (iii) to reduce the rate or rates or amount of Distribution (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities or to vary the method or basis of calculating the rate or rates or amount of Distribution in respect of the Securities, (iv) to vary any method of, or basis for, calculating the principal amount of the Securities, (v) to vary the currency or currencies of payment or denomination of the Securities, (vi) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or

(vii) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting two or more persons holding or representing not less than 25 per cent., in principal amount of the Securities for the time being outstanding. Any resolution passed at any meeting of Securityholders will be binding on all Securityholders, whether or not they are present at the meeting.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

(b) Modification of the Trust Deed

The Trustee may agree, without the consent of the Securityholders, to (i) any modification of any of the provisions of the Trust Deed or any of the Issue Documents (as defined in the Trust Deed) or the Securities which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by the Depository and (ii) any other modification (except as mentioned in the Trust Deed or any of the Issue Documents or the Securities), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed or any of the Issue Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders. Any such modification, authorisation or waiver shall be binding on the Securityholders and, unless the Trustee otherwise agrees in writing, such modification, authorisation or waiver shall be notified to the Securityholders as soon as practicable in accordance with Condition 16.

(c) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Securityholders as a class and shall not have regard to the consequences of such exercise for individual Securityholders and the Trustee shall not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders.

13 Enforcement

Without prejudice to Condition 9(b), the Trustee may (but is not obliged to), at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Securities (other than any payment obligations of the Issuer under or arising from the Securities including, without limitation, payment of any principal or satisfaction of any Distributions (including any Arrears of Distribution and any Additional Distribution Amount) in respect of the Securities, including any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums in cash or otherwise, sooner than the same would otherwise have been payable by it. The Trustee will not be bound to take any such proceedings or any action in relation to the Trust Deed or the Securities unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Securityholders holding at least 25 per cent. in principal amount of the Securities outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Securityholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Securityholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Securityholders.

15 Further Issues

The Issuer may from time to time without the consent of the Securityholders create and issue further securities either having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of Distributions on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Securities. Any further securities forming a single series with the outstanding securities of any series (including the Securities) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee or the Securityholders by way of Extraordinary Resolution), be constituted by a deed supplemental to the Trust Deed.

16 Notices

Notices to the Securityholders shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to Securityholders will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in *The Business Times*. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Until such time as any Certificates are issued, there may, so long as the Global Certificate representing the Securities is held in its entirety on behalf of the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to (subject to the agreement of the Depository) the Depository for communication by it to the Securityholders, except that if the Securities are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Securityholders on the fourth day after the day on which the said notice was given to the Depository.

Notices to be given by any Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Security or Securities, with the Registrar. Whilst the Securities are represented by a Global Certificate, such notice may be given by any Securityholder to the Registrar through the Depository in such manner as the Registrar and the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Securityholders are known to the Issuer, notices to such Securityholders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two days from the date of despatch to the Securityholders.

17 Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

18 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed and the Securities are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Securities and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Securities may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

Principal Paying Agent, Registrar, Calculation Agent and Transfer Agent
DBS Bank Ltd.
10 Toh Guan Road
#04-11 (Level 4B)
DBS Asia Gateway
Singapore 608838

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Securities while they are in global form, some of which modify the effect of the terms and conditions of the Securities set out in this Information Memorandum. The following is a summary of some of those provisions:

Exchange

Subject to the provisions of the Global Certificate, owners of interests in the Securities in respect of which the Global Certificate is issued will be entitled to have title to the Securities registered in their names and to receive individual definitive Certificates if: (i) an Enforcement Event (as defined in the Trust Deed) has occurred and is continuing, (ii) the Depository is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (iii) the Depository has announced an intention to permanently cease business and no alternative clearing system is available or (iv) the Depository has notified the Issuer that it is unable or unwilling to act as depository for the Securities and to continue performing its duties set out in its terms and conditions for the provision of depository services, and no alternative clearing system is available.

In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Securities. A person with an interest in the Securities in respect of which the Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

Meetings

The holder of the Global Certificate shall be treated as two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Securityholders and, at any such meeting, as having one vote in respect of each S$250,000 in principal amount of Securities in respect of which the Global Certificate is issued. The Trustee may allow to attend and speak (but not to vote), at any meeting of Securityholders, any accountholder (or the representative of any such person) of a clearing system entitled to Securities in respect of which this Global Certificate is issued on confirmation of entitlement and proof of his identity.

Cancellation

Cancellation of any Security by the Issuer following its redemption or purchase will be effected by a reduction in the principal amount of the Securities in the register of Securityholders and on the Global Certificate.

Trustee's Powers

In considering the interests of Securityholders, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of Securities and (b) consider such interests on the basis that such accountholders were the holders of the Securities in respect of which the Global Certificate is issued.

Payment

Payments in respect of Securities represented by the Global Certificate will be made to the registered holder of the Global Certificate without presentation for endorsement or, if no further payment of principal or distribution falls to be made in respect of the Securities, against surrender of the Global Certificate to or to the order of the Registrar.

For so long as any Securities are represented by the Global Certificate held by the Depository, distribution payable on such Securities will be determined based on the aggregate holdings of Securities of each accountholder for the time being shown in the records of the Depository.

Notices

Notices required to be given in respect of the Securities represented by the Global Certificate may be given by their being delivered (so long as the Global Certificate is held on behalf of the Depository) to (subject to the agreement of the Depository) the Depository, or otherwise to the holder of the Global Certificate rather than by publication as required by the Conditions, except that so long as the Securities are listed on the SGX-ST and the rules of that exchange so require, notice will in any event be published in a daily newspaper of general circulation in Singapore.

Transfers

So long as the Global Certificate representing the Securities is held on behalf of one or more clearing systems, transfers of book-entry interests in the Securities between accountholders of such clearing systems may be made in accordance with the rules of the relevant clearing system.

USE OF PROCEEDS

The net proceeds from the issue of the Securities will be used by the Group for the furtherance of its business activities, including the financing of the Group's business expansion and general working capital.

CAPITALISATION

The table below sets forth the Group's capitalisation as at 31 March 2019 and as adjusted to account for the issue of the Securities. This table should be read in conjunction with the Issuer's unaudited interim financial statements and related notes appearing elsewhere in this Information Memorandum.

	As at 31 March 2019	
	Actual (S$ '000)	As Adjusted (S$ '000)
Short-term Borrowings (repayable within one year) Short-term bank borrowings		
- Secured	-	-
- Unsecured	3,486	3,486
Total short-term borrowings	3,486	3,486
Long-term Borrowings (repayable after one year)		
Bank borrowings		
- Secured	83,267	83,267
- Unsecured	175,372	175,372
Medium-term Notes	368,064	368,064
Total long-term borrowings	626,703	626,703
Total Borrowings	630,189	630,189
Equity		
Share Capital	838,250	838,250
Other reserves	(24,370)	(24,370)
Retained earnings	2,423,367	2,423,367
Securities offered hereby(1)	-	150,000
Perpetual securities	149,303	149,303
Non-controlling interest	72,129	72,129
Total Equity	3,458,679	3,608,679
Total Capitalisation	4,088,868	4,238,868

Note:

(1) This reflects the application of the gross proceeds from the offering of the Securities not reduced by commissions, fees and expenses in connection with this offering.

Save as indicated above, there has been no material change in the capitalisation of the Group since 31 March 2019.

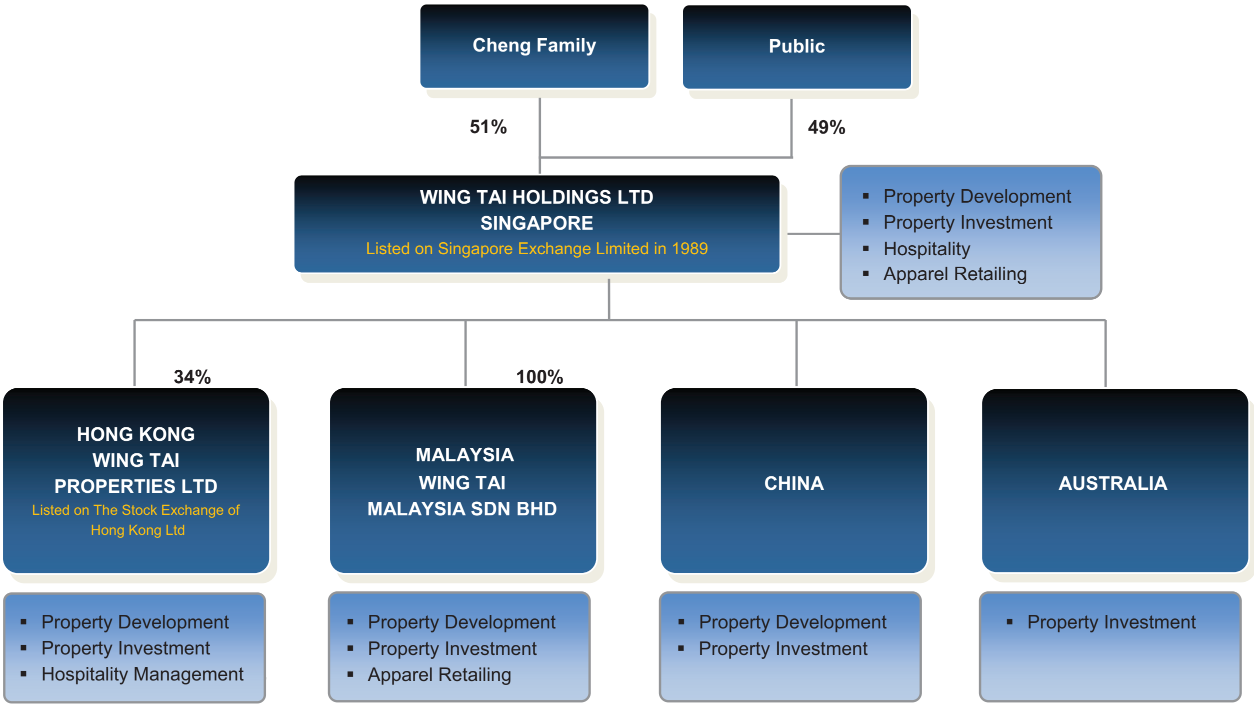
DESCRIPTION OF THE GROUP

OVERVIEW

The Issuer was incorporated in Singapore as a private limited company on 9 August 1963. Formerly known as Wing Tai Garment Manufactory (Singapore) Pte Ltd, the Issuer was converted into a public company and assumed its present name on 17 January 1989.

The Issuer was admitted to the Official List of the then Stock Exchange of Singapore Limited (now known as the SGX-ST) on 21 February 1989.

At present, there are two public companies, namely the Issuer and Wing Tai Properties Ltd ("**WTP**") listed in Singapore and Hong Kong respectively that operate under the "Wing Tai" name. As at 13 May 2019, the Issuer has a market capitalisation of S$1,542 million and Wing Tai Properties Ltd has a market capitalisation of S$1,405 million based on a currency exchange rate of HKD5.73: S$1.00. The businesses in which these public companies, their subsidiaries and affiliates (collectively, "**Wing Tai**") are involved include property development, property investment, hospitality management and apparel retailing.



The Group is one of the major property groups in Singapore with total assets of approximately S$4.2 billion as at 31 March 2019. The principal activities of the Group consist of property development, investment and management. The Group's other businesses in Singapore include hospitality and apparel retailing.

MILESTONES

1963 Incorporated in Singapore

On 9 August 1963, the Issuer was established to meet growing industry demand. It quickly gained a reputation for excellence, and was awarded fiscal incentives through the Pioneer Status Scheme from 1963 to 1968 by the Singapore Government. It was the first factory to produce jeans in Singapore. The opening of the factory at Little Road was officiated on 18 September 1963 by the late Dr Goh Keng Swee, Singapore's Finance Minister. About 200 workers were employed then.

1978 Wing Tai entered Singapore property market

Tapping into the potential of the Singapore property market, Wing Tai moved strategically into the real estate business by developing its first residential development, which catered to a growing middle-income population seeking high-quality accommodation.

1979 DNP listed on Kuala Lumpur Stock Exchange, Bursa Malaysia Securities

Dragon & Phoenix Manufactory Sendirian Berhad was converted to a public company and renamed Dragon & Phoenix Berhad in 1979. It offered 5,394,000 new shares for subscription at an issue price of RM1.00 per share. Dragon & Phoenix Berhad was subsequently renamed DNP Holdings Berhad in 1990 and Wing Tai Malaysia Berhad in 2010.

1984 Wing Tai Apparel incorporated for retail

Wing Tai initiated operations to retail ready-made garments in Singapore, including Stock Mart (a budget apparel chain) and Domani (upper medium-priced men's fashion wear). In 1989, Wing Tai began garment retail operations in Malaysia with Stock Mart and G2000 stores.

1987 Wing Tai stepped up property activities in Singapore and Malaysia

Having weathered the 1985 global recession, Wing Tai began to build up its second core business by expanding its activities in the property sector more aggressively and increasing its land bank in Singapore and Malaysia for investment and development, poised to ride the upswing in the market which began in 1988. Investment properties were added to its portfolio. Its first commercial project, Winsland House I, a 10-storey Grade A office block in Orchard Road, was completed in 1991.

1989 Wing Tai Holdings Limited listed on Singapore Stock Exchange

The Issuer became the first local garment company to be listed on the Stock Exchange of Singapore on 21 February 1989 as Wing Tai Holdings Limited. 40,000,000 new shares of $0.25 each were offered for subscription, at an issue price of S$1.25 per share.

1991 United Success International Limited ("USI Holdings") listed on Hong Kong Stock Exchange

USI Holdings was listed on the Hong Kong Stock Exchange on November 1991. It offered 455,500,123 shares for subscription at an issue price of HKD0.50 per share.

1993 Property activities expanded to Ningbo and Suzhou, China

With business opportunities arising from the opening up of China, Wing Tai entered into two government-backed consortia with major investment plans for the China market. China-Singapore International was formed with three partners (Straits Steamship Land Ltd, Temasek Holdings (Pte) Ltd and World-Wide Investment (Bermuda) Company Limited) for the development of an 18-storey office and retail complex in Ningbo in March 1993. In May 1993, Wing Tai entered into an agreement with 18 other shareholders of a joint venture company, Singapore-Suzhou Township Development (Pte) Ltd to develop Suzhou Industrial Township in China (8.02 hectares).

1995 Foray into hospitality and lifestyle business

Cheng Wai Keung took over the chairmanship of the company to make its foray into the hospitality and lifestyle businesses.

1996 Wing Tai entered Hong Kong property market

Wing Tai, together with USI Holdings, led a consortium of Singapore and Hong Kong partners to secure a bid for The Waterfront as a development of the Airport Railway Kowloon Station Development. The group acquired a 27.65 per cent stake in Hong Kong-listed Winsor Properties Holdings Limited to expand its role as a new, and competent, property player in Hong Kong.

1998 Hospitality business launched

Wing Tai launched its hospitality business with Lanson Place Winsland House in Singapore and Ambassador Row, Kondominium No.8 in Kuala Lumpur, Malaysia, where it added Bukit Ceylon Serviced Residences in 2013. It further expanded to Hong Kong with boutique Lanson Place Hotel (2006) and to China with Lanson Place Jinlin Tiandi in Shanghai (2005) and Lanson Place Central Park in Beijing (2008).

2000 Strategic investment partnerships

Wing Tai established a S$300 million real estate fund with AIG in March 2000, to develop two prime properties for sale in Singapore.

2007 Strategic investment partnerships

In 2007, Wing Tai led a real estate consortium comprising SEB Immobilien-Investment, Forum Partners and Eilam Group to identify business opportunities for investments worth US$1 billion in China.

2008 Expanded relationship

With a joint venture with Fast Retailing Co. Ltd in April 2008, Wing Tai was able to translate its relationship from manufacturing to retail to form a new business initiative to facilitate the entry of leading casual wear brand Uniqlo into the Singapore market.

2010 Rebranding of associated and subsidiary companies

USI Holdings in Hong Kong was renamed Wing Tai Properties Limited (25 June) while DNP Holdings Berhad in Malaysia was renamed Wing Tai Malaysia Berhad (12 November).

2013 50th anniversary of founding in Singapore

Wing Tai's total assets exceeded S$4.5 billion. For the financial years ended 30 June 2008 to 2012, revenue averaged S$605 million, with profit attributable to shareholders at S$193 million and shareholders' equity as of 30 June 2012 exceeding S$2.1 billion. Wing Tai developed over 113 properties in Asia and managed 18 international fashion brands in Singapore and 12 such brands in Malaysia. With over 240 retail stores in Singapore and Malaysia, its retail presence exceeded 670,000 square feet. On 9 August, Wing Tai celebrated its 50th anniversary in Singapore.

2016 Wing Tai entered Australia property market

Wing Tai acquired a freehold commercial building on Flinders Street in Melbourne's central business district, Australia, marking its first foray into Australia.

2017 Privatisation of Wing Tai Malaysia Berhad

Wing Tai Malaysia Berhad was delisted from the Main Board of the Bursa Malaysia Securities Berhad on 30 August. It was privatised and renamed Wing Tai Malaysia Sdn. Bhd. ("**WTM**") on 19 October.

RECENT DEVELOPMENTS

Award of tender

On 27 July 2017, Wing Tai acquired a 99-year-leasehold site along Serangoon North Avenue 1 through a joint venture with Keppel Land Limited's subsidiary. The total consideration for the 1.7 hectare site which is situated within a mature residential estate was around S$446 million. The Garden Residences, comprising 613 units across five tower blocks which is being developed on the site was launched in June 2018.

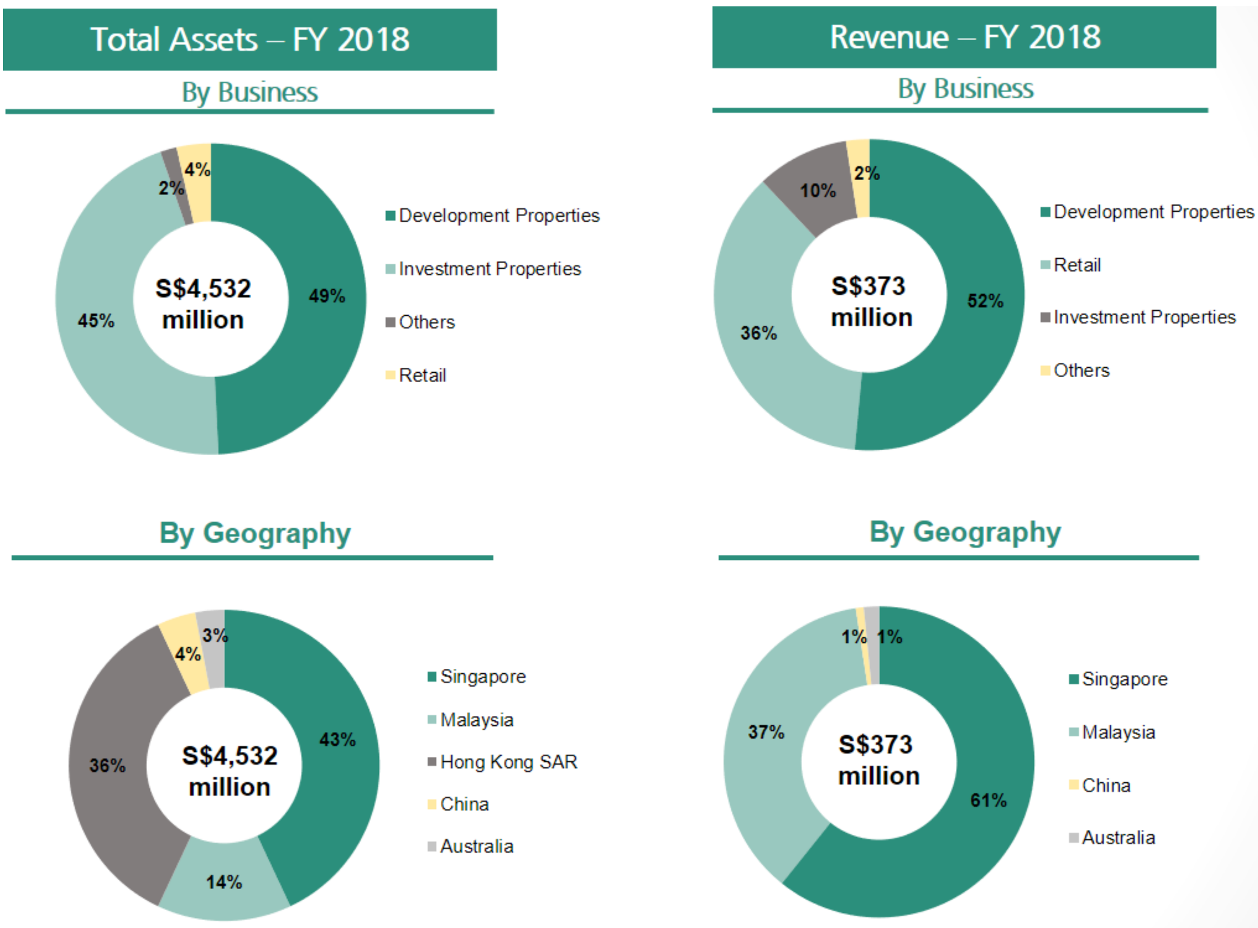
On 5 April 2019, Wingcharm Investment Pte. Ltd., a wholly-owned subsidiary of the Issuer, was awarded a 99-year-leasehold land parcel at Middle Road by the Urban Redevelopment Authority. The total consideration for the prime area of over 80,000 sq ft which is located in the heart of Bugis district with proximity to the Central Business District and minutes from Orchard Road was around S$492 million. The new development site is intended to comprise two 20-storey residential towers and one block of low rise residences atop a row of commercial units.

Establishment of Wingspring Trust

Wingspring Trust, an Australian trust in which the Issuer's subsidiary, Wingspring Investment Pte. Ltd., holds 100% of the units was established in 17 April 2018. Wingspring Trust together with Abacus 464 St Kilda Road Trust, a subsidiary of Abacus Property Group, acquired a freehold office building at 464 St Kilda Road, Melbourne, Australia in May 2018.

ASSET ALLOCATION BY BUSINESS SEGMENTS & GEOGRAPHICAL LOCATIONS

The Group is organised into three main business segments (namely, development properties, investment properties and retail) and operates in five main geographical areas (namely, Singapore, Malaysia, Hong Kong, China and Australia) with total assets of approximately S$4.5 billion as at 30 June 2018.



As illustrated above, development properties constitutes about 50% of the Group's assets. In terms of geographical allocation, 43% of the assets are in Singapore.

COMPETITIVE STRENGTHS OF THE GROUP

Established track record and strong branding

The Group has an established track record with more than 40 years of experience in property development, having established itself in Singapore, Malaysia and Hong Kong as a reputable developer in luxury and high-end residential developments. Over the years, the Group and its associated and joint venture companies have built up a significant number of quality residential developments in Singapore, including The Garden Residences, The Crest, The Tembusu, Le Nouvel Ardmore, Belle Vue Residences, Helios Residences and Draycott 8. Please refer to the section, "Principal Business Activities - Property Division" for more information on the developments.

The Group has more than 30 years of experience in apparel retailing, having launched in Singapore and Malaysia successful and well-known brands such as G2000, Topman, Topshop and Uniqlo. Please refer to the section "Principal Business Activities - Retail Division" for further information on the brands.

With its long operating history and established track record, the Group has created a strong brand identity that strengthens its ability to market its property, products and services to existing and new customers.

Quality projects

The Group has won numerous awards in recognition of its innovative design, architectural conservation and environmentally-sustainable practices.

With its concepts of conservation, sustainability and cultural identity, the Group's restoration of the historical House of Tan Yeok Nee won Special Mention at the FIABCI Prix d'Excellence Awards. Luxury development Draycott 8 at Draycott Park won the Urban Redevelopment Authority's Architectural Heritage Award for its transformation of a colonial bungalow into an exclusive clubhouse within a high-end residential complex. The Tomlinson at Cuscaden Road received an Honourable Mention at the Singapore Institute of Architects Facade Design Excellence Awards. The Tembusu at Tampines Road won various awards, including but not limited to the President's Design Award for Design of the Year and the Building and Construction Authority Construction Excellence Award.

The Group also has its share of accolades for its commitment to quality and environmental sustainability, garnering, among others, awards by the Building and Construction Authority. The awards are affirmations of the Group's vision and commitment to deliver landmark projects that marry inventive design with environmental consciousness. Details of these awards are set out on pages 74 to 76 of this Information Memorandum.

Qualified and experienced management team

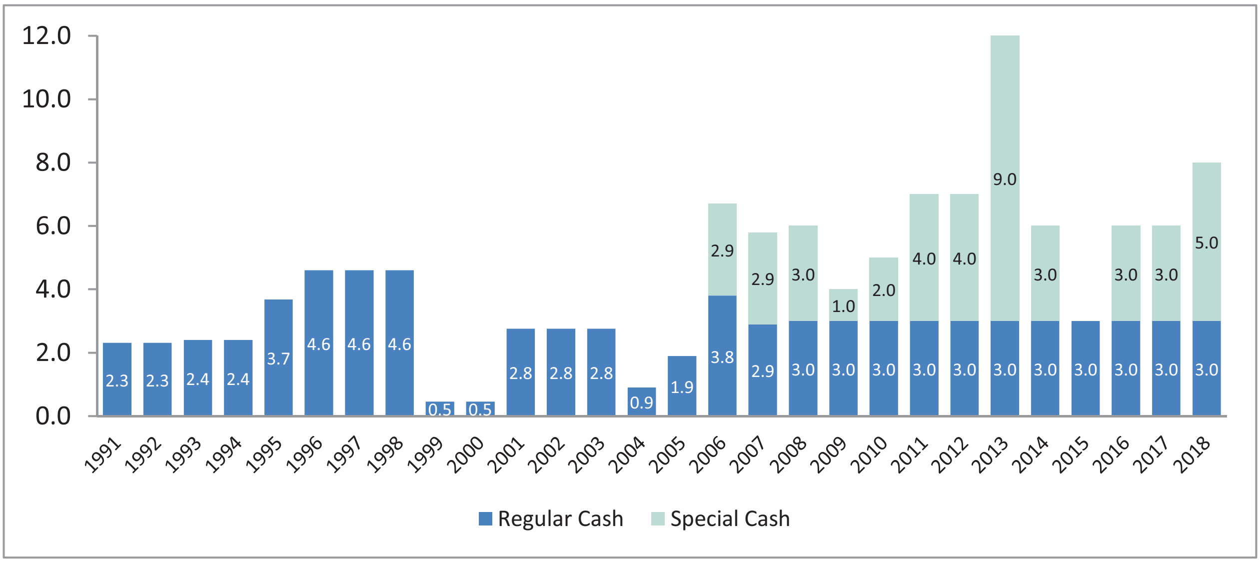
The Group has a strong management team which is well-supported by a group of experienced executives who are actively involved in the daily operations of the Group. Mr Cheng Wai Keung has been the Issuer's Chairman since 1994 and has significant experience in the retail, hospitality and property development industries. Mr Edmund Cheng is the Deputy Chairman and Deputy Managing Director of the Issuer and has more than 30 years of experience in the industry. They are well-supported by a team of senior executives with extensive functional experience.

Strong balance sheet and prudent financial management

The Group is able to sustain a strong balance sheet and favourable cash flow position through its prudent financial management policy. The Group's healthy financial position will enable it to maintain a competitive advantage for future expansion and increase its potential for growth when opportunities for strategic investments arise.

As indicated in the table below, the Group has also consistently paid dividends since its listing on the SGX-ST on 21 February 1989.

(Dividends per share | SGD Cents)



STRATEGIES

Stay vigilant in Singapore

In Singapore, the Group intends to focus on marketing existing residential projects and selective land acquisition either through government land sales or collective sales. The Group will also selectively look for opportunities to introduce new fashion brands and open new outlets for existing brands in Singapore.

Develop and expand the Group's core business outside Singapore

Depending on market opportunities, the Group intends to expand its property development business in other countries in which the Group has a presence, namely Malaysia, Hong Kong, China and Australia.

The Group intends to continue sourcing for suitable development sites regionally to add to its land bank, so that it will be positioned to capitalise on suitable development opportunities during favourable market conditions. The Group will monitor the property market closely, and adjust its land acquisition strategy accordingly.

The Group acquired a freehold commercial building in central Melbourne in 2016, which marks its first foray into Australia. The Group also acquired two data centres in Norwest Business Park, Sydney, and Mitcham, Melbourne, Australia in 2017. By 2018, the Group had completed its fourth acquisition in Australia with a freehold office building in Melbourne, details of which are set out on page 73 of this Information Memorandum.

The Group intends to grow and increase its presence in overseas markets, and for the business in such overseas markets to constitute an increasing proportion of the Group's business.

The Group also intends to grow its retail business and will continue to introduce new fashion brands to Malaysia and set up new outlets for existing brands to optimise its distribution network.

Continue to create innovative concepts to differentiate the Group's projects and to stay competitive

To distinguish itself from its competitors, the Group will continue to create and develop landmark projects with innovative designs and environmentally sustainable practices.

Some of the Group's projects incorporating such innovative concepts include The Garden Residences, The Tembusu, The Crest at Prince Charles Crescent, Belle Vue Residences at Oxley Road and Le Nouvel Ardmore at Ardmore Park.

Designed by Pritzker Prize Laureate Toyo Ito, The Crest has been created to provide a bright and airy living environment with magnificent views. Sky planters that are part of the architecture promote passive cooling and complement the lush landscaping and water features.

Belle Vue Residences' nature-inspired design, also by Toyo Ito, resembles a branching pattern which may allow the orientation of different units in the development to vary by differing angles, whereas Jean Nouvel, the architect for the Le Nouvel Ardmore, has challenged the convention of a residential apartment building by introducing the concept of an elevated bungalow, with each having its own orientation and affording the same sense of privacy up in the air as a bungalow on the ground.

Maintain a balanced approach of maximising profit and managing cashflow and gearing

The Group will actively review its portfolio and sales schedule from time to time so as to strike a balance between profit maximisation and maintaining a healthy cashflow and gearing. In managing its capital, the Group may employ an appropriate mix of debt and equity in the financing of acquisitions and property enhancements, secure diversified funding sources from financial institutions and capital markets, minimise the cost of debt funding and manage the exposure to fluctuations in interest rates and foreign exchange through appropriate hedging strategies.

Further integrating the Group's financial and operational resources

WTM was delisted from the Main Board of the Bursa Malaysia Securities Berhad on 30 August 2017 and became a wholly-owned subsidiary of the Group on 19 October 2017. This has allowed the Group to integrate its financial and operational resources, achieving better operational efficiencies and cost savings for WTM and its subsidiaries.

PRINCIPAL BUSINESS ACTIVITIES

A description of the activities undertaken by each of the main business areas is set out below:

Property Division

Having successfully established its garment operations in Singapore and Malaysia, the Group diversified into property development in 1978 and became more active in the property market in 1987. Wing Tai Land Pte Ltd, together with its subsidiaries, associated companies and joint venture companies, is engaged in the business of property management, development and investment, as well as project management. As at 30 June 2018, the total valuation of the investment properties for the Group (excluding the investments held by the Issuer) amounts to S$733 million. A description of the property activities by geographical location is set out in the following pages.

(A) SINGAPORE

(i) Property Development

Since its foray into property development in 1978, the Group and its associated and joint venture companies have completed and sold many residential / commercial projects, including the following developments:

Project	Tenure	Type	Land Area (sq m)	Estimated Gross Floor Area (sq m)	Equity Held by the Group (%)
Cherryhill Lorong Lew Lian	Freehold	163-unit condominium	24,899	23,872	85
Central Green Tiong Bahru Road	99-year lease from 1992	412-unit condominium		56,418	25
Maplewoods Bukit Timah Road	Freehold	697-unit condominium	55,662	113,298	85
Palm Spring Ewe Boon Road	Freehold	167-unit condominium	16,729	32,042	60
Blossomvale Dunearn Road	999-year lease from 1884	220-unit condominium	16,267	31,881	49
Oleander Towers Lorong 1 Toa Payoh	99-year lease from 1992	318-unit condominium	13,030	36,485	90
Duchess Crest Duchess Avenue	99-year lease from 1995	251-unit condominium	29,196	40,874	100
Sunrise Gardens Sunrise Avenue	99-year lease from 1995	252-unit condominium	24,227	33,941	100
Sunrise Houses Sunrise Avenue	99-year lease from 1995	10 units of terrace houses and 6 units of semi-detached houses	5,631	4,140	100
Eastwood Park Jalan Greja	99-year lease from 1995	33 units of terrace houses and 30 units of semi-detached houses	7,015	8,288	100
Tanah Merah Green Tanah Merah Kechil Road	99-year lease from 1997	70 units of terrace houses, 8 units of semi-detached houses and 1 unit of bungalow	24,923	23,882	100
Burlington Square Bencoolen Street	99-year lease from 1996	179 units of residential apartments, 55 units of retail shops and 90 units of offices	6,596	27,702	100
Newton 18 Newton Road	Freehold	81-unit condominium	2,758	7,722	100
The Tomlinson Cuscaden Road	Freehold	29-unit condominium	3,104	8,692	50
Hougang P2 Hougang Avenue 10	99-year lease from 1994	5-storey shopping cum 2 basement carpark complex	6,300	20,000	100

Project	**Tenure**	**Type**	**Land Area (sq m)**	**Estimated Gross Floor Area (sq m)**	**Equity Held by the Group (%)**
The Tessarina Wilby Road	Freehold	443-unit condominium	28,549	59,097	90
The Serenade @ Holland Holland Road	99-year lease from 2001	89-unit condominium	6,433	13,509	100
The Light @ Cairnhill Cairnhill Circle / Cairnhill Road	Freehold	118-unit condominium and 3 conservation houses	5,927	20,424	67
Draycott 8 Draycott Park	99-year lease from 1997	136-unit condominium	14,207	31,418	85
Kovan Melody Kovan Road / Flower Road	99-year lease from 2004	778-unit condominium	24,272	88,454	60
VisionCrest Residences Oxley Rise / Penang Road	Freehold	265 -unit condominium, 11 units of retail shops and 70 units of offices	14,005	42,801	45
The Nexus Bukit Timah Road	Freehold	242-unit condominium	13,245	27,446	40
The Grange Grange Road	Freehold	95-unit condominium	9,090	19,088	23
Casa Merah Tanah Merah Kechil Avenue		556-unit condominium			
The Riverine by the Park Kallang Road	Freehold	96-unit condominium	3,282	11,486	100
Belle Vue Residences Oxley Walk	Freehold	176-unit condominium	23,004	32,205	60
Helios Residences Cairnhill Circle	Freehold	140-unit condominium	7,399	20,717	100
Ascentia Sky by Tanglin Alexandra View	99-year lease from 2008	373-unit condominium	8,559	41,939	40
Floridian Bukit Timah Road	Freehold	336-unit condominium	21,442	45,440	40
L'VIV Newton Road	Freehold	147-unit condominium	3,984	11,156	100
Le Nouvel Ardmore Ardmore Park	Freehold	43-unit condominium	5,624	15,747	100
Foresque Residences Petir Road	Leasehold	496-unit condominium	22,744	47,763	100
Nouvel 18 Anderson Road	Freehold	156-unit condominium	10,414	29,160	50
The Tembusu Tampines Road	Freehold	337-unit condominium	13,149	27,614	100
The Crest Prince Charles Crescent	99-year lease from 2012	469-unit condominium	23,786	49,949	40

The Group intends to continue to market the following residential projects in Singapore:

Project	Tenure	Percentage Completed (%)	Type	Land Area (sq m)	Estimated Gross Floor Area (sq m)	Equity Held by the Group (%)
Le Nouvel Ardmore Ardmore Road	Freehold	100	43-unit condominium	5,624	15,747	100
The Crest Prince Charles Crescent	Leasehold	100	469-unit condominium	23,786	49,949	40
The Garden Residences Serangoon North Ave 1	Leasehold	18	613-unit condominium	17,189	42,973	40

(ii) Property Investment

The Group currently owns three properties for investment purposes as well as the Group's operations. They are as follows:

Investment Property

Property	Tenure	Lettable area (sq m)	Equity Held by the Group (%)
Winsland House I at 3 Killiney Road 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

The occupancy rate achieved for the above investment properties collectively as at 30 June 2018 is approximately 95%. The tenants in the investment properties include Gessi, The Body Shop, Idemitsu International (Asia) and Miele.

(iii) Hospitality

The Group's hospitality division in Singapore is operated as part of an international chain of serviced apartments under the brand name "Lanson Place". The Group continues to expand its Lanson Place chain of branded hospitality services in strategic locations in Asia.

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.

(B) MALAYSIA

(i) Property Development and Investment

The Group has expanded its property operations into Malaysia through WTM. Formerly known as "DNP Holdings Berhad", WTM's name was changed to "Wing Tai Malaysia Berhad" with effect from 12 November 2010 as part of the company's corporate rebranding and a major step towards elevating the company's focus and commitment as an integrated property developer. It was privatised and renamed Wing Tai Malaysia Sdn. Bhd. from 19 October 2017.

WTM is currently developing various residential projects strategically located in Kuala Lumpur and Penang, and plans to continue its focus on these cities. The high-end 195-unit freehold development in Kuala Lumpur, Le Nouvel KLCC has a launch strategy similar to that of Le Nouvel Ardmore in Singapore.

(ii) Hospitality

The hospitality division in Malaysia owns a total of 503 units in Lanson Place Kondominium 8, Lanson Place Bukit Ceylon Serviced Residences and Ambassador Row Hotel Suites in Kuala Lumpur and they are operated as part of an international chain of serviced apartments under the brand name "Lanson Place".

(C) HONG KONG

(i) Property Development and Investment

The Group's property interests in Hong Kong are represented by investments in its associated company, WTP. WTP develops, invests in and manages a balanced and diversified portfolio of residential and commercial properties, serviced apartments and boutique hotels under the premier brand names of WingTai Asia and Lanson Place.

(ii) Hospitality

A subsidiary of WTP currently operates a chain of serviced apartments in Asia under the brand name "Lanson Place".

Currently, WTP and its subsidiaries manage a total of 1,780 units in Singapore, Kuala Lumpur, Hong Kong, Chengdu and Shanghai. WTP will continue to focus and grow the "Lanson Place" brand as a pan-Asian brand and explore investment and management opportunities in gateway cities in the Asia- Pacific region.

(D) CHINA

Property Development and Investment

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, the Group's projects include Malaren Gardens, a low-density residential estate located in Luodian New Town of Baoshan District. It comprises 301 units of terraced houses, duplexes and apartments.

In Suzhou, the Group intends to develop The Lakeside, comprising 24 units of terraced houses, which is pending authorities' approval of planning licence.

The Group will continue to strengthen its networks in China and seek investment and marketing opportunities in the key growth cities.

(E) AUSTRALIA

Property Investment

The Group currently owns four properties for investment purposes. They are as follows:

Investment Property

Property	Tenure	Acquired	Lettable area (sq m)	Equity Held by the Group (%)
376-388 Flinders Street, Melbourne, Victoria 8-storey commercial building	Freehold	September 2016	9,513	100
12 Brookhollow Avenue, Baulkham Hills, New South Wales 4-storey commercial property	Freehold	May 2017	4,965	100
28 Thornton Crescent, Mitcham, Victoria Single-storey commercial property	Freehold	May 2017	3,946	100
464 St. Kilda Road, Melbourne, Victoria 8-storey commercial property	Freehold	April 2018	13,827	50

The occupancy rate achieved for the above investment properties collectively as at 30 June 2018 is 100%.

Retail Division

(A) SINGAPORE

Wing Tai made its foray into the lifestyle business in May 1997. The apparel and lifestyle operation is currently carried out through Wing Tai Retail Pte. Ltd., together with its subsidiaries and associated companies such as Wing Tai Clothing Pte Ltd ("**Wing Tai Clothing**"), Wing Tai Fashion Apparel Pte. Ltd. ("**Wing Tai Fashion**"), Uniqlo (Singapore) Pte Ltd ("**Uniqlo**"), G2000 Apparel (Singapore) Pte Ltd ("**G2000 Apparel**") and Wing Tai Branded Lifestyle Pte Ltd.

Wing Tai Clothing operates the brand names of "Topshop", "Topman", "Warehouse", "Karen Millen", "Dorothy Perkins", "Miss Selfridge", "BCBGMaxazria", "Burton Menswear London", "Wallis", "Adidas", "Cath Kidston" and "Mark Nason x Skechers", while Wing Tai Fashion operates the brand names of "Fox Kids & Baby" and "i.t.". In April 2008, Wing Tai entered into a joint venture with Japan's Fast Retailing, and launched the highly popular "Uniqlo" brand which now has 26 outlets in Singapore. G2000 Apparel operates the popular, midmarket range of fashion apparel under the brand name of "G2000". As at 30 June 2018, Singapore's retail division has a distribution network of over 100 stores in Singapore with a portfolio of 14 brands in Singapore.

As consumer spending patterns change, the Group has adopted a multi-channel approach with a strong focus on social, content and customer-centricity, to leverage on technology, improving processes and systems, to deliver a seamless cross-channel approach and to engage more customers. The Group's online commerce, in partnership with Asian online fashion retailer, Zalora, has continued to gain traction and grow substantially in overall retail sales.

In 2018, 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.

As a testament to the commitment and teamwork of the Group's staff who have embraced challenges, innovation and new technology in a highly competitive and dynamic industry, the Group has won a number of awards, details of which are set out on pages 74 to 76 of this Information Memorandum.

(B) MALAYSIA

The retail apparel and lifestyle business of the Group in Malaysia is managed by its subsidiary, WTM, which manages more than a dozen brands in over 100 stores across Peninsula Malaysia. In November 2010, the highly popular Japanese label Uniqlo was launched in Kuala Lumpur which as at 30 June 2018 has 47 outlets in Malaysia. In Malaysia, newer brands such as "Furla" and "Burton Menswear" have also contributed to sales and profit growth.

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 which retails five brands – Topshop, Topman, Miss Selfridge, Burton and Dorothy Perkins - under one roof.

The Group continues to seek out opportunities to expand its number of retail stores to optimise its distribution network.

AWARDS

The Group has won numerous awards including the following:

Corporate Awards

Award	Year
Tripartite Alliance Award 2018 Finalist Certificate for Fair and Progressive Employment Practices	2018
NTUC May Day Award Plaque of Commendation	2018
Human Capital Partnership Certificate	2018
EdgeProp Singapore Excellence Award for Top Developer	2017
SkillsFuture Employer Award	2017
Early Adopter of Tripartite Standards on the Employment of Term Contract Employees	2017
International ARC Awards Silver – Real Estate Residential	2015
International ARC Awards Best of Singapore Grand Winner	2015
SIAS 15th Investors' Choice Awards: Most Transparent Company Award (Real Estate) – Runner up	2014
Extraordinary Award from National Kidney Foundation	2014
Hurun Recommended Singapore Luxury Property Developer	2011
BCI Asia Top 10 Developers Award	2011
NTUC May Day CBF Model Partnership Award	2010
NTUC May Day Plaque of Commendation	2009
Singapore International 100 Fastest Growing Internationalising Company	2008
Yazhou Zhoukan Global Chinese Business 1000 Awards Best Performing Enterprise in Singapore	2008
National Arts Council Friend of The Arts Award	Since 1990

Property Development Awards

Quality Award	Year
President's Design Award for Design of the Year ▪ The Tembusu	 2018
Building and Construction Authority Construction Excellence Award ▪ The Tembusu	 2018
Architectural Design Award for Honourable Mention ▪ The Tembusu	 2017
EdgeProp Singapore Excellence Award for Development Excellence (Non-Central) ▪ The Tembusu	 2017
EdgeProp Singapore Excellence Award for Development Innovation ▪ The Tembusu	 2017
Building and Construction Authority Quality Mark Award For Good Workmanship ▪ The Tembusu	 2017
Building and Construction Authority Quality Mark Award For Good Workmanship ▪ L'VIV	 2014
FIABCI Singapore Property Awards for Residential (High Rise) Category ▪ Helios Residences	 2012
FIABCI Prix d'Excellence for Residential (Low Rise) Category ▪ Belle Vue Residences – Runner-Up	 2012
FIABCI Singapore Property Awards for Residential (Low Rise) Category ▪ Belle Vue Residences	 2011

Sustainability Award	Year
Building and Construction Authority Green Mark Gold Plus Award ▪ Winsland House II	 2015
Building and Construction Authority Green Mark Gold Award ▪ The Tembusu ▪ Foresque Residences ▪ Belle Vue Residences ▪ Le Nouvel Ardmore ▪ Nouvel 18	 2015 2012 2009 2009 2009

Conservation Award	Year
CNBC Asia Pacific Property Awards for Best Redevelopment (Single Unit) ▪ Draycott 8	 2008
Urban Redevelopment Authority Architectural Heritage Awards ▪ Draycott 8 Clubhouse ▪ Winsland House II Edwardian House ▪ House of Tan Yeok Nee	 2006 2002 2001
FIABCI Prix d'Excellence Award ▪ House of Tan Yeok Nee	 2002

Retail Awards

Award	Year
Early Adopter of Tripartite Standards on the Employment of Term Contract Employees	2017
Excellent Service Award	2017
Asia Enterprise Brand Awards – Asia Asia Trailblazer Award	2015
Singapore Service Excellence Medallion for Organisation Commendation for Service Leadership	2012
Singapore Quality Award	2012
Singapore Experience Awards Best Customer Service	2011
British Business Awards for Customer Service Excellence	2011
Tourism Host of the Year Award Retail Category	2008
British Business Award for Hospitality, Tourism and Retail	2008
Singapore 1000 Return on Equity Excellence	2008
Excellence Service Award	2006-2013

Hospitality Awards

Award	Year
Best Serviced Apartment in China, TTG China Travel Awards ▪ Lanson Place Jinlin Tiandi Serviced Residences	2018
Best New Serviced Residence in China, Business Traveller China Travel Awards ▪ Parkside Serviced Suites by Lanson Place	2017

DIRECTORS AND KEY MANAGEMENT

BOARD OF DIRECTORS

The Board of Directors of the Issuer comprises:

Name	Position
Cheng Wai Keung	Chairman and Managing Director
Edmund Cheng Wai Wing	Deputy Chairman and Deputy Managing Director
Boey Tak Hap	Independent Director
Cheng Man Tak	Non-Executive Director
Christopher Lau Loke Sam	Independent Director
Paul Hon To Tong	Lead Independent Director
Guy Daniel Harvey-Samuel	Independent Director
Tan Sri Dr Zulkurnain Bin Hj. Awang	Independent Director
Sim Beng Mei Mildred	Independent Director
Tan Hwee Bin	Executive Director

Cheng Wai Keung

Cheng Wai Keung is the Chairman of the Board of the Issuer, appointed to the Board on 17 April 1973. He is also the Managing Director of the Issuer 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 has 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 has 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 a Masters of Business Administration degree from the University of Chicago, after obtaining his Bachelor of Science degree from Indiana University. Mr Cheng was re-elected as Director on 26 October 2018.

Edmund Cheng Wai Wing

Edmund Cheng Wai Wing was appointed to the Board on 11 May 1981. He is the Deputy Chairman and Deputy Managing Director of the Issuer. He is also the Chairman of Mapletree Investments Pte Ltd, the Civil Aviation Authority of Singapore and Singapore Art Museum. 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 the United States of America ("**USA**"), with a Bachelor's degree in Civil Engineering and a Master's degree in Architecture, respectively. Mr Cheng was re-elected as Director on 23 October 2017.

Boey Tak Hap

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 Chief Executive Officer of the Singapore Power Group. He was also the President and Chief Executive Officer 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. Mr Boey was re-elected as Director on 23 October 2017.

Cheng Man Tak

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. Mr Cheng was re-elected as Director on 26 October 2018.

Christopher Lau Loke Sam

Christopher Lau Loke Sam has served as a Non-Executive Director since 28 October 2013. He is the Chairman of the Remuneration Committee and a member of the Audit & Risk 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. Mr Lau was re-elected as Director on 23 October 2017.

Paul Hon To Tong

Paul Hon To Tong has served as a Non-Executive Director since 16 August 2007. He is the Chairman of the Audit & Risk Committee and a member of the Nominating 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. Mr Tong was re-elected as Director on 27 October 2016.

Guy Daniel Harvey-Samuel

Guy Harvey-Samuel has been appointed as a Non-Executive Director of the Issuer since 2 January 2018. He is the Chairman of the Nominating Committee and a member of the Remuneration Committee. He is a member of Jurong Town Corporation and Surbana Jurong Private Limited and also a Director of 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 the non-executive Chairman of HSBC Bank (Singapore) Limited. Prior to this appointment, he was the 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. Mr Harvey-Samuel was re-elected as Director on 26 October 2018.

Tan Sri Dr Zulkurnain Bin Hj. Awang

Tan Sri Zulkurnain has been appointed as a Non-Executive Director of the Issuer since 2 January 2018. He is also currently the Chairman of Wing Tai Malaysia Sdn. Bhd. (formerly Wing Tai Malaysia Berhad), where he was an Independent Non-Executive Director. His 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, 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 Sri Dr Zulkurnain Bin Hj. Awang was re-elected as Director on 26 October 2018.

Sim Beng Mei Mildred (Mrs Mildred Tan)

Sim Beng Mei Mildred has been appointed as a Non-Executive Director of the Issuer since 2 January 2019 and is a member of the Audit & Risk Committee. She was the Managing Director with Ernst & Young Advisory Pte Ltd ("**EY**") responsible for Business Advisory Business, and Board member of EY's APAC Governing Council, ASEAN regional leader for EY Advisory before assuming leadership for EY's Asia Pacific Government and Public Sector. She had also worked with Arthur Andersen, Coopers and Lybrand (PriceWaterhouseCoopers) and Singapore's Ministry of Defence. Mrs Tan chairs the National Volunteer and Philanthropy Centre and co-chairs the Council for Board Diversity. She also sits on the boards of Gardens by the Bay, Lee Kuan Yew Fund for Bilingualism (Ministry of Education) and Community Foundation of Singapore. She was conferred Justice of the Peace by the President of Singapore since 2008, and served as Nominated Member of Parliament from 2009 to 2011. She was awarded the Public Service Star (BBM) in 2014 and Public Service Medal (PBM) in 2007 by the Singapore Government. Mrs Tan graduated with Bachelor of Arts (Honours) degree from Middlesex University, UK and received her Master's in Education from the University of Sheffield, UK. She completed the HR Executive Program at Cornell University, USA and EY's Executive Leadership program in Harvard Business School in Boston, USA. She is a Graduate Member of the British Psychological Society.

Tan Hwee Bin

Tan Hwee Bin has been appointed as an Executive Director of the Issuer 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, Singapore Hokkien Huay Kuan and the Hokkien 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 Cooperative 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. Ms Tan was re-elected as Director on 26 October 2018.

KEY MANAGEMENT

Wing Tai Holdings Limited

Ng Kim Huat

Ng Kim Huat is the Group Chief Financial Officer of the Issuer. He oversees financial reporting and controls, treasury, 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

Karine Lim is the Group Chief Human Resource Officer of the Issuer. 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

Helen Chow is a Director of Wing Tai Property Management Pte Ltd and has held various positions in the Issuer 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

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 Issuer'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

Helen Khoo is the Executive Director of Wing Tai Retail Pte. Ltd. and drives the growth and expansion of the Issuer'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 Treasurer of Orchard Road Business Association. Mrs Khoo graduated with a Bachelor of Arts (Honours) degree from the University of Hong Kong.

CLEARING AND SETTLEMENT

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Certificate for persons holding the Securities in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Securities through the Depository System may be effected through securities sub-accounts held with corporate depositors ("**Depository Agents**"). Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Principal Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

SINGAPORE TAXATION

The statements made herein regarding taxation are general in nature and based on certain aspects of current tax laws and regulations in Singapore and administrative guidelines issued by the MAS and IRAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, regulations or administrative guidelines, or in the interpretation of these laws, regulations or guidelines, occurring after such date, which changes could be made on a retroactive basis. These laws and guidelines are also subject to interpretation and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The following is a summary of the material Singapore tax consequences to a Securityholder. Neither the statements below nor any other statements in this Information Memorandum related to taxation matters are intended or are to be regarded as advice on the tax position of any Securityholder or prospective Securityholder or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules or tax rates. The statements made herein relate to the position of persons who are absolute legal and beneficial owners of the Securities and may or may not apply equally to all persons. Prospective Securityholders are advised to consult their own tax advisors as to the Singapore and other jurisdictions' tax consequences of the acquisition, ownership or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Joint Lead Managers or any other persons involved in the issuance of the Securities accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities by any Securityholder or prospective Securityholder.

1. Treatment of the Securities for Singapore income tax purposes

The IRAS published a circular entitled "Income Tax Treatment of Hybrid Instruments" (the "**Hybrid Instruments Circular**") on 19 May 2014. The Hybrid Instruments Circular sets out the income tax treatment of hybrid instruments, including the factors generally used to determine whether they are debt or equity instruments for income tax purposes. The IRAS takes the approach that the tax characterisation is first determined based on its legal form and if the legal form is not indicative, the tax characterisation would be determined based on the facts and circumstances and certain factors.

The Securities are legally issued as a debt instrument. The Singapore income tax treatment should be aligned with the Securities' legal form and the Securities should accordingly be regarded as a debt instrument for tax purposes. Distributions (including Arrears of Distribution and any Additional Distribution Amounts) made by the Issuer in respect of the Securities (to the extent that it does not include any capital component) should be regarded as interest for Singapore income tax purposes. This is subject to the agreement of the IRAS.

In the event that the IRAS disagrees with the Issuer's position and regards the Securities as an equity instrument for Singapore income tax purposes, Distributions (including any Arrears of Distribution) from the Securities should be regarded as dividends for Singapore income tax purposes. Under such circumstances, no tax deduction shall be allowed to the Issuer on such Distributions arising from the Securities.

If the Securities are regarded as an equity instrument for Singapore income tax purposes, from a Securityholder's perspective, the Distributions (or Arrears of Distribution where applicable) declared by the Issuer (a tax resident company) shall be treated as a one-tier tax exempt dividend and shall be exempted from Singapore income tax. Notwithstanding the foregoing, the Additional Distribution Amounts may be regarded as interest for Singapore income tax purposes and taxable at the applicable tax rates (unless otherwise exempt from tax).

In addition, the tax concession/exemption for qualifying debt securities may not be available if the IRAS regards the Securities as an equity instrument for Singapore income tax purposes.

2. Distributions (including Arrears of Distribution and Additional Distribution Amounts)

For the purpose of the discussion below, it is assumed that the IRAS will rule that the Securities are regarded as debt securities for Singapore income tax purposes and eligible for the tax concessions and exemptions for qualifying debt securities under the the ITA.

Taxation in the hands of Securityholders who are individuals

Certain Singapore-sourced investment income derived by any individual from financial instruments is exempt from tax (except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession), including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income from debt securities (not including discount income arising from secondary trading) derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007.

Taxation in the hands of Securityholders are non-Singapore tax resident non-individuals

Under Section 12(6) of the ITA, the following payments shall be deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is

    (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore), or

    (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments to non-resident non-individuals is 17 per cent.

However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the withholding tax rate is reduced to 15 per cent. The rate of 15 per cent. may be further reduced by applicable tax treaties or tax incentives (including the qualifying debt securities scheme described below).

Taxation in the hands of Singapore tax resident non-individuals

Interest and other income from the Securities derived by a non-individual holder resident in Singapore will be taxed at the prevailing corporate tax rate of 17 per cent. This may be further reduced by tax incentives (including the qualifying debt securities scheme described below).

3. Qualifying Debt Securities

Subject to certain prescribed conditions being fulfilled, the Securities which are jointly lead managed by DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, each of which is a Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital

Market) Company (for the purposes of the ITA) and are issued before 31 December 2023, would constitute "qualifying debt securities" for the purposes of the ITA provided that the IRAS regards the Securities as debt instruments for Singapore income tax purposes.

Accordingly, if the Securities satisfy all requisite conditions to qualify as qualifying debt securities, the following tax treatments should apply:

(a) Interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Securities derived by a Securityholder who is not resident in Singapore and who

  (i) does not have any permanent establishment in Singapore; or

  (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Securities are not obtained from the operation,

  are exempt from Singapore income tax. Where Qualifying Income is derived from the Securities by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption will not apply if such person acquires the Securities using funds from its Singapore operations;

(b) Qualifying Income from the Securities derived by any company (other than a company specified in (a) above, a financial sector incentive (standard tier) company and a financial sector incentive (capital market) company) or a body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent under Section 43N of the ITA;

(c) Qualifying Income from the Securities derived by a financial sector incentive (standard tier) company is subject to a concessionary rate of tax at 13.5 per cent prescribed under the FSI-ST scheme; and

(d) Qualifying Income from the Securities derived by a financial sector incentive (capital market) company is subject to a concessionary rate of tax at 5 per cent prescribed under the FSI scheme; and

(e) Qualifying Income derived from the Securities is not subject to withholding of tax by the Issuer.

The prescribed conditions for the above treatment to apply are:

(i) the Issuer must include in all offering documents relating to the Securities, a statement to the effect that where the Qualifying Income from the Securities is not exempt from tax, the person deriving the income shall include such income in a return of income made under the ITA; and

(ii) the Issuer must include in all offering documents relating to the Securities, a statement to the effect that where Qualifying Income from the Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities will not apply if such person acquires such securities using funds from its Singapore operations; and

(iii) the Issuer, or such other person as the MAS may direct, must furnish to the MAS a return on debt securities in respect of the Securities within such period as the MAS may specify and such other particulars in connection with the Securities as the MAS may require.

The term "offering documents" means the prospectuses, offering circulars, information memoranda, pricing supplements or other documents issued to investors in connection with an issue of securities.

However, notwithstanding the foregoing:

(a) if during the primary launch of the Securities, the Securities are issued to fewer than four persons and 50 per cent. or more of the principal amount of the Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Securities would not qualify as "qualifying debt securities" (unless otherwise approved by the Minister for Finance or such person as he may appoint); and

(b) even though the Securities would qualify as qualifying debt securities at their primary launch, if, at any time during the tenure of the Securities, 50 per cent. or more of the Securities which are outstanding at any time during the life of their issue is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from the Securities held by:

    (i) any related party of the Issuer; or

    (ii) any other person where the funds used by such person to acquire the Securities are obtained, directly or indirectly, from any related party of the Issuer,

    shall not be eligible for the tax exemption or the concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in Section 13(16) of the ITA as follows:

(a) "break cost", in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

(b) "prepayment fee", in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

(c) "redemption premium", in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have their same meaning as in the ITA.

Notwithstanding that the Issuer is permitted to make payments of Qualifying Income in respect of the Securities without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Qualifying Income derived from the Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

4. Gains on Disposal of the Securities

Any gains derived from a sale of the Securities which are capital in nature should not be taxable in Singapore. However, any gains derived from the sale of Securities from any trade, business, profession or vocation carried on by that person, and where such gains are accrued in or derived from Singapore may be taxable as such gains are generally considered to be revenue in nature.

Securityholders who have adopted the Financial Reporting Standard ("**FRS 109**") may, for Singapore income tax purposes, be required to recognise any gains or losses (not being gains or losses that is capital in nature) on the Securities, irrespective of disposal, in accordance with FRS 109. Please see section below on "*Adoption of FRS 109 treatment for Singapore income tax purposes*".

5. Adoption of FRS 109 treatment for Singapore income tax purposes

The IRAS issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 - Financial Instruments" (the "**FRS 109 Circular**") on 22 November 2017.

The FRS 109 Circular provides the timing of the tax treatment of financial assets and liabilities on revenue accounts that are recognised and measured under FRS 109 to generally follow the accounting treatment. This tax treatment is termed as "**FRS 109 tax treatment**". Companies that adopt FRS 109 will have to apply the FRS 109 tax treatment. There is no option for these companies to opt out of the FRS 109 tax treatment.

Securityholders who do not need to comply with FRS 109 for accounting purposes will continue to apply the pre-FRS 39 tax treatment or FRS 39 tax treatment (as the case may be). The FRS 39 tax treatment is provided in the circular entitled " Income Tax Implications arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement" revised and published by the IRAS on 16 March 2015.

Securityholders who are subject to FRS 109 tax treatment, pre-FRS 39 tax treatment or FRS 39 tax treatment as the case may be, should consult their own tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

6. Stamp duty

Singapore stamp duty may be payable on the agreement or instrument of transfer of any stock or shares or any interest thereof in Singapore companies at the rate of 0.2% computed on the amount or value of such stock or shares. The amount or value of such stock or shares is the higher of the actual consideration or market value of the stock or shares. However, where the Securities are transferred through the Depository's electronic scripless system and the Stamp Duties (Exempt Record) Rules 2018 apply, Singapore stamp duty will not be applicable.

SUBSCRIPTION AND SALE

SUMMARY OF SUBSCRIPTION AGREEMENT

The Issuer has entered into a subscription agreement with DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited (each a "**Joint Lead Manager**" and collectively, the "**Joint Lead Managers**") dated 16 May 2019 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer agreed to issue to the Joint Lead Managers, and the Joint Lead Managers agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Securities. Any subsequent sale of the Securities to investors may be at a price different from the Issue Price.

The Subscription Agreement provides that the Issuer will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Securities. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers or any of their affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer's or their business. The Issuer may also agree with the Joint Lead Managers that the Issuer may pay certain third party commissions (including, without limitation, rebates to private bank investors in the Securities). These commissions will be based on the principal amount of the Securities so distributed, and may be deducted from the purchase price for the Securities payable by such third parties (including, private banks) upon settlement.

The Joint Lead Managers or certain of their affiliates may purchase the Securities and be allocated the Securities for asset management and/or proprietary purposes but not with a view to distribution.

In connection with the Securities, the Joint Lead Manager or certain of their affiliates may purchase Securities and be allocated Securities for asset management and/or proprietary purposes but not with a view to distribution. Further, the Joint Lead Managers and/or their affiliates may place orders, receive allocations and purchase Securities for their own account (without a view to distributing such Securities) and such orders and/or allocations of the Securities may be material. Such entities may hold or sell such Securities or purchase further Securities for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Securities or other securities otherwise than in connection with the offering. Accordingly, references herein to the Securities being "offered" should be read as including any offering of the Securities to the Joint Lead Managers and/or their affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

The distribution of this Information Memorandum or any offering material and the offering, sale or delivery of the Securities is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Information Memorandum or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Information Memorandum may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

SELLING RESTRICTIONS

United States

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Securities are being offered and sold outside the United States in reliance upon Regulation S. Each of the Joint Lead Managers has represented and warranted that it has not offered or sold, and has agreed that it will not offer or sell, any Securities constituting part of its allotment except in offshore transactions (as defined in Regulation S) in accordance with Rule 903 of Regulation S. Accordingly, none of the Joint Lead Managers or their affiliates or any persons acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Securities.

Until 40 days after the commencement of the offering of the Securities, an offer or sale of the Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Terms used in this paragraph have the meanings given to them by Regulation S.

European Economic Area

Each of the Joint Lead Managers has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Information Memorandum to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom:

Each of the Joint Lead Managers has represented and agreed, that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Securities in, from or otherwise involving the United Kingdom.

Hong Kong

Each of the Joint Lead Managers has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each of the Joint Lead Managers has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any of the Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any of the Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Note

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

GENERAL INFORMATION

(1) Application will be made to the SGX-ST for the listing and quotation of the Securities on the SGX-ST. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Securities on, the SGX-ST is not to be taken as an indication of the merits of the Issuer or the Securities. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. For so long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require, the Securities will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 or its equivalent in foreign currencies.

(2) The Issuer has obtained all necessary consents, approvals and authorisations in Singapore in connection with the offering and issue of the Securities. The issue of the Securities was authorised by the Board of Directors of the Issuer and passed on 9 May 2019.

(3) Except as disclosed in this Information Memorandum, there has been no significant change in the financial condition or business of the Issuer or of the Group since 30 June 2018 and no material adverse change in the prospects of the Issuer or of the Group since 30 June 2018.

(4) Except as disclosed in this Information Memorandum, neither the Issuer nor any of its subsidiaries has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Information Memorandum which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

(5) There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Securityholders in respect of the Securities being issued.

(6) For so long as the Securities are outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer:

(i) the Trust Deed (which includes the form of the Global Certificate and the Certificates);

(ii) the Agency Agreement;

(iii) the Constitution of the Issuer;

(iv) the latest published annual report and audited accounts of the Issuer and the Group; and

(v) a copy of this Information Memorandum together with any supplement to this Information Memorandum or further Information Memorandum.

(7) Copies of the Trust Deed and Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Securities is outstanding.

(8) PricewaterhouseCoopers LLP of 7 Straits View, Marina One, East Tower, Level 12, Singapore 018936 have audited, and rendered unqualified audit reports on, the consolidated financial statements of the Issuer and its subsidiaries for the financial years ended 30 June 2017 and 30 June 2018 respectively.

INDEX TO FINANCIAL STATEMENTS

This information in this Appendix has been extracted and reproduced from (i) the annual report for the financial years ended 30 June 2017 and 30 June 2018 and (ii) the unaudited financial statements announcement of the Issuer for the nine months ended 31 March 2019 and have not been specifically prepared for the inclusion in this Information Memorandum. The references to the page numbers herein are those as reproduced from (i) the audited financial statements of the Issuer and its subsidiaries for the financial years ended 30 June 2017 and 30 June 2018 and (ii) the unaudited financial statements announcement of the Issuer for the nine months ended 31 March 2019 (as the case may be).

AUDITED FINANCIAL STATEMENTS OF WING TAI HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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 subsidiaries ("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 2017 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 2017;
- 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 2017;
- 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 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WING TAI HOLDINGS LIMITED

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of development properties	
As at 30 June 2017, the carrying amount of the Group's development properties of S$739.9 million accounted for 16% of the Group's total assets. The disclosures relating to these development properties are included in Note 14 of the financial statements. The Group has significant development properties in Singapore, Malaysia and the People's Republic of China. The current slowdown in economic activities in Singapore and Malaysia might exert downward pressure on transaction volumes and residential property prices in these countries. In addition, the valuation of development properties held by the Group's significant associated company, Wing Tai Properties Limited ("WTP"), affects the carrying value of the Group's investment in as well as its share of profits of the associated company. The disclosures relating to the investment in associated company are in Note 18 of the financial statements. The determination of net realisable value and whether to recognise any impairment charge for development properties, as disclosed in Note 2.8, involves significant management judgement as this is highly dependent on the Group's estimated forecast selling prices, taking into consideration market demand for private residential units and local government policies.	In assessing the valuation of development properties, we focused on development properties with slower-than-expected sales or low margins. Our audit procedures in assessing the adequacy of management's estimated total development costs and the reasonableness of the assumptions used 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 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 or architects used by management for the certification of proportion of construction cost to date. We also evaluated management's key assumptions relating to estimated forecast selling prices to, where available, recently transacted prices based on sales achieved to date and prices of comparable properties located in the same vicinity as the development projects, comparable market data and market price trends. 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 development properties 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WING TAI HOLDINGS LIMITED

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
As at 30 June 2017, the carrying amount of the Group's investment properties of S$651.8 million accounted for 14% of the Group's total assets. The disclosures relating to these investment properties are included in Note 20 and 32(e) of the financial statements. In addition, the valuation of investment properties held by the Group's significant associated company, WTP, affects the carrying value of the Group's investment in associated company as well as its share of profits of the associated company. The disclosures relating to the investment in associated company are in Note 18 of the financial statements. The valuation of the investment properties is highly judgemental due to the use of estimates in the valuation techniques based on certain assumptions. The key inputs include market values per square metre, estimated rental rate per square metre per month, estimated rental rate per bay per month, capitalisation rates and discount rates which are driven by market conditions.	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; • tested the integrity of key inputs, including underlying leases and financial information provided to the external valuers; and • assessed the reasonableness of market values per square metre, estimated rental rates per square metre per month, estimated rental rates per bay per month, capitalisation rates and discount rates used, by benchmarking these rates against those of 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, and Corporate Governance (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, 15 September 2017

CONSOLIDATED INCOME STATEMENT

For the Financial Year Ended 30 June 2017

		Group	
	Note	2017 $'000	2016 $'000
Revenue	3	**263,203**	544,531
Cost of sales		**(126,396)**	(347,443)
Gross profit		**136,807**	197,088
Other gains – net	4	**6,052**	7,765
Expenses			
– Distribution		**(66,869)**	(88,457)
– Administrative and other		**(87,781)**	(88,880)
Operating (loss)/profit		**(11,791)**	27,516
Finance costs	7	**(41,958)**	(45,542)
Associated and joint venture companies			
– Share of profits		**100,544**	59,399
– Impairment loss		**(27,116)**	-
Profit before income tax		**19,679**	41,373
Income tax credit/(expense)	8(a)	**6,720**	(25,712)
Total profit		**26,399**	15,661
Attributable to:			
Equity holders of the Company		**20,119**	7,079
Non-controlling interests		**6,280**	8,582
		26,399	15,661
Earnings per share attributable to ordinary shareholders of the Company (cents):			
Basic	9(a)	**2.59**	0.91
Diluted	9(b)	**2.55**	0.87

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2017

	Note	Group 2017 $'000	2016 $'000
Total profit		**26,399**	15,661
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss:			
Fair value gains on available-for-sale financial assets		**1,214**	-
Cash flow hedges		**(1,644)**	(2,217)
Currency translation differences		**14,453**	(43,623)
Share of other comprehensive income/(expense) of associated and joint venture companies		**1,875**	(978)
		15,898	(46,818)
Item that will not be reclassified subsequently to profit or loss:			
Revaluation gains on property, plant and equipment		**1,652**	6,347
Other comprehensive income/(expense), net of tax	8(a)	**17,550**	(40,471)
Total comprehensive income/(expense)		**43,949**	(24,810)
Attributable to:			
Equity holders of the Company		**38,391**	(24,989)
Non-controlling interests		**5,558**	179
		43,949	(24,810)

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

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2017

		Group		Company	
	Note	2017 $'000	2016 $'000	2017 $'000	2016 $'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**847,373**	722,883	**641,423**	335,091
Trade and other receivables	12	**123,506**	72,437	**522,701**	1,177,581
Derivative financial instruments	11	**2,188**	3,134	**2,062**	-
Inventories	13	**19,421**	21,568	**-**	-
Development properties	14	**739,930**	1,228,769	**-**	-
Tax recoverable		**6,467**	3,698	**-**	-
Assets held for sale	15	**252,208**	495,512	**-**	-
		1,991,093	2,548,001	**1,166,186**	1,512,672
Non-current assets					
Available-for-sale financial assets	16	**22,708**	6,276	**3,189**	3,189
Trade and other receivables	17	**213,984**	218,140	**617,872**	518,181
Derivative financial instruments	11	**10,246**	13,892	**7,591**	11,681
Investments in associated and joint venture companies	18	**1,604,409**	1,496,998	**-**	-
Investments in subsidiary companies	19	**-**	-	**282,063**	283,063
Investment properties	20	**651,805**	577,732	**-**	-
Property, plant and equipment	21	**115,928**	116,444	**10,992**	10,852
Deferred tax assets	8(b)	**5,662**	-	**-**	-
		2,624,742	2,429,482	**921,707**	826,966
Total assets		**4,615,835**	4,977,483	**2,087,893**	2,339,638
LIABILITIES					
Current liabilities					
Trade and other payables	22	**172,690**	133,056	**32,741**	93,924
Derivative financial instruments	11	**80**	1,489	**-**	-
Current income tax liabilities		**36,834**	38,905	**834**	1,043
Borrowings	23	**4,253**	87,348	-	-
Liabilities held for sale	15	**2,147**	-	-	-
		216,004	260,798	**33,575**	94,967
Non-current liabilities					
Borrowings	23	**925,371**	1,289,158	**602,793**	927,838
Derivative financial instruments	11	**979**	359	**979**	359
Deferred income tax liabilities	8(b)	**38,139**	65,167	**-**	-
Other non-current liabilities	25	**19,635**	29,475	**-**	-
		984,124	1,384,159	**603,772**	928,197
Total liabilities		**1,200,128**	1,644,957	**637,347**	1,023,164
NET ASSETS		**3,415,707**	3,332,526	**1,450,546**	1,316,474
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	26	**838,250**	838,250	**838,250**	838,250
Other reserves	28	**(13,489)**	(33,657)	**(21,169)**	(21,133)
Retained earnings	29	**2,321,935**	2,318,116	**485,687**	499,357
		3,146,696	3,122,709	**1,302,768**	1,316,474
Perpetual securities	27	**147,778**	-	**147,778**	-
Non-controlling interests		**121,233**	209,817	-	-
TOTAL EQUITY		**3,415,707**	3,332,526	**1,450,546**	1,316,474

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2017

	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
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	36	-	-	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**
2016								
Beginning of financial year		838,250	76,717	2,258,202	3,173,169	-	189,032	3,362,201
Total comprehensive (expense)/income		-	(32,068)	7,079	(24,989)	-	179	(24,810)
Realisation of reserves		-	(64,191)	64,191	-	-	-	-
Transfer to statutory reserve		-	12	(12)	-	-	-	-
Redemption of preference shares by a subsidiary company		-	(462)	462	-	-	-	-
Cost of share-based payment		-	1,845	-	1,845	-	59	1,904
Reissuance of treasury shares		-	323	-	323	-	-	323
Purchase of treasury shares		-	(15,441)	-	(15,441)	-	-	(15,441)
Ordinary dividends paid	24	-	-	(23,448)	(23,448)	-	-	(23,448)
Dividends paid by a subsidiary company to non-controlling interests		-	-	-	-	-	(1,628)	(1,628)
Issuance of ordinary shares by a subsidiary company to non-controlling interests		-	-	(232)	(232)	-	232	-
Issuance of rights shares by a subsidiary company to non-controlling interests		-	-	11,875	11,875	-	(829)	11,046
Acquisition of additional interest in a subsidiary company		-	-	(1)	(1)	-	-	(1)
Waiver of loan from non-controlling interests		-	-	-	-	-	23,262	23,262
Liquidation of subsidiary companies		-	(927)	-	(927)	-	(490)	(1,417)
Liquidation of joint venture companies		-	535	-	535	-	-	535
End of financial year		838,250	(33,657)	2,318,116	3,122,709	-	209,817	3,332,526

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 2017

	Note	Group 2017 $'000	2016 $'000
Cash flows from operating activities			
Total profit		**26,399**	15,661
Adjustments for:			
Income tax expense		**(6,720)**	25,712
Depreciation of property, plant and equipment		**8,220**	10,511
Write-off of property, plant and equipment		**193**	1,152
Impairment loss on property, plant and equipment		**-**	1,429
Impairment loss on available-for-sale financial assets		**3,185**	-
Impairment loss on investment in a joint venture company		**4**	-
Dividend income		**(136)**	(141)
Fair value losses on investment properties		**3,956**	2,862
Fair value (gains)/losses on derivative financial instruments		**(1,470)**	589
Allowance/(write-back of allowance) for stock obsolescence		**837**	(529)
Impairment loss on receivables from joint venture companies		**27,116**	-
Revaluation deficit on property, plant and equipment		**-**	2,563
Dilution loss on interest in an associated company		**4,667**	2,431
Write-back of allowance for foreseeable losses on development properties		**(24)**	(424)
Gain on disposal of a subsidiary company		**-**	(3,215)
Gain on disposal of property, plant and equipment		**(501)**	(262)
Gain on disposal of a joint venture company		**(4,522)**	-
Loss on disposal of an investment property		**-**	9
Gain on liquidation of subsidiary companies		**(187)**	(927)
Loss on liquidation of joint venture companies		**-**	542
Interest income		**(6,893)**	(8,022)
Finance costs		**41,958**	45,542
Share of profits of associated and joint venture companies		**(100,544)**	(59,399)
Share-based payment		**1,128**	1,904
Currency translation differences		**841**	(2,131)
Operating cash flow before working capital changes		**(2,493)**	35,857
Changes in operating assets and liabilities:			
Balances with associated and joint venture companies		**(1,371)**	2,726
Development properties		**201,138**	728
Inventories		**1,040**	(2,041)
Trade and other receivables and other current assets		**(25,004)**	(5,463)
Trade and other payables and other non-current liabilities		**(1,900)**	(29,898)
Cash generated from operations		**171,410**	1,909
Income tax paid		**(31,929)**	(31,718)
Net cash generated from/(used in)operating activities		**139,481**	(29,809)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 30 June 2017

	Note	Group 2017 $'000	Group 2016 $'000
Cash flows from investing activities			
Acquisition of additional interest in a subsidiary company		**(23,086)**	(1)
Acquisition of additional interest in a joint venture company		**-**	(133)
Additions to investment properties		**(78,461)**	-
Additions to property, plant and equipment		**(7,728)**	(4,642)
Purchase of available-for-sale financial assets		**(18,305)**	-
Disposal of a subsidiary company, net of cash disposed of	10	**-**	1,961
Disposal of joint venture companies		**498,958**	-
Disposal of property, plant and equipment		**538**	332
Disposal of investment property		**-**	140
Liquidation of joint venture companies		**152**	49
Distribution to non-controlling interests upon liquidation of subsidiary companies		**(294)**	(490)
Advancement of the loans to joint venture companies		**(30,317)**	(256,487)
Dividends received		**13,125**	19,998
Interest received		**6,315**	8,468
Net cash generated from/(used in) investing activities		**360,897**	(230,805)
Cash flows from financing activities			
Issuance of rights shares by a subsidiary company to non-controlling interests		**-**	14,198
Issuance of perpetual securities, net of transaction costs		**147,727**	-
Reissuance of treasury shares		**470**	323
Purchase of treasury shares		**-**	(15,441)
Repayment/(advancement) of the loans to non-controlling interests		**18,624**	(3,794)
Proceeds from borrowings		**110,183**	297,734
Repayment of borrowings		**(556,121)**	(103,132)
Ordinary and special dividends paid		**(46,426)**	(23,448)
Dividends paid to non-controlling interests		**(1,572)**	(1,628)
Interest paid		**(41,461)**	(50,576)
Net cash (used in)/generated from financing activities		**(368,576)**	114,236
Net increase/(decrease) in cash and cash equivalents		**131,802**	(146,378)
Cash and cash equivalents at beginning of financial year		**722,883**	880,611
Effects of currency translation on cash and cash equivalents		**(2,113)**	(11,350)
Cash and cash equivalents at end of financial year		**852,572**	722,883
Amount included in assets held for sale	15	**(5,199)**	-
	10	**847,373**	722,883

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2017

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"). The financial statements have been prepared 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, 18, 20 and 32(e).

Amendments and interpretations to published standards effective in 2017
On 1 July 2016, the Group adopted the new or amended FRS and Interpretations to 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.

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. Revenue from 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 over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiary companies have been changed where necessary to ensure consistency with the accounting 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 FRS.

Any retained equity interest in the entity is re-measured 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 in a separate reserve 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 Group's share of its associated or joint venture companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures 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 or exceeds its interest in the associated or joint venture company, the Group does not recognise further losses, unless it has 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.

Please refer to Note 2.5 for the accounting policy on investments in associated and joint venture companies in the separate financial statements of the Company.

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 joint venture and associated 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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, 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 are recognised in other comprehensive income to the extent of any credit balance existing in the 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Property, plant and equipment *(continued)*

(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 asset 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.

2.8 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Development Properties *(continued)*

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

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

2.9 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.

(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 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.

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 *(continued)*
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 the 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 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 (include deposits and sundry 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 profit or loss. 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 and joint venture companies. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary or joint venture 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 or joint venture 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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 in 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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 and share options 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 and share options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares and share options 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 and share options 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.

2.22 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 Currency translation *(continued)*

(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 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.

2.24 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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 shown in equity as a deduction, net of tax, from the proceeds. The proceeds received net of any directly attributable transaction costs are credited to share capital or perpetual securities.

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 and share option schemes, 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	
	2017	2016
	$'000	$'000
Revenue from sale of:		
– development properties	**76,360**	329,818
– goods	**145,709**	171,688
Rental income	**35,102**	37,416
Management fees	**5,896**	5,468
Dividend income	**136**	141
	263,203	544,531

Included in the Group's revenue from sale of development properties is revenue recognised on a percentage of completion basis amounting to $37.9 million (2016: $183.1 million).

4. OTHER GAINS – NET

	Group 2017 $'000	Group 2016 $'000
Other gains:		
– Interest income	**6,893**	8,022
– Gain on disposal of a subsidiary company	**-**	3,215
– Gain on disposal of a joint venture company	**4,522**	-
– Gain on disposal of property, plant and equipment	**501**	262
– Fair value gains on derivative financial instruments	**1,470**	-
– Write-back of allowance for foreseeable losses on development properties	**24**	424
– Foreign exchange gain - net	**1,246**	1,409
– Other miscellaneous gains	**3,621**	5,845
	18,277	19,177
Other losses:		
– Loss on disposal of an investment property	**-**	(9)
– Fair value losses on investment properties	**(3,956)**	(2,862)
– Fair value losses on derivative financial instruments	**-**	(589)
– Dilution loss on interest in an associated company	**(4,667)**	(2,431)
– Revaluation losses on property, plant and equipment	**-**	(2,563)
– Impairment loss on property, plant and equipment	**-**	(1,429)
– Impairment loss on available-for-sale financial assets	**(3,185)**	-
– Other miscellaneous losses	**(417)**	(1,529)
	(12,225)	(11,412)
	6,052	7,765

5. EXPENSES BY NATURE

	Group 2017 $'000	Group 2016 $'000
Depreciation of property, plant and equipment	**8,220**	10,511
Employee compensation	**70,260**	72,479
Auditors' remuneration paid/payable to:		
– auditor of the Company	**360**	393
– other auditors	**315**	257
Other fees paid/payable to:		
– auditor of the Company	**214**	17
– other auditors	**121**	63
Allowance/(write-back) of allowance for stock obsolescence	**837**	(529)
Write-off of property, plant and equipment	**193**	1,152
Rental expense on operating leases	**39,087**	52,339
Development cost included in cost of sales	**54,412**	266,598
Raw materials and finished goods included in cost of sales	**64,048**	78,074

Included in the Group's rental expense on operating leases is contingent rent amounting to $2.0 million (2016: $1.6 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	
	2017 **$'000**	**2016** **$'000**
Wages and salaries (including directors' remuneration)	**62,738**	63,591
Employer's contribution to defined contribution plans including Central Provident Fund	**6,394**	6,984
Share-based payment	**1,128**	1,904
	70,260	72,479

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

7. FINANCE COSTS

	Group	
	2017 **$'000**	**2016** **$'000**
Interest expense to banks	**39,215**	45,542
Redemption premium for borrowings	**2,743**	-
	41,958	45,542

8. INCOME TAXES

(a) Income tax (credit)/expense

	Group	
	2017 **$'000**	**2016** **$'000**
Tax expense attributable to profit is made up of:		
Current income tax		
– Singapore	**4,991**	10,249
– Foreign	**24,958**	15,460
	29,949	25,709
Deferred income tax	**(31,354)**	1,441
	(1,405)	27,150
(Over)/underprovision in preceding financial years		
– Current income tax	**(4,764)**	(1,586)
– Deferred income tax	**(551)**	148
	(6,720)	25,712

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in estimating the capital allowances and the deductibility of certain expenses in determining the provision for income taxes. There are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit 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 (credit)/expense *(continued)*

The tax on 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	
	2017 $'000	**2016 $'000**
Tax calculated at Singapore standard rate of income tax	**(13,747)**	(3,065)
Different tax rates in other countries	**(928)**	2,790
Expenses not deductible for tax purposes	**21,793**	28,334
Income not subject to tax	**(5,941)**	(4,006)
Overprovision of tax	**(5,315)**	(1,438)
(Utilisation of previously unrecognised tax losses)/unrecognised tax losses	**(2,582)**	3,097
	(6,720)	25,712

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

		Group	
	Before tax $'000	**Tax charge $'000**	**After tax $'000**
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**
2016			
Cash flow hedges	(2,217)	-	(2,217)
Currency translation differences	(43,623)	-	(43,623)
Share of other comprehensive expense of associated and joint venture companies	(978)	-	(978)
Revaluation gains on property, plant and equipment	7,569	(1,222)	6,347
	(39,249)	(1,222)	(40,471)

8. INCOME TAXES *(continued)*

(b) Deferred income taxes *(continued)*

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	
	2017	**2016**
	$'000	**$'000**
Deferred income tax assets to be utilised within one year	**(485)**	-
Deferred income tax assets to be utilised after one year	**(5,177)**	-
Deferred income tax liabilities to be settled after one year	**38,139**	65,167

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 $81.1 million (2016: $167.5 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 $'000	**Revaluation gains $'000**	**Recognition of profits on percentage of completion $'000**	**Other temporary differences $'000**	**Total $'000**
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**
2016					
Beginning of financial year	3,909	27,873	14,138	18,724	64,644
Currency translation differences	(18)	(326)	-	(1,293)	(1,637)
(Credited)/charged to income statement	(585)	(1)	(4,379)	6,645	1,680
Charged to equity	449	773	-	-	1,222
Disposal of subsidiary company	(57)	-	-	-	(57)
End of financial year	3,698	28,319	9,759	24,076*	65,852

* 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
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**
2016					
Beginning of financial year	-	-	319	299	634
Currency translation differences	-	-	(20)	(19)	(40)
Credited to income statement	-	-	27	30	91
End of financial year	-	-	326	310	685

9. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group 2017	Group 2016
Net profit attributable to:		
– equity holders of the Company ($'000)	**20,119**	7,079
– perpetual security holders of the Company ($'000)	**(51)**	-
Net profit attributable to ordinary shareholders of the Company ($'000)	**20,068**	7,079
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**773,526**	777,271
Basic earnings per share (cents)	**2.59**	0.91

9. EARNINGS PER SHARE *(continued)*

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume the effects of all dilutive potential ordinary shares from share plans and share options.

	Group	
	2017	**2016**
	$'000	**$'000**
Net profit attributable to ordinary shareholders of the Company	**20,068**	7,079
Adjustments for share options and share plans of:		
– a subsidiary company	**(12)**	(9)
– an associated company	**(316)**	(268)
Net profit used to determine diluted earnings per share	**19,740**	6,802

	2017	**2016**
	'000	**'000**
Weighted average number of ordinary shares in issue for basic earnings per share	**773,526**	777,271
Adjustments for:		
– share plans	**1,934**	2,233
– share options	**-**	28
Number of ordinary shares used to determine diluted earnings per share	**775,460**	779,532
Diluted earnings per share (cents)	**2.55**	0.87

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Fixed deposits with financial institutions	**231,161**	433,443	**154,500**	147,500
Cash and bank balances	**616,212**	289,440	**486,923**	187,591
	847,373	722,883	**641,423**	335,091

In the previous financial year, cash and cash equivalents of the Group included amounts held under project accounts totalling $106.1 million, withdrawals of which are restricted to payments for expenditures incurred on projects.

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

Significant restrictions

Cash and short-term deposits of $90.8 million (2016: $123.0 million) 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 a subsidiary company

In the previous financial year, the Group disposed of its 100% interest in Yoshinoya (S) Pte Ltd for a cash consideration of $5.0 million.

The effects of the disposal on the cash flows of the Group were:

	Group 2016 $'000
Carrying amount of assets and liabilities disposed of:	
Cash and cash equivalents	2,539
Trade and other receivables	147
Inventories	156
Other current assets	549
Property, plant and equipment	130
Trade and other payables	(1,283)
Current income tax liabilities	(213)
Deferred income tax liabilities	(57)
Other non-current liabilities	(166)
Net assets derecognised	1,802
Net assets disposed of	1,802
Gain on disposal of a subsidiary company	3,215
Sale proceeds	5,017
Deferred sale proceeds	(517)
Cash and cash equivalents of subsidiary company disposed of	(2,539)
Net cash inflow on disposal	1,961

11. DERIVATIVE FINANCIAL INSTRUMENTS

	2017		2016	
	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	64,647	3,134
Non-hedging instruments				
– Currency forwards	8,560	126	-	-
		2,188		3,134
Non-current assets				
Cash flow hedge				
– Interest rate and cross currency swaps	113,210	2,826	33,020	1,862
Net investment hedge				
– Cross currency swaps	147,207	7,420	226,932	12,030
		10,246		13,892
Current liabilities				
Net investment hedge				
– Cross currency swaps	-	-	13,470	(39)
Non-hedging instruments				
– Currency forwards	3,216	(80)	15,393	(1,450)
		(80)		(1,489)
Non-current liability				
Cash flow hedge				
– Interest rate swap	118,000	**(979)**	118,000	(359)
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	13,970	1,107	13,970	788
Non-hedging instrument				
– Cross currency swaps*	128,638	6,484	208,822	10,893
		7,591		11,681
Non-current liability				
Cash flow hedge				
– Interest rate swap	118,000	**(979)**	118,000	(359)

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 30 June 2017

11. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

As at 30 June 2017, the fixed interest rate on SGD interest rate swap is 3.1% (2016: 3.1%) per annum and the fixed interest rates on HKD interest rate and cross currency swaps range from 1.5% to 3.4% (2016: 2.5% to 3.4%) per annum. The main floating rates are Singapore Swap Offered Rate, Hong Kong Interbank Offered Rate and London 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 (2016: November 2019).

Cross currency swaps, that will mature by November 2019 (2016: 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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	**12,087**	30,760	**-**	-
Allowance for impairment of receivables	**(88)**	(143)	**-**	-
	11,999	30,617	**-**	-
Due from subsidiary companies				
– non-trade [Note 12(i)]	**-**	-	**826,624**	1,444,348
Allowance for impairment of receivables	**-**	-	**(308,906)**	(273,176)
	-	-	**517,718**	1,171,172
Due from associated and joint venture companies				
– non-trade [Note 12(ii)]	**4,285**	14,742	**302**	298
Dividends receivable from an associated company	**11,363**	-	**-**	-
Deposits	**38,979**	5,170	**67**	33
Prepayments	**20,475**	16,360	**3,284**	4,993
Accrued receivables [Note 12(iii)]	**22,551**	-	**-**	-
Sundry receivables	**13,854**	5,548	**1,330**	1,085
Total current receivables	**123,506**	72,437	**522,701**	1,177,581

(i) 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 $351.9 million (2016: $335.9 million).

(ii) Amounts due from associated and joint venture companies are unsecured and repayable on demand. In the previous financial year, the Group's amounts due from associated and joint venture companies included fixed-interest loan receivables of $11.5 million.

(iii) 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	
	2017	**2016**
	$'000	**$'000**
Raw materials	**99**	118
Work-in-progress	**106**	54
Finished goods	**19,216**	21,396
	19,421	21,568

The cost of inventories recognised as expense and included in "cost of sales" amounted to $64.0 million (2016: $78.1 million).

14. DEVELOPMENT PROPERTIES

	Group	
	2017	**2016**
	$'000	**$'000**
Properties under development		
– Land, at cost	**103,251**	593,375
– Development costs and overhead expenditure capitalised	**68,524**	265,369
	171,775	858,744
– Attributable profits	**-**	141,012
– Allowance for foreseeable losses	**(11,528)**	(11,936)
	160,247	987,820
– Progress billings	**(30,594)**	(397,798)
	129,653	590,022
Properties held for sale	**610,277**	638,747
	739,930	1,228,769
Value of development properties mortgaged to secure long term banking facilities granted (Note 23)	**259,107**	270,950
Total interest capitalised during the financial year	**6**	4,953

The following table provides information on agreements that are in progress at the end of the financial year whose revenue is recognised on a percentage of completion basis:

	Group	
	2017	**2016**
	$'000	**$'000**
Aggregate amount of costs incurred	**-**	443,379
Attributable profits	**-**	141,012
Progress billings	**-**	(391,024)
	-	193,367

Significant estimates and judgement are applied in assessing the valuation of development properties in accordance with Note 2.8. The write-back of 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 30.06.2017	Expected completion date	Land area (Sq m)	Gross floor area (Sq m)	Group's interest in property (%)
Singapore								
Le Nouvel Ardmore at Ardmore Park	43 units of condominium housing	Freehold		100	n/a	5,624	15,746	100
The Tembusu at Tampines Road	337 units of condominium housing	Freehold		100	n/a	13,149	27,563	100
Malaysia								
Le Nouvel KLCC at Section 43, Town of Kuala Lumpur	195 units of condominium housing	Freehold		100	n/a	6,084	42,926	88.1
Nobleton Crest at Section 89, Town of Kuala Lumpur	25 units of condominium housing	Freehold		100	n/a	4,047	7,305	88.1
Verticas Residensi at Section 57, Town of Kuala Lumpur	423 units of condominium housing	Freehold	Towers A, B, C, D	100	n/a	9,764	2,733	88.1
Taman Bukit Minyak Utama at Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang	692 units of terrace and semi-detached houses and shop houses	Freehold	Phases 1-4 Phase 5	100 52	n/a 2018	38,510	31,301	88.1
Impiana Boulevard and Impiana Gallery at Mukim 14, Daerah Seberang Perai Tengah, Pulau Pinang	81 units of shop houses	Freehold		100	n/a	8,312	8,296	88.1
Jesselton Hills at Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang	950 units of terrace and semi-detached houses and vacant land	Freehold	Phases 1-2 Phases 3-5 Vacant land	100 - -	n/a - -	225,433	4,530	88.1

14. DEVELOPMENT PROPERTIES *(continued)*

Location	Type of development	Tenure		% of completion at 30.06.2017	Expected completion date	Land area (Sq m)	Gross floor area (Sq m)	Group's interest in property (%)
Malaysia *(continued)*								
Mahkota Impian at Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang	386 units of shop houses and service apartments	Freehold		83	2017	29,793	69,072	88.1
Vacant land at Mukim of Ulu Klang, Gombak, Selangor	-	Freehold		-	-	188,151	n/a	88.1
Vacant land at Pekan Penaga, District of Petaling, Selangor	-	99-year lease expiring 2093		-	-	38,155	n/a	88.1
Vacant land at Section 89A, Town of Kuala Lumpur	-	Freehold		-	-	8,645	n/a	88.1
Vacant land at Mukim 14-16, Daerah Seberang Perai Tengah, Pulau Pinang	-	Freehold		-	-	479,812	n/a	88.1
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

(a) On 6 June 2017, the Group's wholly-owned subsidiary company, Wing Tai China Pte. Ltd. entered into a Sale and Purchase agreement to dispose off 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**

(b) In the previous financial year, the Group's wholly-owned subsidiary company, Wing Tai Land Pte. Ltd. disposed of its 50% interest in the issued share capital and shareholders' loans of Summervale Properties Pte Ltd ("Summervale") with net carrying amount of $411.0 million to Sunmaster Holdings Pte. Ltd. for a cash consideration of $411.0 million. Following the disposal of shares, Summervale ceased to be a joint venture company of the Group. The Group subsequently completed the disposal on 5 July 2016.

(c) In the previous financial year, the Group's wholly-owned subsidiary company, Wing Tai (China) Investment Pte. Ltd. disposed of its 40% interest in the issued share capital and shareholders' loans of Optima Investment & Development Pte. Ltd. ("Optima") with net carrying amount of $84.6 million to Singbridge Guangzhou Pte. Ltd. for a cash consideration of $89.3 million. Following the disposal of shares, Optima ceased to be a joint venture company of the Group. The Group subsequently completed the disposal on 26 August 2016 and a gain of $4.5 million was recorded (Note 4).

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Beginning of financial year	**6,276**	6,267	**3,189**	3,189
Fair value gains recognised in other comprehensive income	**1,214**	-	**-**	-
Addition	**18,305**	-	**-**	-
Impairment loss	**(3,185)**	-	**-**	-
Currency translation differences	**98**	9	**-**	-
End of financial year	**22,708**	6,276	**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.

During the financial year, the Group recognised an impairment loss of $3.2 million against an unquoted security as its carrying amount had been lower than its recoverable amount.

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

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Quoted securities in:				
- Singapore	**19,519**	-	**-**	-
Unquoted securities in:				
- Singapore	**3,189**	3,189	**3,189**	3,189
- Hong Kong SAR	**-**	3,087	**-**	-
End of financial year	**22,708**	6,276	**3,189**	3,189

17. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Loans to subsidiary companies [Note 17(i)]	**-**	-	**621,054**	518,181
Allowance for impairment of receivables	**-**	-	**(3,182)**	-
	-	-	**617,872**	-
Loans to joint venture companies [Note 17(ii)]	**236,170**	195,416	**-**	-
Allowance for impairment of receivables [Note 17(ii)]	**(27,116)**	(189)	**-**	-
	209,054	195,227	**-**	-
Loans to non-controlling interests [Note 17(iii)]	**2,395**	20,930	**-**	-
Deposits	**2,535**	1,983	**-**	-
Total non-current receivables	**213,984**	218,140	**617,872**	518,181

17. TRADE AND OTHER RECEIVABLES – NON-CURRENT *(continued)*

(i) 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 $168.0 million (2016: $146.0 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.

(ii) 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 $170.7 million (2016: $129.8 million), which are subordinated to banking facilities of $420.0 million (2016: $420.0 million) granted by banks to the said joint venture companies. During the financial year, the Group recognised an allowance for impairment of receivables of $27.1 million against a loan with carrying amount lower than its recoverable amount.

(iii) 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.

18. INVESTMENTS IN ASSOCIATED AND JOINT VENTURE COMPANIES

The summarised financial information of the 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.	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Summarised statement of financial position						
Current assets	**1,116,316**	741,570	**126,726**	112,725	**81,439**	52,410
Non-current assets	**4,498,214**	4,246,942	**23,340**	17,651	**21,816**	22,583
Current liabilities	**(276,852)**	(212,644)	**(68,485)**	(56,639)	**(40,985)**	(34,175)
Non-current liabilities	**(952,212)**	(689,395)	**-**	-	**(1,168)**	(1,046)
Net assets	**4,385,466**	4,086,473	**81,581**	73,737	**61,102**	39,772
Summarised statement of comprehensive income						
Revenue	**210,829**	173,254	**285,673**	242,947	**204,982**	168,777
Expenses and other gains/losses	**39,800**	65,192	**(256,864)**	(223,743)	**(173,893)**	(156,487)
Profit before income tax	**250,629**	238,446	**28,809**	19,204	**31,089**	12,290
Income tax expense	**(18,135)**	(18,759)	**(5,444)**	(3,812)	**(8,784)**	(5,764)
Total profit	**232,494**	219,687	**23,365**	15,392	**22,305**	6,526
Other comprehensive income/(expense)	**7,544**	(27,172)	**(246)**	(1,429)	**399**	(539)
Total comprehensive income	**240,038**	192,515	**23,119**	13,963	**22,704**	5,987

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

	Wing Tai Properties Limited	
	2017 $'000	2016 $'000
Net assets of an associated company attributable to:		
– Non-controlling interests	**713**	174
– Equity holders	**4,384,753**	4,086,299
Total comprehensive income of an associated company attributable to:		
– Non-controlling interests	**537**	(17)
– Equity holders	**239,501**	192,532

	Uniqlo (Singapore) Pte. Ltd.		Uniqlo (Malaysia) Sdn. Bhd.	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Included in net assets of the joint venture companies are:				
– Cash and cash equivalents	**69,965**	65,529	**40,829**	14,426
– Financial liabilities (excluding trade and other payables and provisions)				
– Current	**(2,347)**	(2,393)	**(1,168)**	-
– Non-current	**-**	-	**-**	-
Included in total comprehensive income of the joint venture companies are:				
– Interest income	**406**	283	**493**	240
– Depreciation and amortisation	**(8,679)**	(6,675)	**(7,929)**	(7,298)
– Interest expense	**(543)**	(135)	**(374)**	(99)

	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						
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**

18. 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)*						
2016						
Beginning of financial year	1,353,952	35,659	16,243	124,397	176,299	1,530,251
Currency translation differences	1,628	-	(1,040)			
Dilution loss	(2,431)	-	-			
Dividends received	(12,428)	(6,370)	-	(1,200)	(7,570)	(19,998)
Group's share of:						
(at gross shareholding)	34.5%	49.0%	45.0%			
– Profit/(loss) for the year	77,190	7,542	2,937	(28,270)	(17,791)	59,399
– Other comprehensive (expense)/income	(9,364)	(700)	(243)	9,329	8,386	(978)
End of financial year	1,408,547	36,131	17,897	34,423	88,451	1,496,998

	Group 2017 $'000	Group 2016 $'000
Capital commitments in relation to interest in a joint venture company	**12,505**	13,089
Share of joint venture companies' capital commitments	**34,531**	65,772
Share of an associated and joint venture companies' contingent liabilities and financial guarantees incurred jointly with other investors	**156,498**	152,109
Market value of quoted equity shares of an associated company	**431,032**	343,224

The Group's associated company, Wing Tai Properties Limited ("WTP") is listed on the Hong Kong Exchanges and Clearing 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 2016 to 31 March 2017 (2016: 1 April 2015 to 31 March 2016) and adjusts for any significant transactions and events that occur between 1 April and 30 June 2017 that become publicly available prior to the date of the Group's consolidated financial statements.

As at 30 June 2017, 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 the investment in 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.

19. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company 2017 $'000	Company 2016 $'000
Equity investments, at cost	**282,063**	283,063

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:

Name of company	Effective interest held by non-controlling interests 2017 %	Effective interest held by non-controlling interests 2016 %
Wing Tai Malaysia Berhad	**11.9**	33.8
Suzhou Property Development Pte Ltd	**25**	25

Please refer to Note 36(a) for significant transactions with non-controlling interests for the financial year ended 30 June 2017. There were no significant transactions with non-controlling interests for the financial year ended 30 June 2016.

19. 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.

	Wing Tai Malaysia Berhad $'000	Suzhou Property Development Pte Ltd $'000	Total $'000
2017			
Summarised statement of financial position			
Current assets	459,595	102,199	561,794
Non-current assets	134,574	20,467	155,041
Current liabilities	(34,127)	(3,253)	(37,380)
Non-current liabilities	(143,376)	(38,574)	(181,950)
Net assets	416,666	80,839	497,505
Net assets attributable to non-controlling interests	49,750	20,210	69,960
Add: Carrying amount of individually immaterial non-controlling interests of other subsidiary companies			51,273
Carrying amount of non-controlling interests			**121,233**
Summarised statement of comprehensive income			
Revenue	83,682	1,071	84,753
Total profit	13,974	2,117	16,091
Other comprehensive expense	(28)	(1,782)	(1,810)
Total comprehensive income	13,946	335	14,281
Total comprehensive income attributable to non-controlling interests	2,861	84	2,945
Dividends paid to non-controlling interests	1,572	-	1,572
Summarised cash flows			
Cash flows from:			
– Operating activities	2,396	(22,880)	(20,484)
– Investing activities	(1,120)	1,480	360
– Financing activities	(14,486)	-	(14,486)
Net decrease in cash and cash equivalents	(13,210)	(21,400)	(34,610)

19. INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

	Wing Tai Malaysia Berhad $'000	Suzhou Property Development Pte Ltd $'000	Total $'000
2016			
Summarised statement of financial position			
Current assets	514,132	125,423	639,555
Non-current assets	110,909	21,255	132,164
Current liabilities	(51,032)	(5,827)	(56,859)
Non-current liabilities	(153,141)	(60,347)	(213,488)
Net assets	420,868	80,504	501,372
Net assets attributable to non-controlling interests	142,338	20,126	162,464
Add: Carrying amount of individually immaterial non-controlling interests of other subsidiary companies			47,353
Carrying amount of non-controlling interests			209,817
Summarised statement of comprehensive income			
Revenue	118,739	36,224	154,963
Total profit	10,228	8,392	18,620
Other comprehensive income/(expense)	4,913	(6,076)	(1,163)
Total comprehensive income	15,141	2,316	17,457
Total comprehensive income attributable to non-controlling interests	5,121	579	5,700
Dividends paid to non-controlling interests	1,628	-	1,628
Summarised cash flows			
Cash flows from:			
– Operating activities	(52,042)	17,621	(34,421)
– Investing activities	(210)	1,535	1,325
– Financing activities	52,531	-	52,531
Net increase in cash and cash equivalents	279	19,156	19,435

20. INVESTMENT PROPERTIES

	Group 2017 $'000	Group 2016 $'000
Beginning of financial year	**577,732**	585,527
Fair value losses recognised in income statement	**(3,956)**	(2,862)
Additions	**78,461**	-
Disposals	**-**	(149)
Transfer to property, plant and equipment	**-**	(3,648)
Transfer from development properties	**1,361**	3,273
Currency translation differences	**(1,793)**	(4,409)
End of financial year	**651,805**	577,732

The following amounts are recognised in the income statement:

	Group 2017 $'000	Group 2016 $'000
Rental income	**29,960**	31,677
Direct operating expenses arising from investment properties that generated rental income	**(9,897)**	(10,030)

The major investment properties are as follows:

Name of building/ location	Description	Tenure of land	Lettable area (Sq m)	Group's interest in property (%)
Singapore				
Winsland House I at 3 Killiney Road (1^{st} to 9^{th} floor)	10-storey commercial building	99-year lease expiring 2082	13,163	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	67 units of serviced apartments in a 9-storey building	99-year lease expiring 2093	6,030	100
Malaysia				
Kondominium No. 8 at Section 89A, Town of Kuala Lumpur	132 units of condominium housing	Freehold	22,702	88.1
Sering Ukay at Jalan SU1E, Ampang, Selangor	10 units of shop offices	Freehold	2,872	88.1

20. INVESTMENT PROPERTIES *(continued)*

Name of building/ location	Description	Tenure of land	Lettable area (Sq m)	Group's interest in property (%)
Malaysia *(continued)*				
Taman Bukit Minyak Utama at Lorong Bukit Minyak Utama 2, Daerah Seberang Perai Tengah, Pulau Pinang	8 units of shop offices	Freehold	3,265	88.1
The People's Republic of China				
Singa Plaza at No. 8 Jinji Hu Road, Suzhou Industrial Park	8-storey commercial building	50-year lease expiring 2046	8,255	75
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	7,946	100
12 Brookhollow Avenue, Baulkham Hills, New South Wales	4-storey commercial property	Freehold	4,920	100

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 $301.7 million (2016: $547.6 million) were mortgaged to banks to secure long term banking facilities granted to certain subsidiary companies (Note 23).

21. 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						
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**

21. 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						
2016						
Cost or valuation						
Beginning of financial year						
Cost	-	-	6,315	26,209	64,348	96,872
Valuation	33,692	58,177	-	-	-	91,869
	33,692	58,177	6,315	26,209	64,348	188,741
Additions	-	13	1,103	1,985	1,541	4,642
Disposals	-	-	(820)	(250)	(28)	(1,098)
Disposal of a subsidiary company	-	-	-	(1,156)	(2,342)	(3,498)
Write-off	-	-	-	(989)	(10,667)	(11,656)
Transfer from investment properties	-	3,648	-	-	-	3,648
Revaluation gains	1,876	96	-	-	-	1,972
Currency translation differences	(2,121)	(450)	(196)	(624)	(1,422)	(4,813)
End of financial year	33,447	61,484	6,402	25,175	51,430	177,938
Representing:						
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
Accumulated depreciation and impairment losses						
Beginning of financial year	1,130	851	4,982	14,452	48,016	69,431
Depreciation charge	287	1,170	613	1,841	6,600	10,511
Disposals	-	-	(820)	(180)	(28)	(1,028)
Disposal of a subsidiary company	-	-	-	(1,105)	(2,263)	(3,368)
Write-off	-	-	-	(919)	(9,585)	(10,504)
Impairment loss	-	-	-	104	1,325	1,429
Revaluation adjustments	(1,356)	(1,678)	-	-	-	(3,034)
Currency translation differences	(61)	(47)	(150)	(547)	(1,138)	(1,943)
End of financial year	-	296	4,625	13,646	42,927	61,494
Net book value						
End of financial year	33,447	61,188	1,777	11,529	8,503	116,444

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

	Motor vehicles $'000	Office equipment $'000	Furniture and fittings $'000	Total $'000
Company				
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**
2016				
Cost				
Beginning of financial year	1,744	10,209	2,488	14,441
Additions	965	1,174	47	2,186
Disposals	(756)	(30)	(28)	(814)
Write-off	-	(1)	-	(1)
End of financial year	1,953	11,352	2,507	15,812
Accumulated depreciation				
Beginning of financial year	1,669	1,419	1,777	4,865
Depreciation charge	157	445	308	910
Disposals	(756)	(30)	(28)	(814)
Write-off	-	(1)	-	(1)
End of financial year	1,070	1,833	2,057	4,960
Net book value				
End of financial year	883	9,519	450	10,852

21. 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	
	2017	**2016**
	$'000	**$'000**
Freehold land and buildings	**27,442**	29,854
Leasehold land and buildings	**41,260**	42,404

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	2,858
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 $0.8 million (2016: $85.5 million) were mortgaged to banks to secure long term banking facilities granted to subsidiary companies (Note 23).

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Trade payables	**17,987**	25,416	**-**	-
Due to subsidiary companies – non-trade [Note 22(i)]	**-**	-	**25,251**	84,220
Due to associated and joint venture companies – non-trade [Note 22(ii)]	**15,925**	16,914	**-**	-
Accrued project costs	**38,759**	57,508	**-**	-
Accrued operating expenses	**26,565**	26,297	**7,334**	9,534
Tenancy and other deposits	**30,613**	3,324	**-**	-
Other payables	**42,841**	3,597	**156**	170
Total trade and other payables	**172,690**	133,056	**32,741**	93,924

(i) Non-trade amounts due to subsidiary companies are unsecured and repayable on demand. In the previous financial year, amounts due to subsidiary companies included floating-interest payables of $40.7 million.

(ii) 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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Current				
– Secured bank loans	**4,253**	5,859	**-**	-
– Unsecured bank loans	**-**	81,489	**-**	-
	4,253	87,348	**-**	-
Non-current				
– Secured bank loans	**221,534**	341,087	**-**	-
– Unsecured bank loans	**334,337**	528,071	**233,293**	507,838
– Unsecured medium term notes due in 2021	**117,250**	120,000	**117,250**	120,000
– Unsecured medium term notes due in 2022	**92,750**	100,000	**92,750**	100,000
– Unsecured medium term notes due in 2023	**80,500**	100,000	**80,500**	100,000
– Unsecured medium term notes due in 2024	**79,000**	100,000	**79,000**	100,000
	925,371	1,289,158	**602,793**	927,838
Total borrowings	**929,624**	1,376,506	**602,793**	927,838

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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Less than one year	**238,787**	716,435	**13,000**	288,000
Between one and two years	**-**	87,000	**-**	87,000
Between two and five years	**271,397**	153,071	**250,543**	132,838
Over five years	**419,440**	420,000	**339,250**	420,000
	929,624	1,376,506	**602,793**	927,838

(b) Security granted

The Group's secured borrowings are generally secured by mortgages on certain development properties (Note 14), investment properties (Note 20) and property, plant and equipment (Note 21) and assignment of all rights, titles and benefits with respect to the properties.

24. DIVIDENDS

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Dividends paid in respect of the preceding financial year		
First and final dividend of 3 cents per share (2016: 3 cents per share)	**23,213**	23,448
Special dividend of 3 cents per share	**23,213**	-
	46,426	23,448

The directors have recommended a first and final dividend in respect of the financial year ended 30 June 2017 of 3 cents per share and a special dividend of 3 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 2018.

The proposed first and final dividend in respect of the financial year ended 30 June 2016 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	
	2017	**2016**
	$'000	**$'000**
Tenancy deposits	**4,499**	4,808
Loans from non-controlling interests	**8,005**	7,903
Retention payable	**5,172**	14,592
Others	**1,959**	2,172
	19,635	29,475

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 *Issued share capital*	
	Number of ordinary shares '000	**Amount $'000**
2017		
Beginning and end of financial year	**793,927**	**838,250**
2016		
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**
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
Total	**1,973,400**	**285,900**	**154,000**	**334,500**	**1,199,000**		
2016							
30.09.2005	230,000	223,300	6,700	-	-	1.300	29.09.2015
05.09.2006	702,200	20,200	61,600	-	620,400	1.645	04.09.2016
06.09.2007	1,529,000	-	176,000	-	1,353,000	3.136	05.09.2017
Total	2,461,200	243,500	244,300	-	1,973,400		

All the outstanding share options are exercisable.

The Company reissued 285,900 (2016: 243,500) treasury shares at an average price of $1.65 (2016: $1.33) per share during the financial year for the fulfilment of share options exercised during the financial year. The weighted average share price at the time of exercise was $1.76 (2016: $1.66) per share.

26. SHARE CAPITAL *(continued)*

(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 21 September 2016 (2016: 14 September 2015), awards were granted by the Company to qualifying employees pursuant to the Wing Tai PSP in respect of 323,000 (2016: 223,000) shares of the Company. Under the Wing Tai PSP, performance conditions are set over a three-year performance period. A specified number of shares will be released by the Committee to the participants at the end of the performance period, provided the threshold targets are achieved. The total number of shares released varies depending on the achievement of pre-set performance targets over the performance period. The achievement factor ranges from 0% to 200%.

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

Date of grant	Beginning of financial year	Number of shares granted	Adjustment of shares awarded arising from targets achieved	Number of shares released	Number of shares forfeited	End of financial year
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**
Total	**488,000**	**323,000**	**(97,500)**	**17,500**	**-**	**696,000**
2016						
19.09.2012	147,000	-	41,600	188,600	-	-
25.09.2013	115,000	-	-	-	-	115,000
26.09.2014	210,000	-	-	-	28,000	182,000
14.09.2015	-	223,000	-	-	32,000	191,000
Total	472,000	223,000	41,600	188,600	60,000	488,000

26. SHARE CAPITAL *(continued)*

(b) Share Plans *(continued)*

Wing Tai RSP
On 21 September 2016 (2016: 14 September 2015), awards were granted by the Company to qualifying employees pursuant to the Wing Tai RSP in respect of 555,000 (2016: 970,000) 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**
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**
Total	**1,916,900**	**555,000**	**946,200**	**147,200**	**1,378,500**
2016					
19.09.2012	594,400	-	594,400	-	-
25.09.2013	887,600	-	380,400	46,800	460,400
26.09.2014	1,063,000	-	313,800	129,700	619,500
14.09.2015	-	970,000	-	133,000	837,000
Total	2,545,000	970,000	1,288,600	309,500	1,916,900

The fair values of the awards granted pursuant to the Wing Tai PSP and the Wing Tai RSP on 21 September 2016 (2016: 14 September 2015) determined using the Monte Carlo simulation model was $0.1 million (2016: $0.2 million) and $0.9 million (2016: $1.6 million) respectively. The significant inputs into the model were share price at grant date of $1.68 (2016: $1.64) per share, standard deviation of expected share price returns of 22.5% (2016: 20.9%), dividend yield of 1.2% (2016: 0.2%) and annual risk-free one-year, two-year and three-year interest rates of 0.7%, 0.9% and 1.1% respectively (2016: 1.1%, 1.2% and 1.5% respectively). The volatility measured at the standard deviation of expected share price returns is based on the statistical analysis of monthly share prices over the past three years.

27. PERPETUAL SECURITIES

On 28 June 2017, the Company issued $150,000,000 4.08% senior perpetual securities at an issue price of 100 per cent, 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 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Share-based payment reserve	**11,668**	11,996	**10,486**	10,889
Cash flow hedge reserve	**(424)**	1,220	**(1,058)**	471
Asset revaluation reserve	**24,247**	22,595	**-**	-
Share of capital reserves of associated and joint venture companies	**62,877**	62,284	**-**	-
Currency translation reserve	**(87,333)**	(102,553)	**-**	-
Fair value reserve	**1,214**	-	**-**	-
Treasury shares reserve	**(30,597)**	(32,493)	**(30,597)**	(32,493)
Statutory reserve	**4,859**	3,294	-	-
	(13,489)	(33,657)	**(21,169)**	(21,133)

(a) Share-based payment reserve

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Beginning of financial year	**11,996**	12,360	**10,889**	11,368
Employee share plans and share option schemes:				
– Value of employee services (Notes 6 and 26)	**1,128**	1,904	**1,023**	1,730
– Reissuance of treasury shares	**(1,426)**	(2,209)	**(1,426)**	(2,209)
Attributable to non-controlling interests	**(30)**	(59)	**-**	-
End of financial year	**11,668**	11,996	**10,486**	10,889

(b) Cash flow hedge reserve

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Beginning of financial year	**1,220**	3,437	**471**	2,528
Fair value losses on derivative financial instruments	**(5,095)**	(4,054)	**(2,188)**	(2,197)
Reclassified to income statement as finance costs	**3,451**	1,837	**659**	140
End of financial year	**(424)**	1,220	**(1,058)**	471

(c) Asset revaluation reserve

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Beginning of financial year	**22,595**	82,224	**-**	-
Revaluation gains on property, plant and equipment	**1,652**	7,569	**-**	-
Deferred income tax charged to other comprehensive income	**-**	(1,222)	**-**	-
Transfer to retained earnings upon realisation	**-**	(64,191)	**-**	-
Attributable to non-controlling interests	**-**	(1,785)	**-**	-
End of financial year	**24,247**	22,595	**-**	-

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

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Beginning of financial year	**62,284**	61,043	**-**	-
Share of capital reserves of associated and joint venture companies	**1,875**	(978)	**-**	-
Liquidation of joint venture companies	**-**	1,833	**-**	-
Disposal of joint venture companies	**(1,076)**	-	**-**	-
Attributable to non-controlling interests	**(206)**	386	**-**	-
End of financial year	**62,877**	62,284	**-**	-

28. OTHER RESERVES *(continued)*

		Group		Company	
		2017	**2016**	**2017**	**2016**
		$'000	**$'000**	**$'000**	**$'000**
(e)	**Currency translation reserve**				
	Beginning of financial year	**(102,553)**	(66,507)	**-**	-
	Translation of financial statements of foreign subsidiary, associated and joint venture companies	**8,543**	(40,248)	**-**	-
	Translation of foreign currency denominated loans which form part of net investment in subsidiary companies	**5,910**	(3,375)	**-**	-
	Liquidation of joint venture companies	**-**	(1,298)	**-**	-
	Liquidation of subsidiary companies	**(186)**	(927)	**-**	-
	Attributable to non-controlling interests	**953**	9,802	**-**	-
	End of financial year	**(87,333)**	(102,553)	**-**	-
(f)	**Fair value reserve**				
	Beginning of financial year	**-**	-	**-**	-
	Fair value gains on available-for-sale financial assets	**1,214**	-	**-**	-
	End of financial year	**1,214**	-	**-**	-
(g)	**Treasury shares reserve**				
	Beginning of financial year	**(32,493)**	(19,584)	**(32,493)**	(19,584)
	Purchase of treasury shares	**-**	(15,441)	**-**	(15,441)
	Reissuance of treasury shares	**1,896**	2,532	**1,896**	2,532
	End of financial year	**(30,597)**	(32,493)	**(30,597)**	(32,493)
(h)	**Statutory reserve**				
	Beginning of financial year	**3,294**	3,282	**-**	-
	Transfer from revenue reserves	**2,087**	16	**-**	-
	Attributable to non-controlling interests	**(522)**	(4)	**-**	-
	End of financial year	**4,859**	3,294	**-**	-
(i)	**Capital redemption reserve**				
	Beginning of financial year	**-**	462	**-**	-
	Redemption of preference shares by a subsidiary company	**-**	(720)	**-**	-
	Attributable to non-controlling interests	**-**	258	**-**	-
	End of financial year	**-**	-	**-**	-
	Total	**(13,489)**	(33,657)	**(21,169)**	(21,133)

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 2017 was 20,168,500 (2016: 21,418,100). The Company reissued 1,249,600 (2016: 1,720,700) treasury shares during the financial year pursuant to the Wing Tai PSP, Wing Tai RSP and share options. The purchase cost of the treasury shares reissued amounted to $1.9 million (2016: $2.5 million). The total consideration for the treasury shares reissued which comprised the value of employee services amounted to $1.4 million (2016: $2.2 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 $1,099.7 million (2016: $1,013.1 million) and the amount of $30.6 million (2016: $32.5 million) utilised to purchase treasury shares. Retained earnings of the Company are distributable except for the amount of $30.6 million (2016: $32.5 million) utilised to purchase treasury shares.

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

	Company	
	2017	**2016**
	$'000	**$'000**
Beginning of financial year	**499,357**	496,154
Net profit	**32,807**	26,651
Accrued perpetual securities distribution	**(51)**	-
Dividends paid (Note 24)	**(46,426)**	(23,448)
End of financial year	**485,687**	499,357

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 19), are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Commitments in respect of contracts placed	**-**	39,509

(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	
	2017	**2016**
	$'000	**$'000**
Not later than one year	**26,552**	28,518
Between one and five years	**30,714**	20,390
	57,266	48,908

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	
	2017	**2016**
	$'000	**$'000**
Not later than one year	**26,878**	24,535
Between one and five years	**39,732**	27,352
Later than five years	**27,734**	-
	94,344	51,887

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 18), are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Financial guarantees issued to banks for credit facilities granted to:				
– subsidiary companies	**-**	-	**101,044**	106,723
– joint venture companies	**22,260**	19,691	**-**	8,280
	22,260	19,691	**101,044**	115,003

The Company has given financial guarantees for all liabilities incurred under a tender bond facility of a subsidiary company amounting to $15.0 million (2016: $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, the People's Republic of China, Hong Kong SAR and Australia. 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 exposure, 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	RMB $'000	AUD $'000	Other $'000	Total $'000
Group								
2017								
Financial assets								
Cash and cash equivalents	683,330	58,087	5,778	820	89,837	8,294	1,227	847,373
Available-for-sale financial assets	22,708	-	-	-	-	-	-	22,708
Trade and other receivables (current and non-current)	281,190	20,547	409	13,769	863	228	9	317,015
	987,228	78,634	6,187	14,589	90,700	8,522	1,236	1,187,096
Financial liabilities								
Trade and other payables	(99,720)	(64,242)	(2,438)	(565)	(1,409)	(679)	(3,637)	(172,690)
Borrowings	(652,500)	(140,333)	(36,147)	(80,190)	-	(20,454)	-	(929,624)
Other financial liabilities	(10,477)	(5,752)	(3,406)	-	-	-	-	(19,635)
	(762,697)	(210,327)	(41,991)	(80,755)	(1,409)	(21,133)	(3,637)	(1,121,949)
Net financial assets/(liabilities)	224,531	(131,693)	(35,804)	(66,166)	89,291	(12,611)	(2,401)	65,147
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(224,642)	118,780	18,518	(12,557)	(89,290)	14,313	-	(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**	**1,702**	**(287)**	**(324,042)**

32. FINANCIAL RISK MANAGEMENT *(continued)*

(a) Market risk *(continued)*

(i) *Currency risk (continued)*

	SGD $'000	RM $'000	USD $'000	HKD $'000	RMB $'000	Other $'000	Total $'000
Group							
2016							
Financial assets							
Cash and cash equivalents	542,318	48,286	21,235	169	110,875	-	722,883
Available-for-sale financial assets	3,189	-	3,087	-	-	-	6,276
Trade and other receivables (current and non-current)	228,941	21,877	653	20,944	1,802	-	274,217
	774,448	70,163	24,975	21,113	112,677	-	1,003,376
Financial liabilities							
Trade and other payables	(81,789)	(42,078)	(2,022)	(460)	(3,466)	(3,241)	(133,056)
Borrowings	(1,180,000)	(147,946)	(48,560)	-	-	-	(1,376,506)
Other financial liabilities	(16,168)	(10,002)	(3,305)	-	-	-	(29,475)
	(1,277,957)	(200,026)	(53,887)	(460)	(3,466)	(3,241)	(1,539,037)
Net financial (liabilities)/assets	(503,509)	(129,863)	(28,912)	20,653	109,211	(3,241)	(535,661)
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	435,504	129,923	30,677	(20,975)	(109,209)	-	465,920
Firm commitments and highly probable forecast transactions in foreign currencies	-	-	(1,572)	(857)	-	(8,472)	(10,901)
Currency forwards and cross currency swaps	68,005	-	16,687	(304,803)	-	11,688	(208,423)
Currency exposure	-	60	16,880	(305,982)*	2	(25)	(289,065)

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	HKD $'000	AUD $'000	Other $'000	Total $'000
Company						
2017						
Financial assets						
Cash and cash equivalents	616,728	24,646	-	-	49	641,423
Available-for-sale financial assets	3,189	-	-	-	-	3,189
Trade and other receivables (current and non-current)	561,692	57	105,021	20,631	1	687,402
	1,181,609	24,703	105,021	20,631	50	1,332,014
Financial liabilities						
Trade and other payables	(32,333)	(7)	(25)	-	(376)	(32,741)
Borrowings	(587,500)	-	-	-	(15,293)	(602,793)
	(619,833)	(7)	(25)	-	(15,669)	(635,534)
Net financial assets/(liabilities)	561,776	24,696	104,996	20,631	(15,619)	696,480
Net financial assets denominated in the Company's functional currency	(561,776)	-	-	-	-	(561,776)
Cross currency swaps	-	-	(129,090)	-	15,355	(113,735)
Currency exposure	**-**	**24,696**	**(24,094)***	**20,631**	**(264)**	**20,969**
2016						
Financial assets						
Cash and cash equivalents	335,031	41	-	-	19	335,091
Available-for-sale financial assets	3,189	-	-	-	-	3,189
Trade and other receivables (current and non-current)	1,212,003	-	106,543	-	11	1,318,557
	1,550,223	41	106,543	-	30	1,656,837
Financial liabilities						
Trade and other payables	(92,794)	-	(773)	-	(357)	(93,924)
Borrowings	(913,000)	-	-	-	(14,838)	(927,838)
	(1,005,794)	-	(773)	-	(15,195)	(1,021,762)
Net financial assets/(liabilities)	544,429	41	105,770	-	(15,165)	635,075
Net financial assets denominated in the Company's functional currency	(544,429)	-	-	-	-	(544,429)
Cross currency swaps	-	-	(209,307)	-	14,885	(194,422)
Currency exposure	-	41	(103,537)*		(280)	(103,776)

* The HKD net currency exposure of $312.0 million (2016: $306.0 million) for the Group and $24.1 million (2016: $103.5 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, RMB and AUD change against the SGD by 1% (2016: 1%) each with all other variables 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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Group				
RM against SGD				
– strengthened	**(130)**	1	**-**	-
– weakened	**130**	(1)	**-**	-
USD against SGD				
– strengthened	**7**	185	**-**	-
– weakened	**(7)**	(185)	**-**	-
HKD against SGD				
– strengthened	**(3,112)**	(3,051)	**-**	-
– weakened	**3,112**	3,051	**-**	-
RMB against SGD				
– strengthened	**-**	-	**-**	-
– weakened	**-**	-	**-**	-
AUD against SGD				
– strengthened	**17**	-	**-**	-
– weakened	**(17)**	-	**-**	-
Company				
RM against SGD				
– strengthened	**247**	-	**-**	-
– weakened	**(247)**	-	**-**	-
HKD against SGD				
– strengthened	**(241)**	(1,035)	**-**	-
– weakened	**241**	1,035	**-**	-
AUD against SGD				
– strengthened	**206**	-	**-**	-
– weakened	**(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, RM and AUD. If the SGD, RM and AUD interest rates increase/decrease by 1% (2016: 1%) with all other variables being held constant, the profit before income tax would have been lower/higher by $2.4 million (2016: $5.5 million) as a result of higher/lower interest expense on these borrowings. Other comprehensive income would have been higher/lower by $0.5 million (2016: $1.5 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% (2016: 1%) with all other variables being held constant, the profit before income tax would have been lower/higher by $0.1 million (2016: $1.8 million) as a result of higher/lower interest expense on these borrowings. Other comprehensive income would have been higher/lower by $0.2 million (2016: $1.1 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	
	2017 **$'000**	**2016** **$'000**
By business segments		
Development properties	**7,865**	26,306
Investment properties	**326**	368
Retail	**2,796**	2,930
Others	**12,374**	1,013
	23,361	30,617

(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	
	2017 **$'000**	**2016** **$'000**
Past due less than 3 months	**1,050**	493
Past due 3 to 6 months	**27**	19
Past due over 6 months	**352**	313
	1,429	825

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	
	2017 **$'000**	**2016** **$'000**	**2017** **$'000**	**2016** **$'000**
Gross amount	**159,999**	332	**742,989**	508,877
Less: Allowance for impairment	**(27,204)**	(332)	**(312,088)**	(273,176)
	132,795	-	**430,901**	235,701
Beginning of financial year	**332**	321	**273,176**	244,207
Allowance made	**27,123**	31	**38,912**	28,969
Allowance utilised	**(183)**	-	**-**	-
Currency translation differences	**(68)**	(20)	**-**	-
End of financial year	**27,204**	332	**312,088**	273,176

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				
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 financial liabilities	-	16,495	3,141	-
Financial guarantees	13,980	-	-	8,280
	225,770	**58,442**	**560,381**	**452,100**
2016				
Net-settled interest rate swaps	640	640	868	-
Gross-settled cross currency swaps				
– Receipts	(90,435)	(93,784)	(158,996)	-
– Payments	86,901	89,829	148,518	-
Gross-settled currency forwards				
– Receipts	(14,290)	-	-	-
– Payments	15,393	-	-	-
Trade and other payables	133,056	-	-	-
Borrowings	129,969	277,260	571,770	579,105
Other financial liabilities	-	26,535	2,940	-
Financial guarantees	11,411	-	-	8,280
	272,645	300,480	565,100	587,385
Company				
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**
2016				
Net-settled interest rate swaps	640	640	868	-
Gross-settled cross currency swaps				
– Receipts	(6,360)	(93,347)	(138,170)	-
– Payments	6,024	89,369	129,783	-
Trade and other payables	95,036	-	-	-
Borrowings	25,299	125,148	467,366	446,670
Financial guarantees	81,489	-	20,234	5,000
	202,128	121,810	480,081	451,670

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	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Borrowings	**929,624**	1,376,506	**602,793**	927,838
Less: Cash and cash equivalents	**(847,373)**	(722,883)	**(641,423)**	(335,091)
Net debt	**82,251**	653,623	**(38,630)**	592,747
Equity attributable to equity holders of the Company:				
- ordinary shareholders	**3,146,696**	3,122,709	**1,302,768**	1,316,474
- perpetual security holders	**147,778**	-	**147,778**	-
	3,294,474	3,122,709	**1,450,546**	1,316,474
Debt-equity ratio	**2%**	21%	**n/m**	45%

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 2017 and 2016.

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				
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)
Total	**19,519**	**11,375**	**749,463**	**780,357**
2016				
Assets				
Derivative financial instruments	-	17,026	-	17,026
Investment properties	-	-	577,732	577,732
Property, plant and equipment	-	-	94,931	94,931
Available-for-sale financial asset	-	-	6,276	6,276
Liabilities				
Derivative financial instruments	-	(1,848)	-	(1,848)
Total	-	15,178	678,939	694,117

32. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Fair value measurements *(continued)*

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Company				
2017				
Assets				
Derivative financial instruments	-	9,653	-	9,653
Available-for-sale financial asset	-	-	3,189	3,189
Liabilities				
Derivative financial instruments	-	(979)	-	(979)
Total	**-**	**8,674**	**3,189**	**11,863**
2016				
Assets				
Derivative financial instruments	-	11,681	-	11,681
Available-for-sale financial asset	-	-	3,189	3,189
Liabilities				
Derivative financial instruments	-	(359)	-	(359)
Total	-	11,322	3,189	14,511

(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)*

(iii) 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, the People's Republic of China and Australia	Direct Comparison Approach	Market value per square metre	$365 - $21,445 (2016: $377 - $20,939)	The higher the adjusted valuation, the higher the fair value
	Capitalisation Approach	Estimated rental rate per square metre per month	$27 - $100 (2016: $95 - $108)	The higher the rental rate, the higher the fair value
		Estimated rental rate per bay per month	$342	The higher the rental rate, the higher the fair value
		Capitalisation rate	3.90% - 6.25% (2016: 4.25% - 4.35%)	The higher the capitalisation rate, the lower the fair value
	Discounted Cash Flow Approach	Discount rate	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 Discounted Cash Flow Approach is an additional technique used during the year due to its relevance to the Group's new investment properties acquired during the year.

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 on the face of the statements of financial position and in Notes 11, 15 and 16 to the financial statements, except for the following:

	Group		Company	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Loans and receivables	**1,164,388**	997,100	**1,328,825**	1,653,648
Financial liabilities at amortised cost	**1,121,949**	1,539,037	**635,534**	1,021,762

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 during the financial year at terms agreed between the parties:

(a) Sale of goods and rendering of services

	Group	
	2017 $'000	**2016 $'000**
Commission income received from a joint venture company	**1,104**	861
Management and service fees received from joint venture companies	**4,222**	4,186
Management fees paid to an associated company	**493**	702
Payments on behalf of joint venture companies	**5,226**	5,443

(b) Key management personnel compensation

	Group	
	2017 $'000	**2016 $'000**
Salaries and other short term employee benefits	**12,894**	10,079
Share-based payment	**411**	707
	13,305	10,786

Included in the above is compensation to paid/payable to directors of the Company which amounted to $9.1 million (2016: $6.7 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 garment manufacturing and investment holding, neither of which constitutes a separately reportable segment. The segment information for the reportable segments is as follows:

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**
Investment in an 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**

34. SEGMENT INFORMATION *(continued)*

2016	Development properties $'000	Investment properties $'000	Retail $'000	Others $'000	Group $'000
Revenue	329,818	37,416	169,640	7,657	544,531
EBIT*	22,858	98,412	4,169	(46,546)	78,893
Interest income					8,022
Finance costs					(45,542)
Profit before income tax					41,373
Income tax expense					(25,712)
Total profit					15,661
Segment assets	1,927,550	665,785	54,638	123,333	2,771,306
Assets held for sale	495,512	-	-	-	495,512
Investment in an associated and joint venture companies	275,864	1,246,542	63,135	(88,543)	1,496,998
Due from associated and joint venture companies	197,252	11,558	922	237	209,969
	2,896,178	1,923,885	118,695	35,027	4,973,785
Tax recoverable					3,698
Consolidated total assets					4,977,483
Segment liabilities	102,673	9,762	14,447	37,497	164,379
Borrowings	147,946	199,000	-	1,029,560	1,376,506
	250,619	208,762	14,447	1,067,057	1,540,885
Current income tax liabilities					38,905
Deferred income tax liabilities					65,167
Consolidated total liabilities					1,644,957
Capital expenditure	17	38	1,463	3,124	4,642
Depreciation	225	1,101	5,593	3,592	10,511

* EBIT includes share of profits of associated and joint venture companies which are disclosed in Note 18.

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

	Revenue		Non-current assets	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Singapore	**177,058**	389,394	**819,338**	789,594
Malaysia	**83,682**	118,739	**135,105**	112,376
PRC	**1,071**	36,398	**89,210**	92,718
Hong Kong SAR	**-**	-	**1,511,652**	1,434,794
Australia	**1,392**	-	**69,437**	-
	263,203	544,531	**2,624,742**	2,429,482

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 2017 %	2016 %
(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 Berhad	!	Malaysia-Quoted on Bursa Malaysia Securities Berhad	Investment holding	**88.1**	66.2
	Angel Wing (M) Sdn. Bhd.	*, !	Malaysia	Property development	**88.1**	66.2
	Angkasa Indah Sdn. Bhd.	*, !	Malaysia	Property development	**88.1**	66.2
	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	**88.1**	66.2
	Crossbrook Group Ltd	#	BVI/Hong Kong SAR	Investment holding	**100**	100
	DNP Hartajaya Sdn. Bhd.	*, !	Malaysia	Property development	**88.1**	66.2
	DNP Jaya Sdn. Bhd.	*, !	Malaysia	Property investment	**88.1**	66.2
	DNP Land Sdn. Bhd.	*, !	Malaysia	Property development	**88.1**	66.2
	DNP Property Management Sdn. Bhd.	*, !	Malaysia	Project management and maintenance of properties	**88.1**	66.2
	D & P-Ejenawa Sdn. Bhd.	*, !	Malaysia	Property development	**88.1**	66.2
	Grand Eastern Realty & Development Sdn. Bhd.	*, !	Malaysia	Property development	**88.1**	66.2

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 2017 %	2016 %
(b) Subsidiary companies *(continued)*					
Harta-Aman Sdn. Bhd.	*, !	Malaysia	Property development	**88.1**	66.2
Hartamaju Sdn. Bhd.	*, !	Malaysia	Property development	**88.1**	66.2
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	**88.1**	66.2
Seniharta Sdn. Bhd.	*, !	Malaysia	Property investment	**88.1**	66.2
Sri Rampaian Sdn. Bhd.	*, !	Malaysia	Manufacture of textile garments	**88.1**	66.2
Starpuri Development Sdn. Bhd.	*, !	Malaysia	Property development	**88.1**	66.2
Suzhou Property Development Pte Ltd	*	Singapore	Property development and investment holding	**75**	75
Temgold 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**	-
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 2017 %	2016 %
(b) Subsidiary companies *(continued)*					
Wingjoy Investment Pte. Ltd.	*	Singapore	Investment holding	**100**	100
Wing Mei (M) Sdn. Bhd.	*, !	Malaysia	Property investment	**88.1**	66.2
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	**88.1**	66.2
Wing Tai Fashion Apparel Pte. Ltd.	*	Singapore	Retailing of garments	**100**	100
Wing Tai Fashion Sdn. Bhd.	*, !	Malaysia	Retailing of garments	**88.1**	66.2
Wing Tai Investment & Development Pte Ltd		Singapore	Investment holding	**100**	100
Wing Tai Investment Management Pte Ltd	*	Singapore	Management of investment properties	**100**	100
Wing Tai Land Pte Ltd		Singapore	Investment holding	**100**	100
Wing Tai Property Management Pte Ltd	*	Singapore	Project management and maintenance of properties	**100**	100
Wing Tai Retail Pte Ltd		Singapore	Investment holding	**100**	100
Wing Tai Retail Management Pte. Ltd.	*	Singapore	Management of retail operations	**100**	100
Wing Tai (Shanghai) Management Co., Ltd	*, @	PRC	Provision of consultancy and advisory services	**100**	100
WT DC Trust Pty Ltd	*, +	Australia	Property investment	**100**	-
WT Fund Management Pte. Ltd.	*	Singapore	Fund management	**100**	100
Yong Yue (Shanghai) Property Development Co., Ltd	*, @	PRC	Property development	**100**	100
(c) Associated company					
Wing Tai Properties Limited	*, %	Bermuda-Quoted on The Hong Kong Exchanges and Clearing Limited/ Hong Kong SAR	Property development, property investment and management and hospitality investment and management	**33.2**	33.4

35. COMPANIES IN THE GROUP *(continued)*

Name of company		Country of incorporation/ place of business	Principal activities	Effective interest held by the Group 2017 %	2016 %
(d) Joint venture companies					
G2000 Apparel (S) Pte Ltd	*	Singapore	Retailing of garments	**45**	45
Kualiti Gold Sdn. Bhd.	*, !	Malaysia	Property investment	**44**	33.1
Uniqlo (Malaysia) Sdn. Bhd.	*, &	Malaysia	Retailing of garments	**39.6**	29.8
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 Ernst and Young LLP, Singapore.

> Audited by RSM, PRC.

@ Audited by PricewaterhouseCoopers, PRC.

+ Audited by PricewaterhouseCoopers, Australia.

& Audited by Ernst & Young, Malaysia

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. SUBSEQUENT EVENTS

(a) 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. As of 30 June 2017 and 8 August 2017, the Joint Offerors collectively held 88.1% and 96.8% of the voting shares in WTM based on valid acceptances respectively and the compulsory acquisition threshold was crossed. The shares of WTM have subsequently been delisted from the Official List of Bursa Securities on 30 August 2017. The acquisition is ongoing as at the date of these financial statements and upon completion, WTM will become a wholly-owned subsidiary company of the Group.

(b) On 2 August 2017, the Group, through its wholly-owned subsidiary company Wingjoy Investment Pte. Ltd., together with its joint venture partner Corson Pte. Ltd., a wholly owned subsidiary company of Keppel Land Limited, have been awarded a tender for a 99-year leasehold residential site in Serangoon North Avenue 1 with an approximate site area of 17,189 square metres for a total consideration of $446.3 million.

37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2017 or later periods and which the Group has not early adopted:

(a) FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)
This is the converged standard on revenue recognition. It 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 FRS 115 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. FRS 115 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 potential impact of FRS 115 on the financial statements.

(b) FRS 109 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018)
The complete version of FRS 109 replaces most of the guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 retains but simplifies 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. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI and for liabilities designated at fair value through profit or loss. FRS 109 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 management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 39. The Group is in the process of assessing the potential impact of FRS 109 on the financial statements.

37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS *(continued)*

(c) FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBIT will change.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

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 $57.3 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 FRS 116.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under FRS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

38. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 15 September 2017.

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.

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
As at 30 June 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	Group 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	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

		Attributable to ordinary shareholders of the Company						
	Note	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Perpetual securities $'000	Non-controlling interests $'000	Total equity $'000
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	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.

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	**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	**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	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	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	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	Group 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 $'000	**2017 $'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 '000	**2017 '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 $'000	**2017 $'000**	**2018 $'000**	**2017 $'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	Group 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	Group 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 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'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 $'000	2017 $'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 $'000	2017 $'000	2018 $'000	2017 $'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 $'000	2017 $'000	2018 $'000	2017 $'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	**2017**
	$'000	**$'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	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'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	**Amount**
	'000	**$'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	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'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

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

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

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

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		Company	
		2018	**2017**	**2018**	**2017**
		$'000	**$'000**	**$'000**	**$'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	**2017**
	$'000	**$'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	**2017**
	$'000	**$'000**
Commitments in respect of contracts placed	**1,120**	-

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

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

	Group	
	2018	**2017**
	$'000	**$'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	**2017**
	$'000	**$'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	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'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 %	Effective interest held by the Group 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.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF WING TAI HOLDINGS LIMITED FOR THE NINE MONTHS ENDED 31 MARCH 2019

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

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 MARCH 2019

The Company announces the unaudited consolidated results for the nine months and third quarter ended 31 March 2019.

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

	Group			Group			
	Nine Months ended 31-Mar-19 S$'000	Nine Months ended 31-Mar-18 S$'000	+/(-) %	**Third Quarter ended 31-Mar-19 S$'000**	Third Quarter ended 31-Mar-18 S$'000	+/(-) %	Note
Revenue	**259,243**	253,172	2	**65,301**	72,136	(9)	
Cost of sales	**(149,768)**	(131,527)	14	**(29,647)**	(35,279)	(16)	
Gross profit	**109,475**	121,645	(10)	**35,654**	36,857	(3)	
Other gains – net	**9,651**	16,752	(42)	**5,509**	693	695	(a)
Expenses							
- Distribution	**(46,738)**	(47,757)	(2)	**(15,440)**	(15,555)	(1)	(b)
- Administrative and other	**(63,194)**	(62,296)	1	**(16,761)**	(14,040)	19	(c)
Operating profit	**9,194**	28,344	(68)	**8,962**	7,955	13	
Finance costs	**(23,726)**	(25,117)	(6)	**(7,763)**	(7,432)	4	
Share of profits of associated and joint venture companies	**42,645**	93,891	(55)	**10,545**	72,353	(85)	
Profit before income tax	**28,113**	97,118	(71)	**11,744**	72,876	(84)	
Income tax credit/(expense)	**990**	(8,178)	n.m.	**(1,413)**	(2,302)	(39)	
Total profit	**29,103**	88,940	(67)	**10,331**	70,574	(85)	
Attributable to:							
Equity holders of the Company	**28,356**	90,131	(69)	**10,127**	69,015	(85)	
Non-controlling interests	**747**	(1,191)	n.m.	**204**	1,559	(87)	
	29,103	88,940	(67)	**10,331**	70,574	(85)	

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

		Group			Group		
		Nine Months ended 31-Mar-19 S$'000	Nine Months ended 31-Mar-18 S$'000	+/(-) %	**Third Quarter ended 31-Mar-19 S$'000**	Third Quarter ended 31-Mar-18 S$'000	+/(-) %
(A)	Investment income	**1,368**	958	43	**-**	134	n.m.
(B)	Interest income	**8,261**	5,605	47	**2,745**	1,980	39
(C)	Finance costs	**(23,726)**	(25,117)	(6)	**(7,763)**	(7,432)	4
(D)	Depreciation and amortisation	**(6,064)**	(5,636)	8	**(2,271)**	(1,835)	24
(E)	Write-back of allowance/ (allowance) for doubtful debts	**62**	27	130	**4**	(23)	n.m.
(F)	(Allowance)/write-back of allowance for stock obsolescence	**(317)**	(497)	(36)	**1,016**	(922)	n.m.
(G)	Impairment in value of investments	**-**	-	-	**-**	-	-
(H)	Foreign exchange (loss)/gain	**(4,269)**	4,801	n.m.	**1,292**	2,311	(44)
(I)	Adjustment for tax in respect of prior years	**-**	-	-	**-**	-	-
(J)	Gain on disposal of property, plant and equipment	**2,114**	62	n.m.	**15**	42	(64)
(K)	Exceptional items						
	Gain on disposal of subsidiary companies	**-**	22,703	n.m.	**-**	-	-

Note:-
(a) The decrease in other gains – net as compared to the corresponding period is mainly due to the gain on disposal of subsidiary companies recognised in the corresponding period.
(b) The decrease in distribution expenses is largely due to the lower rental from retail stores in Singapore.
(c) The increase in administrative and other expenses is largely due to higher accrued operating expenses.

n.m. - not meaningful

1 (b)(i) Statements of Financial Position

	Group			Company		
	As at 31-Mar-19 S$'000	As at 30-Jun-18 S$'000	As at 30-Jun-17 S$'000	**As at 31-Mar-19 S$'000**	As at 30-Jun-18 S$'000	Note
ASSETS						
Current assets						
Cash and cash equivalents	**639,825**	792,151	847,373	**386,752**	609,945	
Trade and other receivables	**35,536**	57,708	41,501	**546,641**	585,571	(a), (d)
Inventories	**21,811**	23,716	19,421	**-**	-	
Development properties	**571,573**	675,241	759,523	**-**	-	(b)
Tax recoverable	**9,027**	7,693	6,467	**-**	-	
Other assets	**36,935**	30,940	74,289	**1,083**	1,330	
Assets held for sale	**-**	-	252,208	**-**	-	
	1,314,707	1,587,449	2,000,782	**934,476**	1,196,846	
Non-current assets						
Trade and other receivables	**282,230**	284,282	211,449	**555,254**	533,454	
Investments in associated and joint venture companies	**1,750,125**	1,761,669	1,604,293	**-**	-	
Investments in subsidiary companies	**-**	-	-	**282,063**	282,063	
Investment properties	**731,540**	733,250	651,805	**-**	-	
Property, plant and equipment	**112,834**	115,099	115,922	**12,976**	10,549	
Deferred income tax assets	**5,805**	6,795	6,672	**-**	-	
Other assets	**39,221**	48,444	35,489	**3,210**	12,982	
	2,921,755	2,949,539	2,625,630	**853,503**	839,048	
Total assets	**4,236,462**	4,536,988	4,626,412	**1,787,979**	2,035,894	
LIABILITIES						
Current liabilities						
Trade and other payables	**58,078**	96,494	141,266	**6,067**	17,476	
Current income tax liabilities	**28,446**	42,609	36,834	**779**	293	
Borrowings	**3,486**	-	4,253	**-**	-	
Other liabilities	**9,889**	20,660	36,115	**-**	-	
Liabilities held for sale	**-**	-	2,147	**-**	-	
	99,899	159,763	220,615	**6,846**	17,769	
Non-current liabilities						
Borrowings	**626,703**	780,066	925,371	**467,206**	599,248	(c)
Deferred income tax liabilities	**35,996**	36,568	38,344	**-**	-	
Other liabilities	**15,185**	13,546	20,614	**8,538**	3,716	
	677,884	830,180	984,329	**475,744**	602,964	
Total liabilities	**777,783**	989,943	1,204,944	**482,590**	620,733	
NET ASSETS	**3,458,679**	3,547,045	3,421,468	**1,305,389**	1,415,161	
EQUITY						
Capital and reserves attributable to ordinary shareholders of the Company						
Share capital	**838,250**	838,250	838,250	**838,250**	838,250	
Other reserves	**(24,370)**	39,395	56,936	**(41,165)**	(31,644)	
Retained earnings	**2,423,367**	2,449,269	2,256,572	**359,001**	460,777	
	3,237,247	3,326,914	3,151,758	**1,156,086**	1,267,383	
Perpetual securities	**149,303**	147,778	147,778	**149,303**	147,778	
Non-controlling interests	**72,129**	72,353	121,932	**-**	-	
TOTAL EQUITY	**3,458,679**	3,547,045	3,421,468	**1,305,389**	1,415,161	

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

Note:-

(a) The decrease in the Group's current trade and other receivables is largely due to the receipt of progress billings for development projects.

(b) The decrease in the Group's development properties is primarily attributable to the capitalised development costs expensed to the income statement.

(c) The decrease in the Group's and the Company's non-current borrowings is largely due to the repayment of bank borrowings.

(d) The decrease in the Company's current trade and other receivables is mainly due to the repayment of loans from its subsidiary companies.

1 (b)(ii) **Aggregate amount of group's borrowings and debt securities**

Amount repayable in one year or less, or on demand

As at 31-Mar-19		As at 30-Jun-18	
Secured	**Unsecured**	Secured	Unsecured
S$'000	**S$'000**	S$'000	S$'000
-	**3,486**	-	-

Amount repayable after one year

As at 31-Mar-19		As at 30-Jun-18	
Secured	**Unsecured**	Secured	Unsecured
S$'000	**S$'000**	S$'000	S$'000
83,267	**543,436**	84,199	695,867

Details of any collateral

Secured borrowings are generally secured by the borrowing companies' property, plant and equipment, investment properties and assignment of all rights and benefits with respect to the properties.

1 (c) **Statement of Cash Flows**

	Group		Group	
	Nine Months ended 31-Mar-19 S$'000	Nine Months ended 31-Mar-18 S$'000	**Third Quarter ended 31-Mar-19 S$'000**	Third Quarter ended 31-Mar-18 S$'000
Cash flows from operating activities				
Total profit	**29,103**	88,940	**10,331**	70,574
Adjustments for:				
Non-cash items	**(17,266)**	(67,303)	**(3,623)**	(58,158)
Operating cash flows before working capital changes	**11,837**	21,637	**6,708**	12,416
Changes in operating assets and liabilities:				
Development properties	**89,137**	58,497	**9,625**	10,596
Other current assets/liabilities	**(17,695)**	1,422	**(58,885)**	(10,069)
Cash generated from/(used in) operations	**83,279**	81,556	**(42,552)**	12,943
Income tax paid	**(12,798)**	(15,192)	**(5,943)**	(5,828)
Net cash generated from/(used in) operating activities	**70,481**	66,364	**(48,495)**	7,115
Cash flows from investing activities				
Acquisition of additional interest in a subsidiary company	**-**	(70,662)	**-**	-
Acquisition of additional interest in a joint venture company	**-**	(1,600)	**-**	-
Additions to investment properties	**(812)**	-	**(203)**	-
Additions to property, plant and equipment	**(7,085)**	(5,502)	**(905)**	(2,799)
Purchase of financial investments at fair value through other comprehensive income	**(10,273)**	(2,735)	**(342)**	-
Disposal of subsidiary companies	**-**	267,784	**-**	-
Disposal of property, plant and equipment	**4,390**	917	**-**	786
Proceeds from settlement of derivative financial instruments relating to net investment hedges	**8,179**	-	**8,179**	-
Advancement of the loans to joint venture companies	**-**	(75,546)	**-**	(13,449)
Dividends received	**19,627**	20,796	**-**	4,899
Interest received	**8,231**	5,997	**2,639**	1,860
Net cash generated from/(used in) investing activities	**22,257**	139,449	**9,368**	(8,703)
Cash flows from financing activities				
Purchase of treasury shares	**(10,716)**	-	**-**	-
Repayment/(advancement) of the loans to non-controlling interests	**3,040**	(10,784)	**-**	4,007
Net (repayment of)/proceeds from borrowings	**(147,214)**	(139,189)	**(147,214)**	191
Ordinary and special dividends paid	**(61,418)**	(46,468)	**-**	-
Perpetual securities distribution paid	**(3,069)**	(3,068)	**-**	-
Interest paid	**(22,498)**	(26,157)	**(7,925)**	(8,993)
Net cash used in financing activities	**(241,875)**	(225,666)	**(155,139)**	(4,795)
Net decrease in cash and cash equivalents	**(149,137)**	(19,853)	**(194,266)**	(6,383)
Cash and cash equivalents at beginning of financial period	**792,151**	852,572	**831,719**	839,959
Effects of currency translation on cash and cash equivalents	**(3,189)**	2,610	**2,372**	1,753
Cash and cash equivalents at end of financial period	**639,825**	835,329	**639,825**	835,329

Note:-

- Cash and cash equivalents consist of fixed deposits, cash and bank balances.
- The decrease in the Group's cash and cash equivalents for the current period is mainly due to the repayment of bank borrowings.

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

	Group			Group		
	Nine Months ended 31-Mar-19 S$'000	Nine Months ended 31-Mar-18 S$'000	+/(-) %	**Third Quarter ended 31-Mar-19 S$'000**	Third Quarter ended 31-Mar-18 S$'000	+/(-) %
Total profit	**29,103**	88,940	(67)	**10,331**	70,574	(85)
Other comprehensive (expense)/income:						
Items that may be reclassified subsequently to profit or loss:						
Fair value (losses)/gains on financial investments at fair value through other comprehensive income	**(4,419)**	(698)	533	**(437)**	189	n.m.
Cash flow hedges	**(3,271)**	3,657	n.m.	**(1,085)**	1,611	n.m.
Currency translation differences	**(30,871)**	(58,249)	(47)	**(26,892)**	(23,815)	13
Share of other comprehensive (expense)/income of associated and joint venture companies	**(5,681)**	8,486	n.m.	**(362)**	8,058	n.m.
	(44,242)	(46,804)	(5)	**(28,776)**	(13,957)	106
Total comprehensive (expense)/income	**(15,139)**	42,136	n.m.	**(18,445)**	56,617	n.m.
Attributable to:						
Equity holders of the Company	**(14,915)**	45,487	n.m.	**(17,802)**	55,836	n.m.
Non-controlling interests	**(224)**	(3,351)	(93)	**(643)**	781	n.m.
	(15,139)	42,136	n.m.	**(18,445)**	56,617	n.m.

Note:-
n.m. - not meaningful

1 (e)(i) **Statements of Changes in Equity for the Group**

	Attributable to ordinary shareholders of the Company						
	Share capital S$'000	Other reserves * S$'000	Retained earnings S$'000	Total S$'000	Perpetual securities S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance at 1 July 2018, as previously reported	838,250	(23,203)	2,514,733	3,329,780	147,778	72,514	3,550,072
Effects of transition to SFRS(I)s and adoption of SFRS(I) 15	-	62,598	(65,464)	(2,866)	-	(161)	(3,027)
Balance at 1 July 2018, as adjusted	838,250	39,395	2,449,269	3,326,914	147,778	72,353	3,547,045
Effect of adoption of SFRS(I) 9	-	(11,549)	11,549	-	-	-	-
Balance at 1 July 2018, as reported	838,250	27,846	2,460,818	3,326,914	147,778	72,353	3,547,045
Total comprehensive (expense)/income	-	(43,271)	28,356	(14,915)	-	(224)	(15,139)
Cost of share-based payment	-	1,977	-	1,977	-	-	1,977
Reissuance of treasury shares	-	(205)	205	-	-	-	-
Purchase of treasury shares	-	(10,716)	-	(10,716)	-	-	(10,716)
Accrued perpetual securities distribution	-	-	(4,594)	(4,594)	4,594	-	-
Ordinary and special dividends paid	-	-	(61,418)	(61,418)	-	-	(61,418)
Perpetual securities distribution paid	-	-	-	-	(3,069)	-	(3,069)
Liquidation of subsidiary companies	-	(1)	-	(1)	-	-	(1)
Balance at 31 March 2019	**838,250**	**(24,370)**	**2,423,367**	**3,237,247**	**149,303**	**72,129**	**3,458,679**
Balance at 1 July 2017, as previously reported	838,250	(13,489)	2,321,935	3,146,696	147,778	121,233	3,415,707
Effects of transition to SFRS(I)s and adoption of SFRS(I) 15	-	70,425	(65,363)	5,062	-	699	5,761
Balance at 1 July 2017, as adjusted	838,250	56,936	2,256,572	3,151,758	147,778	121,932	3,421,468
Total comprehensive (expense)/income	-	(44,644)	90,131	45,487	-	(3,351)	42,136
Expiry of share options	-	(9,634)	9,634	-	-	-	-
Cost of share-based payment	-	987	-	987	-	-	987
Reissuance of treasury shares	-	(110)	110	-	-	-	-
Accrued perpetual securities distribution	-	-	(4,593)	(4,593)	4,593	-	-
Ordinary and special dividends paid	-	-	(46,468)	(46,468)	-	-	(46,468)
Perpetual securities distribution paid	-	-	-	-	(3,068)	-	(3,068)
Acquisition of additional interest in a subsidiary company	-	(408)	17,652	17,244	-	(50,453)	(33,209)
Disposal of a subsidiary company	-	(1,357)	-	(1,357)	-	-	(1,357)
Balance at 31 March 2018	838,250	1,770	2,323,038	3,163,058	149,303	68,128	3,380,489

* Includes share-based payment reserve, cash flow hedge reserve, asset revaluation reserve, share of capital reserves of associated and joint venture companies, currency translation reserve, treasury shares reserve, statutory reserve and fair value reserve.

1 (e)(i) **Statements of Changes in Equity for the Company**

	Share capital S$'000	Share-based payment reserve S$'000	Cash flow hedge reserve S$'000	Treasury shares reserve S$'000	Retained earnings S$'000	Perpetual securities S$'000	Total equity S$'000
Balance at 1 July 2018	838,250	1,769	577	(33,990)	460,777	147,778	1,415,161
Total comprehensive expense	-	-	(577)	-	(35,969)	-	(36,546)
Cost of share-based payment	-	1,977	-	-	-	-	1,977
Reissuance of treasury shares	-	(1,992)	-	1,787	205	-	-
Purchase of treasury shares	-	-	-	(10,716)	-	-	(10,716)
Accrued perpetual securities distribution	-	-	-	-	(4,594)	4,594	-
Ordinary and special dividends paid	-	-	-	-	(61,418)	-	(61,418)
Perpetual securities distribution paid	-	-	-	-	-	(3,069)	(3,069)
Balance at 31 March 2019	**838,250**	**1,754**	**-**	**(42,919)**	**359,001**	**149,303**	**1,305,389**
Balance at 1 July 2017	838,250	10,486	(1,058)	(30,597)	485,687	147,778	1,450,546
Total comprehensive income/(expense)	-	-	1,273	-	(11,664)	-	(10,391)
Expiry of share options	-	(8,702)	-	-	8,702	-	-
Cost of share-based payment	-	828	-	-	-	-	828
Reissuance of treasury shares	-	(1,196)	-	1,086	110	-	-
Accrued perpetual securities distribution	-	-	-	-	(4,593)	4,593	-
Ordinary and special dividends paid	-	-	-	-	(46,468)	-	(46,468)
Perpetual securities distribution paid	-	-	-	-	-	(3,068)	(3,068)
Balance at 31 March 2018	838,250	1,416	215	(29,511)	431,774	149,303	1,391,447

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

	Number of shares
Issued ordinary shares	
Balance at 1 January and 31 March 2019	793,927,260

At 31 March 2019, the Company's issued share capital (excluding treasury shares) comprises 767,725,460 (30 June 2018: 772,195,860) ordinary shares. The total number of treasury shares held by the Company as at 31 March 2019 was 26,201,800 (31 March 2018: 19,452,900) which represents 3.4% (31 March 2018: 2.5%) of the total number of issued shares (excluding treasury shares).

There were 1,091,000 (31 March 2018: 715,600) treasury shares reissued pursuant to the employee share plans for the nine months ended 31 March 2019.

2 **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The above figures have not been audited and reviewed by the Company's auditors.

3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation as in the audited financial statements for the financial year ended 30 June 2018.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

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 on or after 1 January 2018.

In adopting SFRS(I)s, the Group has applied all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)s*. In addition, the Group has also adopted the following SFRS(I)s, and amendments and interpretations of SFRS(I)s that are relevant to the Group and the Company and effective for annual periods beginning on or after 1 January 2018 as follows:

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The adoption of the above standards did not have any significant impact on the financial performance or position of the Group and the Company except for the following:

(a) Application of SFRS(I) 1 *First-time Adoption of SFRS(I)s*

The Group has applied SFRS(I)s on a retrospective basis and has adjusted the comparatives where applicable because SFRS(I) 1 requires both the opening statement of financial position as at 1 July 2017 and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application. The Group has elected the following optional exemptions which result in adjustments to the Group's financial statements prepared under SFRS(I)s as follows:

(i) Cumulative translation differences
The Group has elected to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I)s on 1 July 2017. As a result, currency translation reserve and share of capital reserves of associated and joint venture companies as at 1 July 2017 was increased by $87,333,000 and $7,339,000 respectively, and retained earnings decreased by $94,672,000 on the same date.

(ii) Deemed cost exemption
The Group has elected and regarded the carrying amount of certain property, plant and equipment stated at valuation as their deemed cost at the date of transition to SFRS(I)s on 1 July 2017. As a result, $24,247,000 of the Group's asset revaluation reserve was reclassified directly into retained earnings on that date.

(iii) Borrowing costs
The Group has elected to apply the requirements in SFRS(I) 1-23 *Borrowing Costs* from the date of transition to SFRS(I) on 1 July 2017. Borrowing costs that were accounted for previously under Singapore Financial Reporting Standards prior to the date of transition are not adjusted.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.** (continued)

(b) Adoption of SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. The Group has elected to apply the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 July 2018. Accordingly, requirements of FRS 39 Financial Instruments: Recognition and Measurement continued to apply to financial instruments of the Group up to the financial year ended 30 June 2018.

The Group has assessed the business models that are applicable on 1 July 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9. The Group has elected to recognise changes in the fair value of certain equity investments not held for trading and previously classified as available-for-sale financial assets in other comprehensive income. The Group's associated company has reclassified its available-for-sale financial assets to financial investments at fair value through profit or loss as they do not meet the criteria for classification at amortised cost. As a result, the Group's share of the related fair value gains of $11,549,000 was transferred from share of capital reserves of associated and joint venture companies directly to retained earnings on 1 July 2018.

The Group's existing hedges as at 1 July 2018 that were designated as effective hedging relationships continue to qualify for hedge accounting under SFRS(I) 9.

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group has adopted the simplified approach and records lifetime expected losses on all trade receivables. The impairment calculated using the expected credit loss model does not have a significant impact on the financial statements.

(c) Adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces a new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group has applied all of the requirements of SFRS(I) 15 retrospectively, except for the practical expedients used for completed contracts. Under these practical expedients, completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not adjusted. The Group has also voluntarily changed the presentation of assets and liabilities related to contracts with customers.

The adoption of SFRS(I) 15 resulted in the following adjustments:

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

(ii) Accounting for costs to fulfil a contract
Previously, sales commissions paid to property agents in the sale of development properties were expensed as they did not qualify for recognition as an asset under any of the accounting standards. However, these costs relate directly to the contract and are expected to be recovered. They were therefore capitalised as costs to fulfil a contract following the adoption of SFRS(I) 15 and included in other current assets in the statement of financial position as at 1 July 2017. The asset is amortised over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.** (continued)

(c) Adoption of SFRS(I) 15 *Revenue from Contracts with Customers* (continued)

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

The effects on the comparatives arising from the adoption of the SFRS(I) 1 and 15 are as follows:

Income Statement

	Group	
	Nine Months ended 31-Mar-18 S$'000	Third Quarter ended 31-Mar-18 S$'000
(Decrease)/increase in revenue	(14,281)	1,796
Decrease/(increase) in cost of sales	10,750	(1,246)
Increase in other gains – net	6,014	-
Decrease in distribution and marketing expenses	170	24
Decrease in administrative and other expenses	5	2
(Decrease)/increase in share of profits of associated and joint venture companies	(2,422)	402
Decrease/(increase) in income tax expense	807	(138)
Increase in total profit	1,043	840
Attributable to:		
Equity holders of the Company	1,122	827
Non-controlling interests	(79)	13
	1,043	840
Increase in:		
Basic earnings per share (cents)	0.15	0.11
Diluted earnings per share (cents)	0.15	0.12

Statement of Financial Position

	Group	
	As at 30-Jun-18 S$'000	As at 30-Jun-17 S$'000
Increase/(decrease) in:		
Trade and other receivables - current	-	(25,213)
Development properties	13,305	12,316
Other assets - current	2	22,586
Investments in associated and joint venture companies	(4,942)	(116)
Property, plant and equipment	(1,945)	(6)
Deferred income tax assets	(1,140)	1,010
Trade and other payables	(6,282)	-
Other liabilities - current	14,511	4,611
Deferred income tax liabilities	78	205
Other reserves	62,598	70,425
Retained earnings	(65,464)	(65,363)
Non-controlling interests	(161)	699

In addition to the above adjustments, certain reclassifications have been made to the Group's statements of financial position as at 30 June 2018 and 2017 to conform to the presentation as at 31 March 2019.

6 **Earnings per ordinary share**

	Group		Group	
	Nine Months ended 31-Mar-19 cents	Nine Months ended 31-Mar-18 cents	**Third Quarter ended 31-Mar-19 cents**	Third Quarter ended 31-Mar-18 cents
(a) Based on the weighted average number of ordinary shares issued excluding treasury shares	**3.10**	11.05	**1.13**	8.72
(b) On a fully diluted basis	**3.09**	11.02	**1.12**	8.70

7 **Net asset value per ordinary share**

	Group			Company	
	As at 31-Mar-19 S$	As at 30-Jun-18 S$	As at 30-Jun-17 S$	**As at 31-Mar-19 S$**	As at 30-Jun-18 S$
Net asset value per ordinary share based on issued share capital excluding treasury shares	**4.22**	4.31	4.07	**1.51**	1.64

8 **Review of performance of the group**

For the nine months ended 31 March 2019 ("current period"), the Group recorded a total revenue of S$259.2 million. This is a 2% increase from the S$253.2 million revenue recorded in the nine months ended 31 March 2018 ("corresponding period"), mainly attributable to the increase in property sales in Malaysia.

The Group recorded a net profit before tax of S$28.1 million in the current period as compared to S$97.1 million in the corresponding period, primarily due to the absence of one-off gain on disposal of a subsidiary company and the lower contribution from Wing Tai Properties Limited in Hong Kong. The share of profits of Wing Tai Properties Limited in the corresponding period included a one-off gain on disposal of its interest in Winner Godown Building, an industrial building located in Tsuen Wan.

In the current period, the Group's net profit attributable to shareholders was S$28.4 million as compared to the S$90.1 million recorded in the corresponding period.

The Group's net asset value per share was S$4.22 and it was in a net cash position as at 31 March 2019.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The current announced results are in line with the prospect statement previously disclosed to shareholders in the results announcement for the half year ended 31 December 2018.

10 **Commentary of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The URA's private residential property price index decreased by 0.7% in the first quarter of 2019 as compared to 0.1% decrease in the previous quarter. The total number of new private residential units sold islandwide in the first quarter of 2019 was 1,838 units, as compared to 1,836 new units sold in the previous quarter.

In April 2019, the Group was awarded the tender for a 99-year leasehold land parcel located at Middle Road, Singapore. This land has a site area of 80,327 square feet and the Group plans to develop it as a residential development with commercial uses at the first storey.

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

11 **Dividend**

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the immediately Preceding Financial Year

None.

(c) The date the dividend is payable.

Not applicable.

(d) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividends are determined.

Not applicable.

12 **If no dividend has been declared / recommended, a statement to that effect.**

No dividend has been declared / recommended for the nine months ended 31 March 2019.

13 **Interested Person Transactions**

The Company does not have a shareholder's mandate for interested person transactions.

14 **Confirmation by the Board of Directors pursuant to Rule 705(5) of the Listing Manual**

The Directors confirm that to the best of their knowledge, nothing has come to their attention which may render the financial results for the nine months ended 31 March 2019 to be false or misleading in any material respect.

15 **Confirmation by the Company pursuant to Rule 720(1) of the Listing Manual**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Gabrielle Tan
Company Secretary
Singapore
10 May 2019

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