REAL ESTATE EQUITY RESEARCH

Wing Tai Holdings Limited

SGX: WTHS
Bloomberg: WINGT:SP
ISIN code: SG1K66001688

Country: Singapore
Industry: Real Estate,
Real Estate Development & Operations

19 May 2022
RECOMMENDATION: BUY

Current price: S$1.730
Target price: S$1.971
Issued units: 763.85 million (31 Dec 21)
Market capitalisation: S$1,321.46 million

52-week range: S$1.660 - S$1.970

PRICE PERFORMANCE

COMPANY DESCRIPTION

Wing Tai Holdings Limited is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. Wing Tai Holdings Limited and its subsidiaries' (collectively defined herein as Wing Tai) principal activity is that of an investment holding company focused on key markets in the Asia Pacific, with core businesses in property investment and development, and lifestyle retail.

SUMMARY

For the half year ended 31 December 2021 (1H2022), Wing Tai recorded a 26% yoy increase in revenue to S$306.6 million from S$243.4 million over the same period a year ago. This increase is mainly due to the higher contribution from sale of development properties. Cost of sales also increased by 46% yoy from S$143.5 million in 1H2021 to S$209.3 in 1H2022. Consequently, Wing Tai recorded a 3% yoy decrease in gross profit of S$97.3 million in 1H2022 compared to S$99.9 million the same period a year ago. During the period, Wing Tai reported profit attributable to equity holder of the company of S$53.8 million, representing a 5% yoy decrease from 1H2021. This translates to an earnings per share of 6.16 cents. Meanwhile, no dividend has been recommended for the current financial period.

RECOMMENDATION

Based on Wing Tai's reported NAV of S$4.18, Wing Tai currently has a P/B multiple of 0.41x and is trading at a discount of approximately 59% to NAV. Our peer comparison results show that Wing Tai could be undervalued, given a lower P/B multiple of 0.41x compared to its peer average P/B multiple of 0.72x. Adopting a relative valuation approach, we estimate a target price of S$3.010 if Wing Tai's P/B were to adjust to the peer average P/B of 0.72x. However, our peer comparison analysis results show that Wing Tai's dividend yield of 2.89% is relatively less attractive than the peer average dividend yield of 5.37%. Adopting a relative valuation approach, we estimate a target price of S$0.931. Taken together, we estimate a target price of S$1.971, which is the average of our estimated target price based on the P/B and dividend yield peer comparison analysis. This target price is a 13.93% upside from the current share price of S$1.730. We believe this upside could be justified by a potential improvement to Wing Tai's earnings as supported by the positive outlook in Singapore's property market. Meanwhile, our analysis of Wing Tai Properties Limited (WTP), a listed associate of Wing Tai, shows that it is also undervalued, which could support our view that Wing Tai is undervalued. Further, with a 34.1% stake in WTP, Wing Tai would be able to benefit from the potential increase in WTP's share price when the lockdown measures in China and Hong Kong are loosened. We estimate that it would potentially increase Wing Tai's share price to S$2.232. In addition, in an event of a privatisation, we estimate a privatisation offer of S$2.472 per share, representing a price premium of 42.9%. Given the above, we believe a buy recommendation is warranted on Wing Tai.

KEY FINANCIALS Year ended Jun 30	Revenue (S$ million)	Profit [(1)] (S$ million)	EPU (cents)	P/E (x)	DPU (cents)	Dividend yield (%)	NAV per unit (S$)	P/B (x)
2020 actual	371.0	16.0	0.40	432.50	3.00	1.7%	4.18	0.41
2021 actual	461.4	43.6	3.99	43.36	5.00	2.9%	4.14	0.42
2022 forecast [(2)]	402.4	39.4	3.45	50.18	5.00	2.9%	4.18	0.41
2023 forecast	587.4	50.8	4.93	35.11	5.00	2.9%	-	-

Figures have been rounded. P/E, P/B and dividend yield figures are based on current price of S$1.730

(1) Return attributable to equity holders of the Company

(2) NAV as at 31.12.21

Source: Wing Tai, FPA Financial

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COMPANY OVERVIEW

In this section, we will discuss Wing Tai's corporate profile, substantial shareholders, overview of its portfolio and its geographical revenue contribution.

(I) Corporate Profile

Wing Tai was founded in 1955 in Hong Kong and incorporated in Singapore on 9 August 1963. Wing Tai is currently a leading property developer and lifestyle company in Singapore. Listed on the Singapore Stock Exchange since 1989, it is an investment holding company with a key focus on growth markets in Asia. Through a network of companies under the Wing Tai Asia brand, viz. Wing Tai Holdings Limited (Singapore), Wing Tai Malaysia Sdn. Bhd. (Malaysia), Wing Tai Properties Limited (Hong Kong), Wing Tai China Pte Ltd (China) and their subsidiaries, Wing Tai Asia has core businesses in property investment and development, lifestyle retail and hospitality management in key Asian markets.

As at 31 December 2021, Wing Tai had approximately total assets of S$4,326.0 million and capital and reserves attributable to ordinary shareholders of the company of S$3,192.0 million.

(II) Substantial Shareholders

As at 6 September 2021, Mr Cheng Wai Keung is Wing Tai's largest substantial shareholders with 462,997,859 shares representing 60.18% total interest as shown in **Exhibit 1**. According to information available to Wing Tai, as at 6 September 2021, approximately 34.31% of the issued ordinary shares of Wing Tai are held by the public.

Exhibit 1: Wing Tai's Register of Substantial Shareholders

			Total interest	
Substantial Shareholder	Direct interest	Deemed interest	Number of shares	% (1)
Cheng Wai Keung	214,400	462,783,459	462,997,859	60.18%
Edmund Cheng Wai Wing	-	385,766,467	385,766,467	50.14%
Wing Sun Development Private Limited	222,235,490	-	222,235,490	28.88%
Empire Gate Holdings Limited	87,284,375	3,529,166	90,813,541	11.80%
Winlyn Investment Pte Ltd	72,717,436	-	72,717,436	9.45%
Ascend Capital Limited	68,207,092	-	68,207,092	8.87%

(1) Total interest percentage is calucated based on 769,382,560 issued units as at 6.09.21

Source: Wing Tai, FPA Financial

Mr Cheng Wai Keung, the Chairman of the Board, is also the Managing Director (MD) of Wing Tai and has overall responsibility for the management and operations of Wing Tai. He has (i) a direct interest in 214,000 units and (ii) a deemed interest of 462,783,459 units held by Wing Sun Development Private Limited, Winlyn Investment Pte Ltd, Winway Investment Pte Ltd, Empire Gate Holdings Limited, Wilma Enterprises Limited and Ascend Capital Limited amounting to a total interest of 462,997,859 units.

Mr Edmund Cheng Wai Wing, the Deputy Chairman and Deputy Managing Director, is deemed to have an interest of 385,766,467 units held by Wing Sun Development Private Limited, Winway Investment Pte Ltd, Winway Investment Pte Ltd and Empire Gate Holdings Limited.

Ascend Capital Limited, is a private limited company incorporated for the principal business of investment holding under the laws of the British Virgin Islands. Mr. Cheng Wai Keung is the sole director and shareholder of Ascend Capital Limited. Mr. Cheng Wai Keung has been Chairman of the company since 1994, and is also Managing Director of the company.

(III) Overview of Portfolio

Wing Tai's main business segments operate in six main geographical areas - Singapore, Malaysia, Australia, Japan, the People's Republic of China (PRC) and Hong Kong SAR.

Singapore

Wing Tai Holdings Limited is Singapore's leading property developer and lifestyle company reputed for quality and design. The principal activity of the company is that of an investment holding company, focused on key markets in Asia.

Malaysia

Wing Tai Malaysia Sdn. Bhd. is a subsidiary of Wing Tai. Carving a niche for itself in Kuala Lumpur and Penang's high-end property segment, Wing Tai Malaysia Sdn. Bhd. has developed premier modern properties like Le Nouvel KLCC, Nobleton Crest, Verticas Residensi, The Meritz, Sering Ukay and Lanson Place serviced residences. To cater to the needs of its loyal clientele, Wing Tai Malaysia also developed projects like BM Utama, Sentral Greens, Taman Seri Impian in Penang.

Hong Kong

Wing Tai Properties Limited is an associated company of Wing Tai in Hong Kong. It is a dynamic property and hospitality player that develops, invests in and manages a balanced and diversified portfolio of residential and commercial properties, serviced apartments and boutique hotel under the premier brand names of Wing Tai Asia and Lanson Place.

China

Wing Tai China Pte Ltd and Jiaxin (Suzhou) Property Development Co., Ltd, are subsidiary companies of Wing Tai. Current projects include The Lakeside in Suzhou.

Wing Tai operates its hospitality business under the Lanson Place brand of serviced apartments in Shanghai viz. Lanson Place Aroma Garden and Lanson Place Parkside.

Australia

Wing Tai Holdings owns 5 commercial properties in Australia, chiefly in Melbourne and Sydney. The Group's portfolio of properties include two commercial buildings in Melbourne, and three data centres in Sydney and Melbourne.

Japan

Wing Tai acquired Red Planet Hotel Asakusa Tokyo as its first investment in Japan. The 134-room hotel is located in Tokyo's Asakusa district, in close proximity to the Senso-ji Temple.

The summary of Wing Tai's development properties and investment properties as at 30 June 2021 is shown in **Exhibit 2** and **Exhibit 3** on the next page

Exhibit 2: Wing Tai's Development Properties

Location	Property	% of completion as at 30.06.21	Expected completion date	total units	% of unit sold
Singapore	Le Nouvel Ardmore	100%	Completed	43	90%
	The M	24%	2023	522	85%
Malaysia	Le Nouvel KLCC	100%	Completed	195	60% of 30 units sold 70% of 120 units leased
	Nobleton Crest	100%	Completed	25	90%
	Taman Bukit				
	Phase 2	100%	Completed	215	99%
	Phase 4A	100%	Completed	66	95%
	Phase 5	100%	Completed	97	100%
	Impiana Boulevard	100%	Completed	80	90%
	Jesselton Hills				
	Phase 1A	100%	Completed	7	-
	Phase 2	100%	Completed	198	95%
	Phase 4A	89%	2022	59	80%
	Phase 4B	19%	2023	66	55%
	Phase 5A	62%	2022	70	65%
	Phase 3-5	-	-		-
	Mahkota Impian	100%	Completed	386	100% of apartments sold 70% of 3 ½ storey shop office sold 60% of 5 storey shop office leased
	Vacant land in Penang	-	-	-	-
	Garden Terraces	90%	Completed	87	90%
China	The Lakeside	Obtained construction permit and work has commenced	-	-	-

Source: Wing Tai

Updates to Wing Tai's Development Properties

On 30 June 2021, Wing Tai Properties Limited, an associate of Wing Tai, won a government tender for a residential site in Fanling, Hong Kong. Wing Tai Properties Limited and its subsidiaries have a 85% interest in this development properties. Accordingly, as Wing Tai has 33% effective interest in Wing Tai Properties Limited, Wing Tai has 28.1% effective interest in the Fanling site.

Exhibit 3: Wing Tai's Investment Properties

Location	Property	Description	Tenure of land	Lettable area (Sq m)	Interest in property
Singapore	Winsland House I	10-storey commercial building	99-year lease expiring 2082	13,390	100%
	Winsland House II (163 Penang Road)	8-storey commercial building	99-year lease expiring 2093	7,309	100%
	Winsland House II (165 Penang Road)	Convervation house	99-year lease expiring 2093	584	100%
	Lanson Place Winsland Serviced Residences	109 units of serviced apartments in a 9-storey building	99-year lease expiring 2093	5,087	100%
Malaysia	1,2,3,5,7,9,11,11A Lorong Bukit Minyak Utama 2	7 units of shop offices and a 2-storey commercial building	Freehold	3,265	100%
Australia	376-388 Flinders Street, Melbourne	8-storey commercial building	Freehold	9,513	100%
	28 Thornton crescent, Mitcham	Single-storey commercial building	Freehold	3,946	100%
	12 Brookhollow Avenue, Baulkham Hills	4-storey commercial building	Freehold	3,933	100%
	464 St Kilda Road, Melbourne	8-storey commercial building	Freehold	13,826	50%
	4 Wesley Court, Melbourne	4-storey commercial building	Freehold	11,223	100%
Japan	1 Chome 11-6 Asakusa, Taito	13-storey hotel	Freehold 30-year, lease expiring 2043	3,063	100%
China	Singa Plaza	8-storey commercial building	50-year lease expiring 2046	8,255	75%

Source: Wing Tai

Updates to Wing Tai's Investment Properties

Wing Tai announced on 31 March 2022 that it has acquired the remaining 50% interest in 464 St Kilda Road, Melbourne. Upon the completion of the acquisition, Wing Tai's interest in the property has increased from 50% to 100%.

(IV) Geographical Revenue Contribution

Wing Tai's has two reportable revenue segments, which are Singapore, Malaysia, Australia, China and Japan. In the half year ended 31 December 2021 (1H2022), Singapore remained as Wing Tai's largest revenue contributor, contribution 88.7% of its total revenue followed by Malaysia at 9.3%, Australia at 1.6%, China at 0.2% and Japan at 0.3% as shown in **Exhibit 4**.

Exhibit 4: Wing Tai's Geographical Revenue Breakdown

	FY2020		FY2021		1H2022	
S$'000	Revenue	Contribution (%)	Revenue	Contribution (%)	Revenue	Contribution (%)
Singapore	290,323	78.2%	389,995	84.5%	271,816	88.7%
Malaysia	67,297	18.1%	57,623	12.5%	28,601	9.3%
Australia	10,365	2.8%	10,935	2.4%	4,794	1.6%
China	1,017	0.3%	938	0.2%	481	0.2%
Japan	2,024	0.5%	1,905	0.4%	915	0.3%
Total	**371,026**	**100.0%**	**461,396**	**100.0%**	**306,607**	**100.0%**

Source: Wing Tai

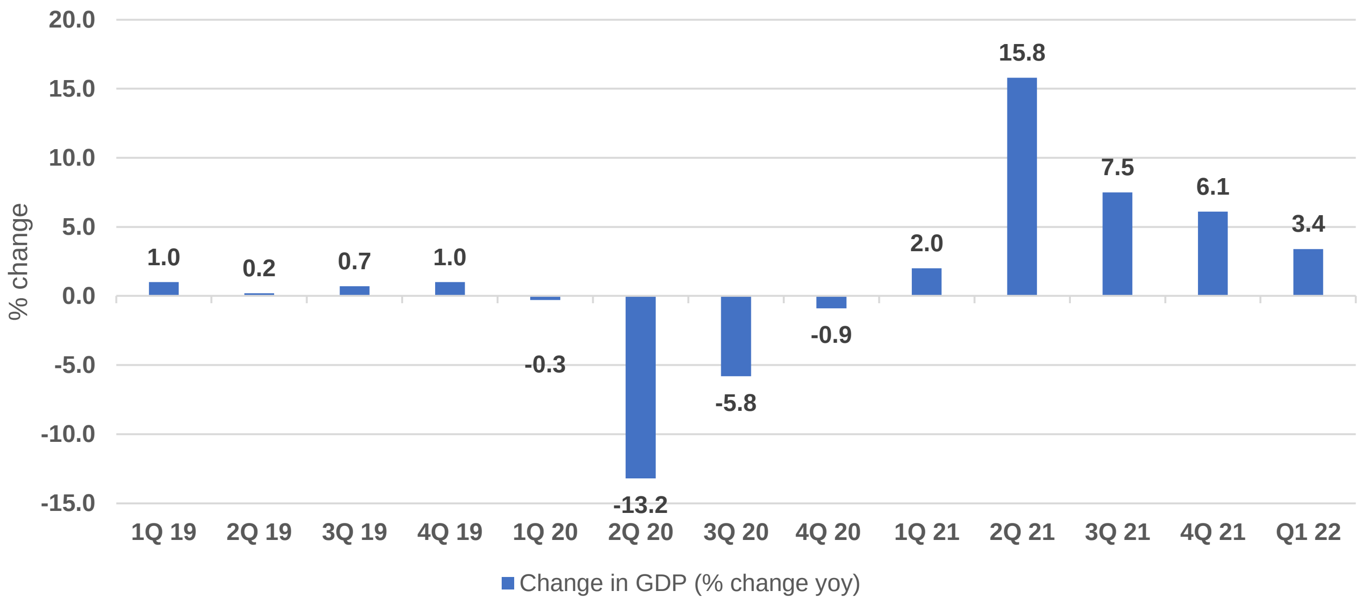
INDUSTRY OUTLOOK

As shown on the previous page, between FY2020 and 1H2022, Singapore had remained the largest revenue contributor contributing more than 78.0% of Wing Tai's revenue. Hence, we will focus our industry review on Singapore, which has a substantial impact on Wing Tai's revenue.

(I) Singapore's Economy

The Ministry of Trade and Industry (MTI) reported that, based on advance estimates, the Singapore economy grew by 3.4% on a year-on-year (yoy) basis in the first quarter of 2022, moderating from the 6.1% growth in the preceding quarter as shown in **Exhibit 5**. On a quarter-on-quarter (qoq) seasonally-adjusted basis, the economy expanded by 0.4%, slower than the 2.3% growth in the previous quarter.

Exhibit 5: Change in Singapore Quarterly GDP (%, yoy)



Source: MTI

The services sectors - accommodation & food services, real estate, administrative & support services and other services sectors - grew by 3.0% yoy in the first quarter, faster than the 1.6% growth in the previous quarter. All sectors within the group expanded, except for the accommodation & food services sector. On the whole, the value-added of this group of sectors (i.e., accommodation & food services, real estate, administrative & support services and other services sectors) remained 4.3% below its level in the first quarter of 2019. On a quarter-on-quarter seasonally-adjusted basis, the sectors expanded by 2.9% in the first quarter, extending the 2.6% growth in the preceding quarter.

(II) Singapore Private Residential Market

Property Sales

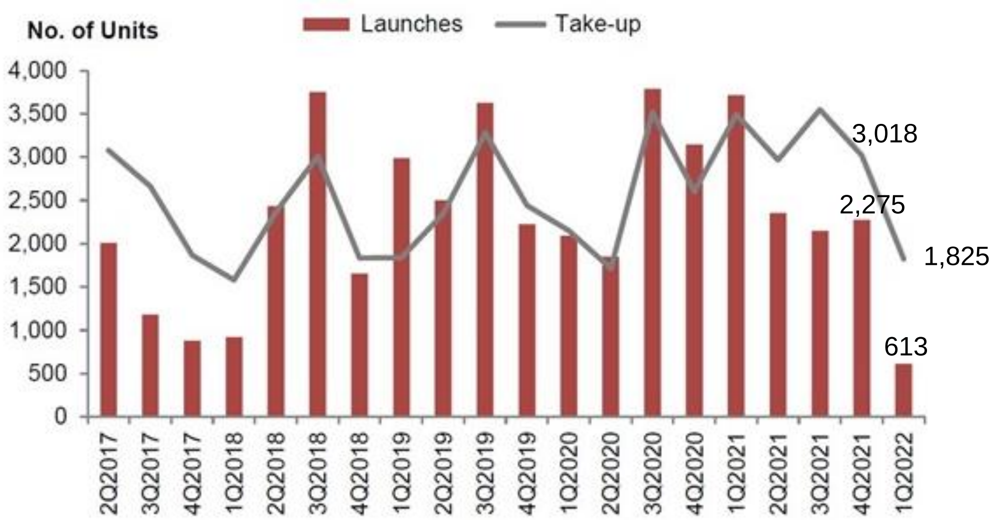
According to data from the Urban Redevelopment Authority (URA), prices of private residential properties increased by a slower pace of 0.7% qoq in 1Q 2022, compared with the 5.0% increase in the previous quarter, as reflected by an increase in Property Price Index to 174.8 from 173.6, as shown in **Exhibit 6**.

Exhibit 6: Property Price Index of Private Residential Properties

Source: Compiled data from URA

According to URA, developers launched 613 uncompleted private residential units (excluding ECs) for sale in 1Q 2022, compared with the 2,275 units in the previous quarter. At the same time, developers sold 1,825 private residential units (excluding ECs) in 1Q 2022, compared with the 3,018 units sold in the previous quarter as shown in **Exhibit 7**.

Exhibit 7: Number of Private Housing Units Launched and Sold by Developers (excluding ECs)

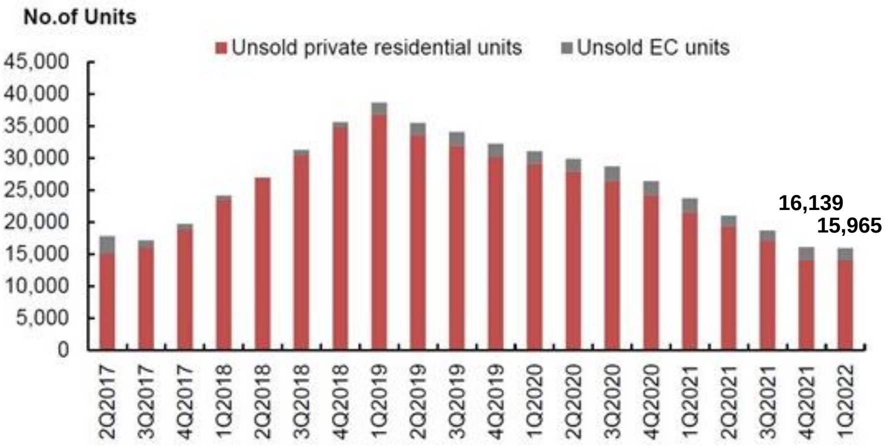


Source: Compiled data from URA

URA noted that as at the end of 1Q 2022, there was a total supply of 47,415 uncompleted private residential units (excluding ECs) in the pipeline with planning approvals, compared with the 46,276 units in the previous quarter Of this number, 14,087 units remained unsold as at the end of 1st Quarter 2022, compared with the 14,154 units in the previous quarter.

After adding the supply of 5,333 EC units in the pipeline, there were 52,748 units in the pipeline with planning approvals. Of the EC units in the pipeline, 1,878 units remained unsold. In total, 15,965 units with planning approvals (including ECs) remained unsold, compared to 16,139 units in the previous quarter as shown in **Exhibit 8**.

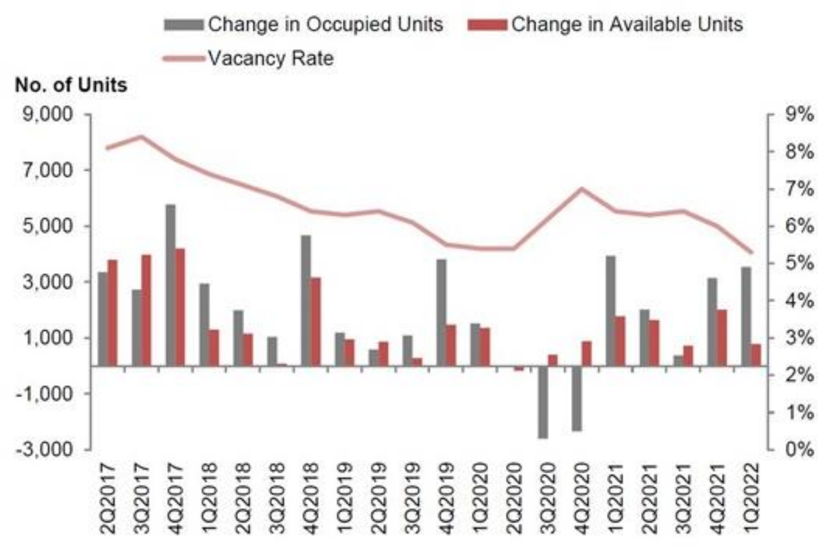
Exhibit 8: Total Number of Unsold Private Residential Units in the Pipeline



Source: Compiled data from URA

According to URA the stock of completed private residential units (excluding ECs) increased by 783 units in 1Q 2022, compared with the increase of 2,008 units in the previous quarter. The stock of occupied private residential units (excluding ECs) increased by 3,544 units in 1Q 2022, compared with the increase of 3,147 units in the previous quarter. As a result, the vacancy rate of completed private residential units (excluding ECs) decreased to 5.3% as at the end of 1Q 2022, from 6.0% in the previous quarter as shown in **Exhibit 9**.

Exhibit 9: Stock and Vacancy of Private Residential Units (excluding ECs)



Source: Compiled data from URA

CBRE noted that post-Dec 2021 cooling measures, 2022 started on a quiet note due to the Lunar New Year seasonal lull and as homebuyers and developers adopted a wait-and-see approach. Private home price growth plateaued in Q1 2022 as cooling measures took effect. Meanwhile, developers continued to replenish their depleting landbank selectively. However, CBRE believes that the relaxation of Covid-19 restrictions and full border reopening will boost sentiments. CBRE noted that from 29 march 2022, the capacity limit at show galleries was increased and from 1 April 2022, Singapore fully reopened its borders to vaccinated travellers. Said developments are set to boost sentiment and market confidence which could in turn lift demand for new private homes. Overall, CBRE expects new home sales to fall between 9,000-10,000 units, while prices could rise by up to 3% in 2022.

Knight Frank highlighted that unlike the market situation after the announcement of the previous 2018 cooling measures, there is greater urgency today in what is almost a perfect storm. New inventory has been delayed to the market due to supply-chain disruptions at a time when future supply from land sales remains moderate amid dwindling unsold stock. Knight Frank believes volumes are expected to pick up sometime in Q2 2022, as developers start to launch projects especially those in choice locations and as the Vaccinated Travel Framework (VTF) gains momentum. New sale volumes are expected to reach around 8,000 to 9,000 units for 2022, with around 24,000 to 28,000 transactions for all sales. Home prices are expected to rise by a more subdued 1%-3% in 2022.

Colliers highlighted that as the first data point post cooling measures and given that the first quarter is traditionally a slower quarter, this moderation in growth is to be expected. However, prices and sales might pick up in Q2 2022 with the launch of major projects and as uncertainty over the cooling measures dissipate. The re-opening of borders might also prompt more demand from relocation on the back of Singapore's effective handling of the pandemic. Colliers expects foreigner demand to recover, especially for higher end properties where they are able to better manage the higher taxes and duties. As more companies begin to increase headcount alongside Singapore's economic recovery, the pick-up in foreign hiring activity and reopening of borders would likely lead to a further rise in rental demand over the near term. With the higher additional buyer stamp duties, new home sales should come from first time buyers and upgraders, thereby fuelling further growth in the Outside Central Region (OCR) and Rest of Central Region (RCR) segments. Potential buyers might also be motivated to take action and lock in rates now before mortgage rates see a significant increase. With the pace of new launches slowing, higher prices and rising mortgage rates, new home sales should moderate 20-30% from the 13,027 units recorded in 2021 to around 10,000 units. Further, momentum in private home prices is expected to moderate and rise by just 3-5% in 2022, tracking the projected growth in GDP.

Savills noted that on 16th December 2021, when the Additional Buyer's Stamp Duty (ABSD) rate for foreign buyers of private residential property was revised from 20% to 30% and for Singapore citizens buying a second residential property, going to 17% from 12%, the faces of those who had an interest in the market segment turned sullen. However, Savills believes that while the latest ABSD rate may have a significant impact on foreign buying, it has not changed its outlook for prices in 2022. Although the percentage of foreigners have fallen since December 2021, Savills believes that over time, Singapore citizens and PRs will step in to fill that gap. The desire of Singaporeans wanting to own private residential properties has not waned, and these measures could have triggered an opposite psychological reaction towards buying. The percentage decline in Singapore citizens buying in January to 15th February 2022 is likely a case where they sit back to strategize on how to skirt over the duties. Given the sharp decline in the number of new launches in 2022 and the presence of heightened inflationary pressures, for 2022, Savills maintains the view that private residential property prices rise 7% yoy.

Business Times reported that OrangeTee & Tie and PropNex Reality (PropNex) are also positive on Singapore private residential market. OrangeTee & Tie expects private home prices to continue to rise this year on the back of cost pressures, such as escalating energy, steel, raw material and shipping costs. PropNex noted that the slower price growth and pullback in sales volume in Q1 2022 did not come as a surprise, given the fresh property curbs imposed in December. The Additional Buyer's Stamp Duty (ABSD) hikes on foreign buyers and property investors, in particular, likely held back some demand for new and resale homes. In addition, PropNex also noted that the "modest performance" comes on the back of rising interest rates and inflation, as well as geopolitical tensions, which should give rise to a more sustainable price growth this year. PropNex expects private home prices to increase by between 3% and 5% this year, after a blistering 10.6% growth in 2021.

We have summarized the forecasted growth in private residential property prices by the various commercial real estate services companies in **Exhibit 10**.

Exhibit 10: Singapore Private Residential Property Price Forecast

Company	Forecasted growth in private residential property prices in 2022
Knight Frank	1%-3%
CBRE	3%
Colliers	3%-5%
PropNex	3%-5%
Savills	7%

Source: Respective companies, Business Times

Rental

According to data from URA, rentals of private residential properties increased by 4.2% in 1Q2022, compared with the 2.6% increase in the previous quarter, as reflected by an increase in the Rental index to 119.0 from 114.2 as shown in **Exhibit 11**.

Exhibit 11: Rental Index of Private Residential Properties

Source: Compiled data from URA

Jones Lang LaSalle (JLL) noted that the residential rental growth was 3.4%[1] qoq in 1Q2022 and believes that prime rents are expected to remain on an uptrend for the next 12 months, as the recent easing of border restrictions and improved hiring of foreigners continue to feed leasing demand.

Meanwhile, Colliers highlighted that the rental growth recorded in 1Q2022 may be fuelled by buyers who are still in the market for replacement homes, or still waiting for their homes to be completed due to construction delays. Further, as more companies begin to increase headcount alongside Singapore's economic recovery, the pick-up in foreign hiring activity and reopening of borders would likely lead to a further rise in rental demand over the near term..

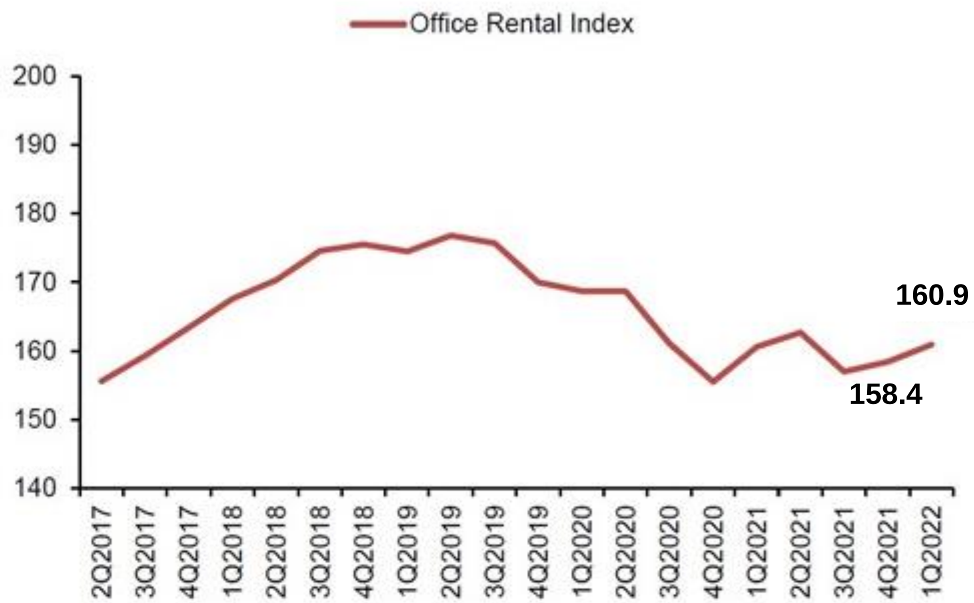
Similarly, Savills highlighted two main factors that could be driving rents up. One is the recalibration of the slate of cooling measures that came into force on 16th December 2021, which resulted in the increase in ABSD. According to Savills, for the many who often buy uncompleted developments, that simply means they would have to sell their existing homes and rent for a greater length of time than before. This has created an additional source of demand for rental housing, further tightening the leasing market. The other point is that the strict Covid-19 measures adopted in Hong Kong has tipped the scale for some multinationals to move major parts or entire operations to Singapore. This has added another pressure point to the leasing market. In addition, Savills noted that the MoM increase in February 2022 rents was about 5%. Single room lettings have also seen leases being renewed at 15% to 20% higher than they were in late-2019. As a result, there is an increasing trend whereby tenants rush to secure whatever they can find and not haggle over the rent. With these points in mind, Savills has revised its earlier estimate for rental growth from the 0% - 2% YoY rise for 2022 to 10% - 15%.

(1) JLL: Rental value indicators are reflective of luxury residential properties

(III) Singapore Office Market

According to data from URA, rentals of office space increased by 1.6% in 1Q2022, compared with the 0.9% increase in the previous quarter, as reflected by an increase in Office Rental index to 160.9 from 158.4 as shown in **Exhibit 12**.

Exhibit 12: Rental Index of Office Space



Source: Compiled data from URA

Colliers noted that the ongoing "flight to quality" movement has continued to benefit newer developments with high quality specifications; accelerating rental growth at such developments. The CBD Premium & Grade A rents, as tracked by Colliers Research, showed an expansion of 1.5% q-o-q to S$10.26 psf/month. In addition, there are signs that the recovery in the office market has broadened, with CBD grade B also rising by 1.1% q-o-q to S$8.25 psf per month in Q1 2022, as compared to Q4 2021 when it was flat. High quality office spaces with updated specifications such as those in the CBD Premium & Grade A segment will likely be the main beneficiaries as occupiers become more selective and focused on providing the right type of office environment. However, with higher CBD rents, Colliers expects the market recovery to spill over to city fringe and grade B offices. Colliers believes that with Singapore successfully transitioning into an endemic state and with the back to office momentum, CBD Premium & Grade A rents are likely to continue heading northwards.

JLL noted that overall CBD investment grade quarterly office rental growth accelerated for the third consecutive quarter to its steepest since turning around in 2Q21 to 2.3% qoq in 1Q2022. JLL believes Singapore's office market is expected to continue to benefit from the back-to-office recovery momentum and the re-opening of international borders. Tightening vacancies and limited new supply in 2022 should drive further rental growth during the rest of the year

CBRE noted that rental growth and vacancy rate for Core CBD (Grade A) kept pace with last quarter's, with rents up 1.4% qoq to S$10.95 psf/month and vacancy stabilising at 4.5%. With prevailing tight vacancy in the core CBD (Grade A) submarket, some demand has spilled over to the other submarkets. Further signs of a broad-based recovery were observed in the Grade B islandwide market, which saw rents grow 1.4% qoq, as vacancies declined across the board. CBRE believes the office sector is poised to benefit from a growth in office demand as workplace measures were further relaxed and rental growth should gain momentum in the coming quarters. CBRE expects Core CBD (Grade A) rents to grow by 6.9% yoy for the whole of 2022.

RECENT SHARE PRICE DEVELOPMENT

In the past year, Wing Tai's share price fell by 1.14% from S$1.750 on 20 May 2021 to S$1.730 on 19 May 2022 as shown in **Exhibit 13**.

Exhibit 13: Wing Tai's 1 Year Share Price Performance

Source: Yahoo Finance, FPA Financial

On 26 October 2021, at its 57th Annual General Meetings, Wing Tai responded to shareholders questions regarding Financial, Property, Retail and its Investment Companies. Wing Tai also passed the Renewal of Share Purchase Mandate with 99.98% of its shareholders voting for the renewal. We note that following the announcement and the renewal, Wing Tai's share price rose by 4.30% and ended the week at S$1.940

On 10 February 2022, Wing Tai reported that its net profit declined by 6% yoy for the half year ended 31 December 2021. In addition, no dividend was recommended for the period under review. We note that following the announcement, Wing Tai's share price began to fall and fell by 2.22% after a week from S$1.800 to S$1.760.

Wing Tai announced on 4 April 2022 that its wholly owned subsidiary, Wing Tai Malaysia Sdn. Bhd. has disposed the leasehold land and a five-storey factory building thereon situated at 166-A, Rifle Range Road, 11400 Pulau Pinang for a consideration of RM17.5 million (approximately S$5.6 million). According to Wing Tai, the net proceeds from the disposal is approximately S$1m and it will be used for working capital purposes. Following the announcement, Wing Tai's share price rose by 2.27% from S$1.760 to S$1.800 the next day.

In terms of insider trades, Wing Tai has a Share Purchase Mandate which authorises the directors of Wing Tai to make purchases of ordinary shares in the capital of the Company representing up to a maximum of ten per cent (10%) of the issued Shares (excluding treasury shares and subsidiary holdings) at a price of up to but not exceeding the maximum price.

Maximum Price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares, excluding related expenses of the purchase or acquisition, must not exceed the maximum price (Maximum Price) which is:

i. in the case of a Market Purchase, five per cent. (5%) above the average closing market prices of the Shares over the five (5) days on which the SGX-ST is open for securities trading (Market Days) and on which transactions in the Shares were recorded before the day on which the Market Purchase was made by the Company and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the purchases are made; and

ii. in the case of an Off-Market Purchase, twenty per cent. (20%) above the average closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded before the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the announcement of an offer is made.

Rationale

The proposed renewal of the Share Purchase Mandate will continue to give the Directors the flexibility to purchase Shares when circumstances permit, with the objective of enhancing the earnings per Share (EPS) of Wing Tai. Such flexibility will also allow the Directors to better manage Wing Tai's capital structure, dividend payout and cash reserves, and to return surplus cash over and above its capital requirements in an expedient and cost-effective manner.

The proposed renewal of the Share Purchase Mandate will thus continue to provide Wing Tai with an efficient mechanism to enhance returns to Shareholders when circumstances permit. Share purchases will only be effected when the Directors are of the view that it will benefit Wing Tai and its Shareholders. Shareholders should note that share purchases pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised. No share purchase will be made in circumstances which the Directors believe would have or may have a material adverse effect on the liquidity and capital adequacy position of Wing Tai as a whole and/or affect the listing status of the company on the SGX-ST.

Given the Share Purchase Mandate as mentioned on the previous page, since the renewal of the mandate, Wing Tai had since conducted a series of share buyback. From 27 October 2021 till date, Wing Tai has conducted a total of 22 share buybacks for a total consideration of S$13.7 million for 7,246,300 shares as shown in **Exhibit 14**. This represents a total of 0.94% stake in Wing Tai.

Exhibit 14: Details of Wing Tai's Share Buyback Transactions

Date	No. of shares purchased	Price paid per share	Total consideration	Cumulative No. of shares purchased to date	Percentage
27/10/2021	1,769,000	1.89591	$ 3,360,684	1,769,000	0.23%
28/10/2021	250,000	1.93606	$ 484,999	2,019,000	0.26%
29/10/2021	440,000	1.93886	$ 854,833	2,459,000	0.32%
1/11/2021	526,600	1.93251	$ 1,019,729	2,985,600	0.39%
2/11/2021	472,200	1.93973	$ 917,803	3,457,800	0.45%
3/11/2021	174,000	1.90000	$ 331,272	3,631,800	0.47%
5/11/2021	346,500	1.91939	$ 666,421	3,978,300	0.52%
23/11/2021	117,700	1.85987	$ 219,352	4,096,000	0.53%
26/11/2021	355,900	1.85904	$ 662,978	4,451,900	0.58%
29/11/2021	304,700	1.85967	$ 567,794	4,756,600	0.62%
30/11/2021	712,600	1.85772	$ 1,326,503	5,469,200	0.71%
1/12/2021	218,000	1.84891	$ 403,882	5,687,200	0.74%
2/12/2021	169,500	1.83834	$ 312,232	5,856,700	0.76%
3/12/2021	115,500	1.84816	$ 213,897	5,972,200	0.78%
7/12/2021	77,200	1.84838	$ 142,985	6,049,400	0.79%
8/12/2021	143,300	1.85951	$ 267,010	6,192,700	0.80%
9/12/2021	88,500	1.86000	$ 164,945	6,281,200	0.82%
14/12/2021	267,900	1.85895	$ 499,026	6,549,100	0.85%
15/12/2021	151,000	1.86121	$ 281,614	6,700,100	0.87%
17/2/2022	191,500	1.78896	$ 343,283	6,891,600	0.89%
10/5/2022	119,500	1.71771	$ 205,684	7,011,100	0.91%
12/5/2022	235,200	1.72349	$ 406,189	7,246,300	0.94%

Source: Wing Tai, FPA Financial

FINANCIAL ANALYSIS

In this section, we will provide a review of Wing Tai's financial performance and capital management.

(I) Financial Review

Review of Half-Year 2022 Results

Revenue

For the half year ended 31 December 2021 (1H2022), Wing Tai recorded a total revenue of S$306.6 million. This represents a 26% yoy increase from the S$243.4 million revenue recorded for the half year ended 31 December 2020(1H2021). This increase is mainly due to the higher contribution from development properties. Revenue for the current period was largely attributable to the additional units sold in Le Nouvel Ardmore and the progressive sales recognised from The M at Middle Road in Singapore. Cost of sales also increased by 46% yoy from S$143.5 million in 1H2021 to S$209.3 in 1H2022. Consequently, Wing Tai recorded a 3% yoy decrease in gross profit of S$97.3 million in 1H2022 compared to S$99.9 million the same period a year ago.

Accounting for distribution and administrative & other expenses of S$51.3 million and S$62.2 million for 1H2022 and 1H2021 respectively, Wing Tai recorded an operating profit of S$51.0 million in the current period as compared to S$50.5 million in the corresponding period. Wing Tai's share of profits from associated and joint venture companies was S$21.5 million in the current period as compared to S$38.5 million in the corresponding period. The decrease is largely due to the lower contribution from Wing Tai Properties Limited in Hong Kong.

As a result, Wing Tai reported profit before income tax of S$59.3 million in 1H2022 compared to S$72.3 million in 1H2021. For the period, income tax expense of S$5.3 million was recorded as compared to the income tax expense of S$14.7 million a year ago. After adjusting for income tax expense, total profit after tax amounted to S$54.0 million versus S$57.5 million the same period a year ago. In the current period, Wing Tai's net profit attributable to shareholders was S$53.8 million compared to S$56.8 million recorded last year. Accordingly, Wing Tai reported an earnings per share of 6.16 cents for 1H2022.

Wing Tai's 1H2022 and 1H2021 financial results are summarised in **Exhibit 15** on the next page.

Exhibit 15: Wing Tai's 1H2022 and 1H2021 Financial Results

S$'000	1H2022	1H2021	y-o-y change
Revenue	306,607	243,418	26.0%
Cost of sales	(209,323)	(143,496)	-45.9%
Gross profit	**97,284**	**99,922**	**-2.6%**
Other gains-net	5,023	12,845	-60.9%
Expenses			
Distribution	(16,409)	(15,838)	-3.6%
Administrative and other	(34,916)	(46,393)	24.7%
Operating profit	**50,982**	**50,536**	**0.9%**
Finance costs	(13,171)	(16,781)	21.5%
Share of profits from associated and joint venture companies	21,494	38,537	-44.2%
Profit before income tax	**59,305**	**72,292**	**-18.0%**
Income tax expense	(5,291)	(14,746)	64.1%
Total profit	**54,014**	**57,546**	**-6.1%**
Attributable to:			
Equity holders of the Company	53,788	56,796	-5.3%
Non-controlling interest	226	750	-69.9%
Earnings per share attributable to ordinary shareholders of the Company (cents)	**6.16**	**6.54**	**-5.8%**

Source: Wing Tai

Review of Historical Financials

We also reviewed Wing Tai's historical financial results to evaluate how it has performed prior to the Covid-19 pandemic. We note that Wing Tai's revenue stream has generally increased over the years with a slight decrease in FY2019 to S$322.6 million from S$360.4 million in FY2018. This decrease in revenue from FY2019 was mainly due to the lower contributions from development properties. For FY2021, Wing Tai recorded a total revenue of S$461.4 million. This represents a 24% increase from the S$371.0 million revenue recorded in the previous year. This increase is mainly due to the higher contribution from development properties which was largely attributable to the additional units sold in Le Nouvel Ardmore and the progressive sales recognised from The M at Middle Road in Singapore.

Meanwhile, Wing Tai's gross profit margin remained relatively stable, maintaining between 46% and 52% from FY2017 to FY2020. In FY2021, Wing Tai's gross margin decreased to 37% owing to higher development cost of S$231.0 million in FY2021 compared to S$127.4 million in FY2020. We also note that Wing Tai's share of profits from associated and joint venture companies increased to S$208.5 million in FY2018 from S$73.4 million in FY2017. This increase is largely attributable to Wing Tai's share of gains recognised by Wing Tai Properties Limited in Hong Kong from the disposal of W Square, a Grade A office building located in Wan Chai and Winner Godown Building, an industrial building located in Tsuen Wan. In addition, there was contribution from Malaren Gardens in Shanghai from the residential units sold to date and handed over to purchasers in FY2018.

Further, we also note that over the past 5 years, Wing Tai's dividend per share was between 3.00 cents and 8.00 cents. Based on Wing Tai's closing unit price as at 30 June between FY2017 and FY2021, Wing Tai has a dividend yield of between 1.7% and 4.0% over those years.

We have summarized Wing Tai's historical financial figures in **Exhibit 16**.

Exhibit 16: Wing Tai's Historical Financial Figures (FY2017-FY2021)

S$'000	FY2017	FY2018	FY2019	FY2020	FY2021
Revenue	263,203	360,428	322,616	371,026	461,396
Gross profit	136,807	183,668	147,815	180,273	171,092
Gross profit margin	52%	51%	46%	49%	37%
Share of profits of associated and joint venture companies	73,428	208,478	52,498	12,142	36,290
Total profit	26,399	227,317	48,757	15,708	41,952
Earnings per share (cents)	2.59	28.29	5.21	0.40	3.99
Dividend per share (cents)	6.00	8.00	5.00	3.00	5.00
Closing price as at 30 Jun	1.79	1.99*	2.07**	1.79	1.80
Dividend yield (%)	2.6%	4.0%	2.4%	1.7%	2.8%

**Closing price as at 29.06.18*

***Closing price as at 28.06.19*

Source: Wing Tai, Yahoo Finance, FPA Financial,

(II) Capital Management

Review of Balance Sheet

Net Asset Value

Wing Tai reported total assets of S$4,326.0 million as at 31 December 2021 compared to S$4,492.2 million as at 30 June 2021. The decrease in total assets was mainly attributable to the decrease in Wing Tai's trade & other receivables due to the repayment of loan by its joint venture company and the decrease in Wing Tai's development properties owing to the recognition of capitalised development cost in the income statement. At the same time, total liabilities decreased to S$765.1 million as at 31 December 2021 from S$937.1 million as at 30 June 2021 mainly due to the repayment of borrowings.

Consequently, Wing Tai recorded total equity or net assets of S$3,560.9 million as at 31 December 2021 compared to S$3,555.1 million as at 30 June 2021. Excluding perpetual securities and non-controlling interests, net assets attributable to ordinary shareholders amounted to S$3,192.0 million as at 31 December 2021. Accordingly, Wing Tai's net asset value (NAV) per ordinary share stood at S$4.18 based on 763.8 million units in issued share capital.

A summary of Wing Tai's balance sheet as at 31 December 2021 and 30 June 2021 is shown in **Exhibit 17**.

Exhibit 17: Summary of Wing Tai's Balance Sheet as at 31 Dec 2021 and 30 Jun 2021

S$'000	31-Dec-21	30-Jun-21
Total assets	4,326,029	4,492,232
Total liability	765,089	937,089
Total equity/ net assets	3,560,940	3,555,143
Net assets attributable to ordinary shareholders	3,191,982	3,186,714
Issued share capital	763,847	770,108
Net asset value per ordinary share (S$)	4.18	4.14

Source: Wing Tai

Bank Borrowings

We note that Wing Tai's total borrowings decreased from S$726.1 million as at 30 June 2021 to S$574.1 million as at 31 December 2021. Of Wing Tai's total bank borrowings of S$574.1 million, S$184.3 million are current borrowings and S$389.8 million are non-current borrowings as shown in **Exhibit 18**. We also note that Wing Tai's total borrowing as at 31 December 2021 are exposed to SGD, JPY, HKD and AUD, with majority of its borrowings in SGD.

Exhibit 18: Breakdown of Wing Tai's Bank Borrowings

S$'000	31-Dec-21	30-Jun-21
Amount repayable within one year or less or on demand		
Secured	24,983	64,885
Unsecured	159,286	85,979
Total current borrowings	**184,269**	**150,864**
Amount repayable after one year		
Secured	49,119	76,190
Unsecured	340,686	499,034
Total non-current borrowings	**389,805**	**575,224**
Total borrowings	**574,074**	**726,088**

Source: Wing Tai

Net Gearing Ratio

Net gearing ratio is calculated as total borrowings less cash and cash equivalents divided by total equity. As at 31 December 2021, Wing Tai's borrowings were S$574.1 million and its cash & cash equivalents were S$713.8 million. Hence, Wing Tai maintained a net cash position as at 31 December 2021 from 30 June 2021, as shown in **Exhibit 19**.

Exhibit 19: Wing Tai's Net Gearing Ratio as at 31 December 2021 and 30 June 2021

S$'000	31-Dec-21	30-Jun-21
Borrowings	574,074	726,088
Cash and cash equivalents	713,758	772,964
Total equity	3,560,940	3,555,143
Net gearing ratio	Net cash	Net cash

Source: Wing Tai

POTENTIAL CATALYSTS

(I) Properties in the Pipeline

On 30 June 2021, Wing Tai Properties Limited, an associate of Wing Tai, won the tender for a residential parcel in Fanling, Hong Kong, for a consideration of HK$2.6 billion. The site is about a 10-minute walk to Sheung Shui MTR Station, and adjacent to Fanling golf course. The site has a gross floor area of approximately 284,170 square feet. Medium density homes will be built on this site. According to Wing Tai Properties Limited, master planning and design work have commenced and the expected completion date is by 2027.

In addition, as noted on **Exhibit 2** on page 5, Wing Tai has a 452,955 Sq m vacant land in Malaysia. This comprises of multiple land parcels in different parts of Penang, Malaysia. Certain parcels have obtained approved layout plans while some are under preliminary layout design stage.

(II) Acquisition of Melbourne Property

Wing Tai recently announced that its subsidiary, Wingspring Trust, has bought the remaining 50% interest in its freehold properties in Melbourne, Australia for A$49.4 million (S$50.1 million). The properties are 464-466 St Kilda Road and units 112-218, 23 of Brooklands Car Park on Queens Road. In 2018, Wingspring Trust had jointly acquired them with Abacus 464 St Kilda Road Trust for A$95.4 million as tenants in common in equal shares. But after the acquisition was completed, Wingspring Trust has become the sole owner of the property. Wing Tai added that the acquisition is carried out in the ordinary course of business and is not expected to have a material impact on the group's net asset value.

We would be comparing the borrowing cost versus the rental yield to determine if this acquisition would be beneficial to Wing Tai. In our analysis, we would assume that the cost of S$50.1 million to acquire the 50% interest to be financed through bank borrowings.

According to Bank Australia, effective 10 May 2022, a secured commercial loan – Fixed (1, 2, 3 or 5 years) has an interest rate of 3.79%.

We note from CBRE that Melbourne CBD visitation has risen to the highest level since May 2021. This is supported by the PCA occupancy rate which has risen to 43% in March 2022, the highest level since May 2021. This still remains below other major office markets, which meant leasing activity has been relatively subdued in 1Q2022. However, the outlook for supply is more positive and solid net absorption returned in 2H2021, meaning that vacancy is likely to start to improve in 2022. The higher inflationary pressure has led to an acceleration of face rents, growing by 2.2% in 1Q2022. In addition, Savills noted that the Office (Premium/A Grade) yield for 2021 was 4.60% (1).

Given the above, comparing the borrowing rate of 3.79% with Savill's average of Sydney and Melbourne Office (Premium/ A Grade) yield of 4.60%, we believe that the acquisition would be beneficial to Wing Tai.

Next, we would determine the revenue impact of this acquisition.

Considering that the acquisition of the remaining 50% interest in 464 St Kilda Road, Melbourne was announced on 31 March 2022, it will increase the revenue contribution for investment properties in 2H2021 (3 months contribution) and in FY2023.

(1) Average of Sydney and Melbourne Office (Premium/ A Grade) yield

While we do not have sufficient information on the revenue contribution of each of the respective properties, we know that the investment properties in Australia contributed S$4.8 million in revenue in 1H2022. Hence, we will estimate the revenue contribution of each of Wing Tai's Australia properties based on the lettable area (Sq m) after accounting for Wing Tai's interest in property as shown in **Exhibit 20**.

Exhibit 20: Estimated Revenue Contribution for Wing Tai's Australia Investment Properties for 1H2022

Property	Before acquisition			
	Interest in property	Lettable area (Sq m)	Lettable area (Sq m) after accounting for interest in property	Estimated revenue contribution (S$ '000)
376-388 Flinders Street, Melbourne	100%	9,513	9,513	1,284
28 Thornton crescent, Mitcham	100%	3,946	3,946	532
12 Brookhollow Avenue, Baulkham Hills	100%	3,933	3,933	531
464 St Kilda Road, Melbourne	50%	13,826	6,913	933
4 Wesley Court, Melbourne	100%	11,223	11,223	1,514
Total	-	**42,441**	**35,528**	**4,794**

Source: Wing Tai, FPA Financial

With reference to **Exhibit 20**, before the acquisition of the remaining 50% interest in 464 St Kilda Road, the property contributed S$0.9 million of revenue in 1H2021. While there is a possibility that the rental would increase due to the reopening of borders, we would be conservative in our projections and expect the revenue contribution to remain at S$0.9 million for half a financial year. Given the above, the acquisition of the 50% interest would increase the revenue contribution in 2H2022 by S$0.5 million = [3/6 months contribution x S$0.9 million (estimated revenue contribution for 6 months)] and S$1.9 million for FY2023 =[12/6 months contribution x S$0.9 million (estimated revenue contribution for 6 months)].

FINANCIAL PROJECTION

In this section, we will be providing our projections for Wing Tai's revenue, earnings and distribution for FY2022 and FY2023

(I) Revenue Projection

(a) Sale of Development Properties

Singapore

As shown in **Exhibit 2** on page 5, Wing Tai's Singapore development properties for sale are Le Nouvel Ardmore and The M. To determine the total sales value of the two Singapore properties, we calculated the average sales price of the last 20 transactions of each of the property and multiply the average sales value by total number of units for each project. The average sales price (based on last 20 transactions) of one unit of Le Nouvel Ardmore and The M is estimated to be S$17.4 million and S$1.7 million respectively as shown in **Exhibit 21** and **Exhibit 22** on the next page.

Exhibit 21: Average Sales Value of Le Nouvel Ardmore

No.	Project name	Price ($)	Area (Sqft)	Unit Price ($psf)	Date of Sale
1	LE NOUVEL ARDMORE	18,460,000	3,843	4,804	Sep-21
2	LE NOUVEL ARDMORE	26,300,000	5,360	4,906	Sep-21
3	LE NOUVEL ARDMORE	18,500,000	4,058	4,559	Jul-21
4	LE NOUVEL ARDMORE	16,880,000	4,058	4,160	Feb-21
5	LE NOUVEL ARDMORE	15,990,000	3,843	4,161	Feb-21
6	LE NOUVEL ARDMORE	17,680,500	3,929	4,500	Jan-21
7	LE NOUVEL ARDMORE	17,800,000	4,133	4,306	Nov-20
8	LE NOUVEL ARDMORE	16,890,000	4,015	4,207	Oct-20
9	LE NOUVEL ARDMORE	16,239,250	3,821	4,250	Sep-20
10	LE NOUVEL ARDMORE	17,866,000	4,273	4,181	Feb-20
11	LE NOUVEL ARDMORE	15,948,450	3,843	4,150	Feb-20
12	LE NOUVEL ARDMORE	15,857,150	3,821	4,150	Feb-20
13	LE NOUVEL ARDMORE	16,800,000	3,940	4,264	Feb-20
14	LE NOUVEL ARDMORE	17,200,000	3,843	4,476	Jan-20
15	LE NOUVEL ARDMORE	15,800,000	3,821	4,135	Jan-20
16	LE NOUVEL ARDMORE	18,213,450	4,187	4,350	Jan-20
17	LE NOUVEL ARDMORE	15,705,400	4,133	3,800	Dec-19
18	LE NOUVEL ARDMORE	16,500,000	3,929	4,200	Nov-19
19	LE NOUVEL ARDMORE	15,716,000	3,929	4,000	Aug-19
20	LE NOUVEL ARDMORE	17,000,000	3,961	4,292	Jul-19
Average	**LE NOUVEL ARDMORE**	**17,367,310**	**4,037**	**4,293**	-

Source: URA, FPA Financial

Exhibit 22: Average Sales Value of The M

No.	Project name	Price ($)	Area (Sqft)	Unit Price ($psf)	Date of Sale
1	THE M	1,750,000	635	2,756	Apr-22
2	THE M	2,122,000	764	2,777	Apr-22
3	THE M	1,480,000	527	2,806	Apr-22
4	THE M	2,092,000	764	2,737	Apr-22
5	THE M	1,759,000	764	2,302	Apr-22
6	THE M	1,480,000	527	2,806	Apr-22
7	THE M	1,787,000	743	2,406	Apr-22
8	THE M	1,787,000	743	2,406	Apr-22
9	THE M	1,480,000	527	2,806	Mar-22
10	THE M	1,755,000	592	2,964	Feb-22
11	THE M	1,740,000	614	2,836	Jan-22
12	THE M	1,444,000	527	2,738	Jan-22
13	THE M	1,429,000	527	2,709	Jan-22
14	THE M	1,636,000	614	2,666	Jan-22
15	THE M	1,743,000	667	2,612	Jan-22
16	THE M	2,000,000	732	2,732	Dec-21
17	THE M	1,457,800	527	2,764	Nov-21
18	THE M	1,433,800	527	2,718	Nov-21
19	THE M	1,601,800	657	2,440	Nov-21
20	THE M	1,421,000	527	2,694	Oct-21
Average	**THE M**	**1,669,920**	**625**	**2,684**	-

Source: URA, FPA Financial

With the average sales value of one unit, the estimated attributable total sales value of Le Nouvel Ardmore and The M would be S$746.79 million =[43 units x S$17.4 million] and S$871.70 million =[522 units x S$1.7 million] respectively.

For Le Nouvel Ardmore, as the project has been completed, the attributable revenue recognised of S$677.3 million up to 30 June 2021 was based on the sales completion as at 30 June 2021 =[39 units x S$17.4 million]. The balance attributable revenue to be recognised for FY2022 and FY2023 would be recognised once the units have been sold.

For The M, as at 30 June 2021, the project was 24% completed and the percentage of sales completion was at 85%. The attributable revenue recognised of S$209.21 up to 30 June 2021 was based on the 24% completion as at 30 June 2021. The balance attributable revenue to be recognised for FY2022 and FY2023 would be recognised based on the completion of the project in FY2022 and FY2023. In addition, The M is expected to be completed in 2023. In our projections, we would assume for the construction of The M to be fully completed by 30 June 2023 (FY2023).

The summary of the total units, sales completion as at 30 June 2021, attributable total sales value, completion as at 30 June 2021, attributable revenue recognised up to 30 June 2021, balance attributable revenue to be recognised for FY2022 and FY2023 and the expected completion date is shown in **Exhibit 23**.

Exhibit 23: Summary of Le Nouvel Ardmore and The M as at 30 June 2021

Project name	Total units	Sales completion as at 30 June 2021		Attributable total sales value	% Completion as at 30 June 2021	Attributable revenue recognised up to 30 June 2021	Balance attributable revenue to be recognised for FY2022 and FY2023	Expected completion
Singapore	Unit	Unit sold (1)	% sold	S$ million	%	S$ million	S$ million	Period
Le Nouvel Ardmore	43	39	90%	746.79	100%	677.33	69.47	Completed
The M	522	443	85%	871.70	24%	209.21	662.49	2023

Source: Wing Tai, URA, FPA Financial

As highlighted in the 'Industry Overview' section, the demand for Singapore private residential market remains strong. Buying sentiment is expected to remain strong with the re-opening of borders and the decline in number of new launches. The URA property price index also rose by 0.7% qoq in 1Q2022. Various commercial real estate services companies also forecasted growth in private residential prices of between 1% and 7% in 2022, as shown in **Exhibit 10** on page 11. Hence, we believe the positive buying momentum will continue into 2H2022 and FY2023.

Projected Sales for Le Nouvel Ardmore

As at 10 May 2022, according to URA data, there has not been any sale completed for Le Nouvel Ardmore in 2H2022. With 2 more months before the end of FY2022, we project that 1 unit would be sold in 2H2022 and the remaining 3 units to be sold in FY2023 as shown in **Exhibit 24**.

Exhibit 24: Projected Sales for Le Nouvel Ardmore for 2H2022 and FY2023

Project name	Sales completion as at 31 December 2021		Projected units sold		Projected % of units sold	
Singapore	**Unit**	**%**	**2H2022**	**FY2023**	**2H2022**	**FY2023**
Le Nouvel Ardmore	39	90%	1	3	93%	100%

Source: Wing Tai, URA, FPA Financial

Projected Sales for The M

As at 10 May 2022, according to URA data, a total of 482 units have been sold. Out of the 482 units, 15 units were sold in 2H2022. With the strong demand for private residences, we project that 10 more units will be sold for the remaining 2 months of FY2022. For FY2023, we expect the remaining 30 units to be sold as shown in **Exhibit 25**.

Exhibit 25: Projected Sales for The M for 2H2022 and FY2023

Project name	Sales completion as at 31 December 2021		Projected units sold		Projected % of units sold	
Singapore	**Unit**	**%**	**2H2022**	**FY2023**	**2H2022**	**FY2023**
The M	467	89%	25	30	94%	100%

Source: Wing Tai, URA, FPA Financial

Projected Revenue to Recognise for Le Nouvel Ardmore

As the Le Nouvel Ardmore project has been completed, the balance attributable revenue to be recognised for FY2022 and FY2023 would be recognised once the unit has been sold. Accordingly, with 1 unit projected to be sold in 2H2022 the projected revenue to recognise for 2H2022 would be S$17.4 million =[1 unit sold x S$17.4 million (average value per unit)] and with 3 units to be sold in FY2023, the projected revenue to recognise for FY2023 would be S$52.1 million =[3 units sold x S$17.4 million (average value per unit)] as shown in **Exhibit 26**.

Exhibit 26: Projected Revenue to Recognise for Le Nouvel Ardmore for 2H2022 and FY2023

Project name	Average value per unit	Projected units sold		Projected revenue to recognise (S$ million)	
Singapore	**S$ million**	**2H2022**	**FY2023**	**2H2022**	**FY2023**
Le Nouvel Ardmore	17.4	1	3	17.4	52.1

Source: Wing Tai, FPA Financial

Projected Revenue to Recognise for The M

As for The M project, the balance attributable revenue to be recognised for FY2022 and FY2023 would be recognised based on the completion of the project. As noted on **Exhibit 25**, we are projecting 94% and 100% of the units to be sold by end of 2H2022 and FY2023. In addition, as noted on **Exhibit 23**, 24% of the project is completed as at FY2021.

According to Housing Developers Rules, payments for uncompleted projections or building under construction will be collected progressively as shown in **Exhibit 27**.

Exhibit 27:Progressive Payment Schedule

Stage of construction	Description	Percentage of purchase price
1	Signing the Sales and Purchase Agreement	20%
2	Foundation work	10%
3	Reinforced concrete work	10%
4	Partition walls	5%
5	Roofing	5%
6	Door sub-frames/ door frames, window frames, electrical wiring (without fittings), internal plastering, and plumbing	5%
7	Car parks roads, and drains serving the housing project	5%
8	Building; roads, drainage, and sewage works; connection of water; and electricity and gas supplies (At this stage, the Temporary Occupation permit (TOP) is normally released)	25%
9	Final Payment Date and/ or Completion	15%

Source: Singapore Statutes Online

Considering the above, with the expected completion date of The M to be by 2023, we would assume that stages 1-6 would be completed by FY2022 and stages 7-9 to be completed by FY2023. Accordingly, the projected percentage completion to recognise for FY2022 and FY2023 would be 55% and 100% as shown in **Exhibit 28**. As a result, the projected revenue recognised for The M for FY2022 and FY2023 would be S$270.2 million and S$392.26 million respectively as follows:

- Projected revenue to recognise for The M for FY2022: = [55%-24% (projected % completion for the year) x S$871.7 million (attributable total sales value)] = S$270.2 million

- Projected revenue to recognise for The M for FY2023: = [100%-55% (projected % completion for the year) x S$871.7 million (attributable total sales value)] = S$392.3 million

Exhibit 28: Projected Revenue to Recognise for The M for FY2022 and FY2023

Project name	Completion as at 30 June 2021	Attributable total sales value	Projected % completion to recognise		Attributable revenue recognised up to 30 June 2021	Projected revenue recognised (S$ million)	
Singapore	**%**	**S$ million**	**FY2022**	**FY2023**	**S$ million**	**FY2022**	**FY2023**
The M	24%	871.70	55%	100%	209.21	270.23	392.26

Source: Wing Tai, FPA Financial

Given the above, the projected 2H2022 and FY2023 revenue for Singapore's development properties would be S$46.5 million and S$461.7 million respectively as follows:

- Projected revenue for Singapore's development properties for 2H2022 = S$17.4 million (projected revenue to recognise for Le Nouvel Ardmore) + S$270.2 million (projected revenue to be recognized for The M in FY2022) – S$241.1 million (actual 1H2022 revenue) = S$46.5 million

- Projected revenue for Singapore's development properties for FY2023 = S$52.1 million (projected revenue to recognise for Le Nouvel Ardmore) + S$392.3 million (projected revenue recognized for the M in FY2023) = S$444.4 million

Our projected revenue for Singapore's development properties for FY2022 and FY2023 are summarized in **Exhibit 29**.

Exhibit 29: Projected Revenue for Singapore Development Properties for FY2022 and FY2023

Development properties (S$'000)	Actual	Forecast		
	1H2022	2H2022	FY2022	FY2023
Singapore	241,077	46,517	287,594	444,366

Source: Wing Tai, FPA Financial

Malaysia

We note that historically, Malaysia's development properties revenue represents between 9% and 11% of the total development properties revenue from FY2020 to 1H2022 as shown in **Exhibit 30**.

Exhibit 30: Wing Tai's Historical Development Properties Revenue

Development properties(S$'000)	FY2020	Contribution (%)	FY2021	Contribution (%)	1H2022	Contribution (%)
Singapore	200,921	89%	316,886	89%	241,077	91%
Malaysia	25,910	11%	40,554	11%	22,439	9%
Total development properties revenue	**226,831**	**100%**	**357,440**	**100%**	**263,516**	**100%**

Source: Wing Tai, FPA Financial

For our projection for Malaysia's development properties revenue, we would assume the same revenue contribution percentage recorded in 1H2022 of 91% and 9% for Singapore and Malaysia respectively to derive the total development properties revenue for 2H2022 and FY2023. Accordingly, the projected Malaysia's development properties revenue would amount to S$4.3 million and S$41.4 million for 2H2022 and FY2023 respectively as follows:

- Projected revenue for Malaysia's development properties for 2H2022 = 9% (revenue contribution) x (S$46.5 million / 91%) (rebasing to 100%) = S$4.3 million

- Projected revenue for Malaysia's development properties for FY2023 = 9% (revenue contribution) x (S$444.4 million / 91%) (rebasing to 100%) = S$41.4 million

Our projected revenue for the development properties for FY2022 and FY2023 are summarized in **Exhibit 31**.

Exhibit 31: Projected Revenue for Development Properties for FY2022 and FY2023

Development properties (S$'000)	Actual		Forecast					
	1H2022	Contribution (%)	2H2022	Contribution (%)	FY2022	Contribution (%)	FY2023	Contribution (%)
Singapore	241,077	91%	46,517	91%	287,594	91%	444,366	91%
Malaysia	22,439	9%	4,330	9%	26,769	9%	41,361	9%
Total development properties revenue	**263,516**	**100%**	**50,846**	**100%**	**314,362**	**100%**	**485,727**	**100%**

Source: Wing Tai, FPA Financial

(b) Investment Properties

For our investment properties revenue projection, we will consider the percentage contribution of each individual geographical segments. With reference to **Exhibit 32**, we note that the contribution of each geographical segments has been relatively stable. Hence, we would be projecting the revenue for Singapore, which contributed 70% of the total investment properties revenue in 1H2022, then using the same revenue contribution proportion for Malaysia, Australia, China and Japan to project the total investment properties revenue for 2H2022 and FY2023.

Exhibit 32: Wing Tai's Historical Investment Properties Revenue

Investment properties (S$'000)	1H2021	% contribution	2H2021	% contribution	1H2022	% contribution
Singapore	13,207	65%	13,179	65%	14,409	70%
Malaysia	423	2%	144	1%	164	1%
Australia	5,345	26%	5,590	28%	4,794	23%
China	381	2%	447	2%	418	2%
Japan	976	5%	929	5%	915	4%
Total investment properties revenue	**20,332**	**100%**	**20,289**	**100%**	**20,700**	**100%**

Source: Wing Tai, FPA Financial

As shown on **Exhibit 3** on page 5, Wing Tai's Singapore investment properties comprise of Winsland House I & II and Lanson Place Winsland. Winsland House I & II are commercial building used primarily for office rental while Lanson Place Winsland is a serviced residence. Hence, for our revenue projection, we will consider both the outlook for Singapore office rental and private residences rental.

As noted on page 13, URA data shows that the rentals of office space increased by 1.6% in 1Q2022 and various commercial real estate services companies are positive on the outlook for office rentals. In particular, CBRE expects Core CBD (Grade A) rents to grow by 6.9% yoy for the whole of 2022. We also noted on page 11 that the rentals of private residential properties increased by 4.2% in 1Q2022, according to URA data. Similarly, various commercial real estate services companies are positive on the outlook for office rentals, with Savills projecting residential rents to grow by 10% to 15% in 2022.

Given the above, while we do not have sufficient information on the revenue contribution of each of the respective properties, we will estimate the revenue contribution of each of Wing Tai's Singapore investment properties based on the lettable area (Sq m) as shown in **Exhibit 33**. Hence, using the projected rental growth for office rent and the midway point of the projected revenue growth for residential rents of 6.9% and 12.5% =[(10%+15%)/2] respectively as the proxy for growth in 2H2022, the projected revenue for Singapore investment properties for 2H2022 would be S$15.6 million as shown in **Exhibit 33**.

Exhibit 33: Projected Singapore Investment Properties Revenue for 2H2022

Property	Actual 1H2022			Forecast	
	Interest in property	Lettable area (Sq m)	Estimated revenue contribution (S$'000)	Projected rental growth	2H2022 revenue (S$'000)
Commercial					
Winsland House I	100%	13,390	7,317	6.90%	7,821
Winsland House II (163 Penang Road)	100%	7,309	3,994	6.90%	4,269
Winsland House II (165 Penang Road)	100%	584	319	6.90%	341
Residential					
Lanson Place Winsland Serviced Residences	100%	5,087	2,780	12.50%	3,127
Total	-	**26,370**	**14,409**		**15,559**

Source: Wing Tai, FPA Financial

Assuming the same revenue contribution as at 1H2022 of 1%, 23%, 2% and 4% for Malaysia, Australia, China, and Japan respectively, we would project the total revenue for 2H2022. In addition, as noted on page 22, the acquisition of the 50% interest in 464 St Kilda Road would increase Australia's revenue in 2H2022 by S$0.5 million. Hence, the projected total revenue for 2H2022 would be S$22.8 million as follows:

- Projected revenue for Malaysia's investment properties for 2H2022 = 1% (revenue contribution) x (S$15.56 million / 70%) (rebasing to 100%) = S$0.18 million
- Projected revenue for Australia's investment properties for 2H2022= (23% (revenue contribution) x (S$15.56 million / 70%) (rebasing to 100%)) + S$0.5 million (contribution from increase in interest in 464 St Kilda Road) = S$5.64 million
- Projected revenue for China's investment properties for 2H2022 = 2% (revenue contribution) x (S$15.56 million / 70%) (rebasing to 100%) = S$0.45 million
- Projected revenue for Japan's investment properties for 2H2022= 4% (revenue contribution) x (S$15.56 million / 70%) (rebasing to 100%) = S$0.99 million

Given the above, the projected total investment properties revenue for FY2022 would be S$43.5 million as follows:

- Projected revenue for Singapore's investment properties for FY2022 = S$14.41 million (1H2022 actual) + S$15.56 million (2H2022 projected) = S$29.97 million
- Projected revenue for Malaysia's investment properties for FY2022 = S$0.16 million (1H2022 actual) + S$0.18 million (2H2022 projected) = S$0.34 million
- Projected revenue for Australia's investment properties for FY2022= S$4.79 million (1H2022 actual) + S$5.64 million (2H2022 projected) = S$10.44 million
- Projected revenue for China's investment properties for FY2022 = S$0.42 million (1H2022 actual) + S$0.45 million (2H2022 projected) = S$0.87 million
- Projected revenue for Japan's investment properties for FY2022= S$0.92 million (1H2022 actual) + S$0.99 million (2H2022 projected) = S$1.90 million

Our projected revenue for investment properties for 2H2022 and FY2022 are summarized in **Exhibit 34**.

Exhibit 34: Projected Revenue for Investment Properties for 2H2022 and FY2022

Investment properties (S$'000)	Actual		Forecast			
	1H2022	Contribution (%)	2H2022	Contribution (%)	FY2022	Contribution (%)
Singapore	14,409	70%	15,559	68%	29,968	69%
Malaysia	164	1%	177	1%	341	1%
Australia	4,794	23%	5,643	25%	10,437	24%
China	418	2%	451	2%	869	2%
Japan	915	4%	988	4%	1,903	4%
Total investment properties revenue	**20,700**	**100%**	**22,818**	**100%**	**43,518**	**100%**

Source: Wing Tai, FPA Financial

Looking ahead in FY2023, as countries globally achieve higher vaccination rates and loosen its safe management measures, a stronger revenue performance could be possible. The relaxing of the safe distancing measures and the return of 100% of the employees to office could also bode well for Wing Tai. Further, with borders opening, companies may look to hire foreigners which could continue to feed the leasing demand.

According to the International Monetary Fund's (IMF) latest World Economic Outlook (WEO), the Singapore, Malaysia, Australia, China and Japan economies are expected to grow by 2.9%, 5.5%, 2.5%, 5.1% and 2.3% respectively in 2023. Considering the above, we would project the revenue of each respective country to grow according to IMF's GDP forecasts. In addition, as noted on page 22, the acquisition of the 50% interest in 464 St Kilda Road would increase Australia's revenue by S$1.9 million in FY2023. As a result, the projected total revenue for investment properties in FY2023 would be S$46.6 million as follows:

- Projected revenue for Singapore investment properties for FY2023 = S$29.97 million (projected FY2022 revenue) x 102.9% (expected growth rate) =S$30.84 million
- Projected revenue for Malaysia investment properties for FY2023 = S$0.34 million (projected FY2022 revenue) x 105.5% (expected growth rate) =S$0.36 million
- Projected revenue for Australia investment properties for FY2023 = (S$10.43 million (projected FY2022 revenue) x 102.5% (expected growth rate)) + S$1.9 million (contribution from increase in interest in 464 St Kilda Road) =S$12.56 million
- Projected revenue for China investment properties for FY2023 = S$0.87 million (projected FY2022 revenue) x 105.1% (expected growth rate) =S$0.91 million
- Projected revenue for Japan investment properties for FY2023 = S$1.90 million (projected FY2022 revenue) x 102.3% (expected growth rate) =S$1.95 million

Our projected revenue for the investment properties for FY2022 and FY2023 are summarized in **Exhibit 35**.

Exhibit 35: Projected Revenue for Investment Properties for FY2022 and FY2023

Investment properties (S$'000)	Actual		Forecast					
	1H2022	Contribution (%)	2H2022	Contribution (%)	FY2022	Contribution (%)	FY2023	Contribution (%)
Singapore	14,409	70%	15,559	68%	29,968	69%	30,837	66%
Malaysia	164	1%	177	1%	341	1%	360	1%
Australia	4,794	23%	5,643	25%	10,437	24%	12,564	27%
China	418	2%	451	2%	869	2%	914	2%
Japan	915	4%	988	4%	1,903	4%	1,947	4%
Total investment properties revenue	**20,700**	**100%**	**22,818**	**100%**	**43,518**	**100%**	**46,621**	**100%**

Source: Wing Tai, FPA Financial

(c) Retail

Similarly, for the retail revenue projections, we will also consider the percentage contribution each of the geographical markets. With reference to **Exhibit 36**, we note that the contribution for Singapore and Malaysia has been relatively stable. For our projections, we would be projecting the revenue for Singapore, which contributed 70% of the total retail revenue in 1H2022, then rebasing it to 100% to estimate the retail revenue contribution for Malaysia.

Exhibit 36: Wing Tai's Historical Retail Revenue

Retail (S$'000)	1H2021	Contribution (%)	2H2021	Contribution (%)	1H2022	Contribution (%)
Singapore	22,258	68%	14,612	72%	13,352	70%
Malaysia	10,393	32%	5,765	28%	5,854	30%
Total retail revenue	**32,651**	**100%**	**20,377**	**100%**	**19,206**	**100%**

Source: Wing Tai, FPA Financial

However, we note that, Wing Tai has exited brands in Singapore that were affected by the pandemic, as of 30 June 2021. Thus, the revenue contribution in 1H2022 was much lower as compared to 1H2021.

According to Singapore's Department of Statistics (SingStat), in March, Singapore's retail sales excluding motor vehicles rose by 8.30% mom reversing the previous month's decrease of 1.00% as shown in **Exhibit 37**. The increase in March was attributed partly to larger growth in industries such as computer and telecommunications equipment, wearing apparel and footwear, as well as cosmetics, toiletries and medical goods, according to Singstat.

Exhibit 37: Singapore's Retail Sales Excluding Motor Vehicles (Month on month) for 2022

(Month on month)	Jan-22	Feb-22	Mar-22
Retail sales ex motor vehicles	-2.10%	-1.00%	8.30%

Source: Singstat

In addition, Wing Tai also adapted their operations and rolled out virtual concierge services to replicate the physical shopping experience and to keep customers engaged. It also leveraged digital platforms such as Instagram live-streaming and collaborations with influencers to stay connected with customers. Wing Tai also stepped up on online training for the frontline staff. We believe that these initiatives could help meet the ever-changing needs of the consumers and result in stronger revenue for Wing Tai.

Given the above, we expect Wing Tai's retail revenue to increase in 2H2022. We would be using the month-on-month retail sales excluding motor vehicles for the first 3 months of 2022 as a proxy for the growth in retail revenue in Singapore for Wing Tai. Accordingly, retail sales (ex motor vehicles) rose by 5% in the first 3 months of 2022 = [(100% x (100%-2.10%) x (100%-1.00%) x (100%+8.30%)) -100%]. Adopting the 5% growth in retail sales (ex motor vehicles) for the first 3 months of 2022 as a proxy, the projected revenue for Singapore's retail for 2H2022 would be S$14.0 million as follows:

- Projected revenue for Singapore retail for 2H2022 = S$13.4 million (1H2022 actual) x 105% (expected growth rate) =S$14.0 million

Assuming the same revenue contribution as at 1H2022 of 30%, we would derive a projected total revenue of S$20.2 million for 2H2022. The projected revenue for Malaysia would be S$6.1 million as follows:

- Projected Malaysia retail revenue = 30% (revenue contribution) x (S$14.0million / 70%) (rebasing to 100%) = S$6.1 million

Accordingly, the projected total retail revenue for FY2022 would be S$39.4 million as follows:

- Projected Singapore retail revenue for FY2022 = S$13.4 million (1H2022 actual) + S$14.0 million (2H2022 projected) =S$27.4 million

- Projected Malaysia retail revenue for FY2022 = S$5.9 million (1H2022 actual) + S$6.1 million (2H2022 projected) =S$12.0 million

Our projected retail revenue for 2H2022 and FY2022 are summarized in **Exhibit 38**.

Exhibit 38: Projected Retail Revenue for 2H2022 and FY2022

Retail (S$'000)	Actual	Forecast	
	1H2022	2H2022	FY2022
Singapore	13,352	14,020	27,372
Malaysia	5,854	6,147	12,001
Total retail revenue	**19,206**	**20,166**	**39,372**

Source: Wing Tai, FPA Financial

For FY2023, with the relaxation of safe management measures, people are able to gather in larger groups. This bode well for retail sales as it would increase consumer spending. Further, as global vaccination rates improve and international travel recovers, we believe a stronger retail recovery is likely in FY2023 due to more flexibility in border reopening and allowing for a significant increase in visitor arrivals. Considering the above, we would assume a 10% increase in total retail revenue for FY2023. As a result, the projected total retail revenue for FY2023 would be S$43.3 million as follows:

- Projected Singapore retail revenue for FY2023 = S$27.4 million (projected FY2022 revenue) x 110.0% (expected growth rate) =S$30.1 million

- Projected Malaysia retail revenue for FY2023 = S$12 million (projected FY2022 revenue) x 110.0% (expected growth rate) =S$13.2 million

Our projected retail revenue for FY2022 and FY2023 are summarized in **Exhibit 39**.

Exhibit 39: Projected Retail Revenue for FY2022 and FY2023

Retail (S$'000)	Actual		Forecast					
	1H2022	Contribution (%)	2H2022	Contribution (%)	FY2022	Contribution (%)	FY2023	Contribution (%)
Singapore	13,352	70%	14,020	70%	27,372	70%	30,109	70%
Malaysia	5,854	30%	6,147	30%	12,001	30%	13,201	30%
Total retail revenue	**19,206**	**100%**	**20,166**	**100%**	**39,372**	**100%**	**43,310**	**100%**

Source: Wing Tai, FPA Financial

(d) Total Revenue

We note that historically, “Others” comprise of management fees, sale of goods and dividend income and represent around 1% to 2% of Wing Tai’s total revenue from FY2020 to 1H2022 as shown in **Exhibit 40**.

Exhibit 40: Wing Tai’s Historical Total Revenue

Revenue (S$'000)	FY2020	Contribution (%)	FY2021	Contribution (%)	1H2022	Contribution (%)
Sale of development properties	226,831	61%	357,440	77%	263,516	86%
Investment properties	45,236	12%	40,621	9%	20,700	7%
Retail	91,509	25%	53,028	11%	19,206	6%
Others	7,450	2%	10,307	2%	3,185	1%
Total revenue	**371,026**	**100%**	**461,396**	**100%**	**306,607**	**100%**

Source: Wing Tai, FPA Financial

Given the above, we would assume the revenue contribution of 2% for “Others” for total revenue projections for 2H2022 and FY2023. Accordingly, the projected “Others” revenue would amount to S$1.9 million and S$11.7 million for 2H2022 and FY2023 respectively as follows:

- Projected revenue for “Others” for 2H2022= 2% (revenue contribution) x ((S$50.8million (2H2022 sale of development properties revenue) + S$22.8 million (2H2022 investment properties revenue) + S$20.2 million (2H2022 retail revenue))/ (53% (2H2022 sale of development properties contribution) + 24% (2H2022 investment properties contribution) + 21% (2H2022 retail contribution)) (rebasing to 100%) = S$1.9 million

- Projected revenue for “Others” for FY2022 = S$3.2 million (1H2022 actual) + S$1.9 million (2H2022 projected) = S$5.1 million

- Projected revenue for “Others” for FY2023= 2% (revenue contribution) x ((S$485.7 million (FY2023 sale of development revenue) +S$46.6 million (FY2023 investment properties revenue) + S$43.3 million (FY2023 retail revenue))/ (83% (FY2023 sale of development properties contribution) + 8% (FY2023 investment properties contribution) + 7% (FY2023 retail contribution)) (rebasing to 100%) = S$11.7 million

Our projected total revenue for FY2022 and FY2023 are summarized in **Exhibit 41**.

Exhibit 41: Projected Total Revenue for FY2022 and FY2023

S$'000	Actual		Forecast					
	1H2022	Contribution (%)	2H2022	Contribution (%)	FY2022	Contribution (%)	FY2023	Contribution (%)
Sale of development properties	263,516	86%	50,846	53%	314,362	78%	485,727	83%
Investment properties	20,700	7%	22,818	24%	43,518	11%	46,621	8%
Retail	19,206	6%	20,166	21%	39,372	10%	43,310	7%
Others	3,185	1%	1,915	2%	5,100	1%	11,748	2%
Total revenue	**306,607**	**100%**	**95,746**	**100%**	**402,353**	**100%**	**587,405**	**100%**

Source: Wing Tai, FPA Financial

(II) Earnings Projection

Given our projected revenue figures for FY2022 and FY2023, we will now estimate Wing Tai's earnings for these periods.

Gross Profit

For our gross profit projections, we will consider Wing Tai's historical gross profit margins. We note that from FY2020 to 1H2022, Wing Tai's gross profit margins had decreased from 48.6% to 31.7%. For 2H2022 and FY2023, we would assume the same gross profit margin of 37.1% as in FY2021. Accordingly, the projected gross profit for FY2022 and FY2023 would be S$132.8 million and S$217.8 million as shown in **Exhibit 42**.

Exhibit 42: Projected Gross Profit for FY2022 and FY2023

S$'000	Actual			Forecast		
	FY2020	FY2021	1H2022	2H2022	FY2022	FY2023
Total revenue	371,026	461,396	306,607	95,746	402,353	587,405
Cost of sales	(190,753)	(290,304)	(209,323)	(60,242)	(269,565)	(369,587)
Gross profit	**180,273**	**171,092**	**97,284**	**35,504**	**132,788**	**217,818**
Gross profit margin	48.6%	37.1%	31.7%	37.1%	33.0%	37.1%

Source: Wing Tai, FPA Financial

Other gains/(losses) - net

As shown on **Exhibit 15** on page 18, other gains-net fell by 60.9% yoy to S$5.0 million. The decrease in other gains-net was mainly due to the gain on disposal of investment property in Malaysia and property, plant & equipment recognised in the 1H2021. For 2H2022, we would assume the same other gains-net of S$5.0 million as recorded in 1H2022 and for the other gains-net to remain unchanged in FY2023 from FY2022 as shown in **Exhibit 43**.

Exhibit 43: Projected Other Gains/(Losses)-net for FY2022 and FY2023

S$'000	Actual		Forecast		
	1H2021	1H2022	2H2022	FY2022	FY2023
Other gains/(losses) - net	12,845	5,023	5,023	10,046	10,046

Source: Wing Tai, FPA Financial

Expenses

There are two types of expenses for Wing Tai: Distribution and Administrative & other. We note that the distribution expense as percentage of revenue fell from 14% to 6% from FY2020 to FY2021. The large decline in distribution expense as percentage of revenue was mainly due to lower operating expenses for retail stores. We would assume the average full year distribution expense as a percentage of revenue from FY2020 to FY2021 as a proxy for projections for 2H2022 and FY2023. The average distribution expense as a percentage of revenue of 10% is as follows:

- Average distribution expense as percentage of revenue from FY2020 to FY2021 = (+14% (FY2020) + 6% (FY2021)) / 2 = 10%

Accordingly, the distribution expense for 2H2022, FY2022 and FY2023 are S$9.8 million, S$26.2 million and S$60.2 million respectively as follows:

- Projected distribution expense for 2H2022 = 10% (projected distribution expense as percentage of revenue) x S$95.7 million (projected total revenue for 2H2022) = S$9.8 million

- Projected distribution expense for FY2022 = S$16.4 million (actual 1H2022) + S$9.8 million (projected 2H2022) = S$26.2 million

- Projected distribution expense for FY2023 = 10% (projected distribution expense as percentage of revenue) x S$587.4 million (projected total revenue for FY2023) = S$60.2 million

Meanwhile, the administrative and other expense as percentage of revenue fell from 23% to 18% from FY2020 to FY2021. We would assume the average full year administrative & other expense as a percentage of revenue from FY2020 to FY2021 as a proxy for projections for 2H2022. The average administrative and other expense as a percentage of revenue from FY2020 to FY2021 of 20% is as follows:

- Average administrative & other expense as a percentage of revenue from FY2020 to FY2021 = (23% (FY2020) +18% (FY2021)) / 2 = 20%

Accordingly, the administrative & other expense for 2H2022 and FY2022 would be S$19.5 million and S$54.4 million as follows:

- Projected administrative & other expense for 2H2022 = 20% (projected administrative & other expense as percentage of revenue) x S$95.7 million (projected total revenue for 2H2022) = S$19.5 million

- Projected distribution expense for FY2022 = S$34.9 million (actual 1H2022) + S$19.5 million (projected 2H2022) = S$54.4 million

We would assume FY2022's administrative & other expense as a percentage of revenue of 14% as a proxy for our FY2023 projections.

- FY2022's administrative & other expense as a percentage of revenue = S$54.4 million (projected administrative & other expense for FY2022) / S$402.4 million (projected total revenue for FY2022) = 14%

Accordingly, the administrative & other expense for FY2023 would be S$79.4 million as follows:

- Projected administrative & other expense for FY2023 = 14% (projected FY2022's administrative & other expense as percentage of revenue) x S$587.4 million (projected total revenue for FY2023) = S$79.4 million

Given the above, the total expenses for FY2022 and FY2023 amounted to S$80.6 million and S$139.5 million respectively as shown in **Exhibit 44** on the next page.

Exhibit 44: Projected Total Expenses for FY2022 and FY2023

S$'000	Actual				Forecast		
	FY2020	FY2021	Average	1H2022	2H2022	FY2022	FY2023
Total revenue	371,026	461,396	-	306,607	95,746	402,353	587,405
Expenses							
Distribution	(53,141)	(28,418)	-10%	(16,409)	(9,805)	(26,214)	(60,156)
as % of revenue	-14%	-6%		-5%	*-10%*	*-7%*	*-10%*
Administrative and other	(84,799)	(82,055)	-20%	(34,916)	(19,455)	(54,371)	(79,378)
as % of revenue	-23%	-18%		*-11%*	*-20%*	*-14%*	*-14%*
Total expenses	**(137,940)**	**(110,473)**	-	**(51,325)**	**(29,261)**	**(80,586)**	**(139,534)**

Source: Wing Tai, FPA Financial

Finance Cost

As at 30 June 2021, Wing Tai's total borrowings were S$726.1 million and the interest expense paid on borrowings were S$27.2 million. Hence, the estimated effective interest on Wing Tai's borrowings for the full year would be 3.74% = [S$27.2 million (estimated interest expense on borrowings in FY2021) / S$726.1 million (total borrowings in FY2021)].

According to Monetary Authority of Singapore (MAS), the average Singapore's SGS 10-year bond yield for 2021 was 1.52% while the average 10-year bond yield for the first 5 months of 2022 was 2.27%. The average Singapore's SGS 10-year bond yield for the first 5 months of 2022 increased by 0.75 percentage points (ppts) versus the average yield for 2021 as shown in **Exhibit 45**.

Exhibit 45: Singapore SGS 10-Year Bond Yield

2021	10-year bond yield (%)	2022	10-year bond yield (%)
Jan-21	1.00%	Jan-22	1.77%
Feb-21	1.33%	Feb-22	1.90%
Mar-21	1.74%	Mar-22	2.34%
Apr-21	1.59%	Apr-22	2.53%
May-21	1.48%	May-22 (1)	2.81%
Jun-21	1.58%		
Jul-21	1.30%		
Aug-21	1.41%		
Sep-21	1.59%		
Oct-21	1.84%		
Nov-21	1.70%		
Dec-21	1.67%		
Average	**1.52%**	**Average**	**2.27%**

(1) As at 11 May 2022

Source: MAS, FPA Financial

Considering that the SGS 10-year bond yield increased by 0.75ppts in the first 5 months of 2022 from 2021, we would assume the increase in SGS 10-year bond yield as a proxy for the increase in effective interest rate for 2H2022. Accordingly, the effective interest rate for 2H2022 would be 4.49% =[3.74% (FY2021) +0.75%]. For FY2023, we would assume the effective interest rate to increase by another 150ppts =[0.75ppts + 0.75ppts] as in 2H2022. Accordingly, the effective interest rate for FY2023 would be 5.99% =[4.49% (projected 2H2022) +1.50%]

As noted on page 20, Wing Tai's total borrowings have decreased from S$726.1 million as at 30 June 2021 to S$574.1 million as at 31 December 2021. In addition, as noted on page 21, we would assume the acquisition of the Melbourne property of S$50.1 million to be fully funded by borrowings.

Wing Tai also recently announced that it will be issuing a 5-year medium term note in late May 2022. According to Bondsupermart, the coupon rate is 4.10%. We would assume the principal amount of this medium term note to be S$100.0 million.

We note that Wing Tai's recently issued medium term note at 4.10% coupon rate is much cheaper than our projected interest rates for its secured & unsecured bank loans of 4.49% and 5.99% for 2H2022 and FY2023. We note that while there is a possibility that Wing Tai could refinance through the issuance of medium term notes, we would assume that there would be no further issuance of notes during these periods.

Considering the above, the estimated breakdown of total borrowings for FY2022 and FY2023 is shown in **Exhibit 46**.

Exhibit 46: Projected Total Borrowings for FY2022 and FY2023

S$'000	Actual	Forecast	
	1H2022	FY2022	FY2023
Secured bank loans	74,102	124,202	124,202
Unsecured bank loans	177,972	177,972	177,972
Unsecured medium term notes due 2022	81,000	81,000	-
Unsecured medium term notes due 2023	70,000	70,000	70,000
Unsecured medium term notes due 2024	71,000	71,000	71,000
Unsecured medium term notes due 2027	-	100,000	100,000
Unsecured medium term notes due 2030	100,000	100,000	100,000
Total borrowings	**574,074**	**724,174**	**643,174**

Source: Wing Tai, FPA Financial

According to Bondsupermart, Wing Tai has 2 unsecured medium term notes with coupon rate of 4.250% due in November 2022 and coupon rate 4.500% due in September 2022, 1 unsecured medium term notes due March 2023 with coupon rate of 4.250%, 1 unsecured medium term notes due February 2024 with coupon rate of 4.700% and 1 unsecured medium term notes due Jan 2030 with coupon rate of 3.680%.

We would assume for Wing Tai to repay the medium term notes when it matures and calculate the interest payment based on the number of months Wing Tai is liable for interest payment for the medium term notes. For the 2 unsecured medium term notes due 2022, we would assume S$40.5 million, which is half of the principle amount = [50% x S$81.0 million (unsecured medium term notes due 2022)] to be issued at the coupon rate of 4.250% and the other S$40.5 million to be issued at 4.500%. In addition, we would also be including the 1 month interest contribution from the medium term note that is to be issued in May 2022. Given the above, the projected total finance cost for 2H2022 would be S$13.9 million. For FY2023, we will consider the 5 months interest contribution from the medium term notes due November 2022 (4.250%), the 3 months interest contribution from the medium term notes due September 2022 and the 9 months interest contribution from the medium term notes due March 2023. Accordingly, the projected total finance cost for FY2023 would be S$32.6 million as shown in **Exhibit 47** on the next page.

Exhibit 47: Projected Finance Cost for 2H2022 and FY2023

S$'000	2H2022			FY2023		
	Borrowings	Interest rate	Interest expense	Borrowings	Interest rate	Interest expense
Secured bank loans	124,202	4.49%	2,788	124,202	5.99%	7,440
Unsecured bank loans	177,972	4.49%	3,995	177,972	5.99%	10,661
Unsecured medium term notes due Sep 2022	40,500	4.50%	911	40,500	4.50%	456
Unsecured medium term notes due Nov 2022	40,500	4.25%	861	40,500	4.25%	717
Unsecured medium term notes due Mar 2023	70,000	4.25%	1,488	70,000	4.25%	2,231
Unsecured medium term notes due Feb 2024	71,000	4.70%	1,669	71,000	4.70%	3,337
Unsecured medium term notes due May 2027	100,000	4.10%	342	100,000	4.10%	4,100
Unsecured medium term notes due Jan 2030	100,000	3.68%	1,840	100,000	3.68%	3,680
Total finance cost	-	-	**13,893**	-	-	**32,621**

Source: Wing Tai, Bondsupermart, FPA Financial

The summary of the projected finance cost for FY2022 and FY2023 is shown in **Exhibit 48**.

Exhibit 48: Projected Finance Cost for FY2022 and FY2023

S$'000	Actual			Forecast		
	FY2020	FY2021	1H2022	2H2022	FY2022	FY2023
Total finance cost	30,288	30,677	13,171	13,893	27,064	32,621

Source: Wing Tai, FPA Financial

Share of Profits from Associated and Joint Venture Companies

Share of profits from associated and joint venture companies comprise of Wing Tai Properties Limited, Uniqlo Singapore & Malaysia and other individually immaterial joint venture companies. We note that the share of profits from associated and joint venture companies in FY2020 was much lower than FY2021. This was primarily due to the share of fair value losses on the investment properties of Wing Tai Properties Limited in Hong Kong in FY2020. While we note that the share of profits from associated and joint venture companies was S$21.5 million in 1H2022, we would adopt a conservative approach to assume the share of profits from associated and joint venture companies of S$36.3 million as recorded in FY2021 for FY2022 and FY2023. Accordingly, the projected 2H2022 share of profits from associated and joint venture companies would amount to S$14.8 million as follows:

- Projected share of profits from associated and joint venture companies for 2H2022 = S$36.3 million (FY2022 projected) – S$21.5 million (1H2022 actual) = S$14.8 million

Our projected share of profits from associated and joint venture companies for FY2022 and FY2023 are summarized in **Exhibit 49**.

Exhibit 49: Projected Share of Profits from Associated and Joint Venture Companies for FY2022 and FY2023

S$'000	Actual			Forecast		
	FY2020	FY2021	1H2022	2H2022	FY2022	FY2023
Share of profits from associated and joint venture companies	12,142	36,290	21,494	14,796	36,290	36,290

Source: Wing Tai, FPA Financial

Profit Before Income Tax

Given the above projections, we estimate a profit before tax of S$71.5 million in FY2022 and S$92.0 million in FY2023 as shown in **Exhibit 50**.

Exhibit 50: Projected Profit Before Income Tax for FY2022 and FY2023

S$'000	Actual	Forecast		
	1H2022	2H2022	FY2022	FY2023
Revenue				
Sale of development properties	263,516	50,846	314,362	485,727
Investment properties	20,700	22,818	43,518	46,621
Retail	19,206	20,166	39,372	43,310
Others	3,185	1,915	5,100	11,748
Total revenue	**306,607**	**95,746**	**402,353**	**587,405**
Cost of sales	(209,323)	(60,242)	(269,565)	(369,587)
Gross profit	**97,284**	**35,504**	**132,788**	**217,818**
Other gains/(losses) - net	5,023	5,023	10,046	10,046
Expenses				
Distribution	(16,409)	(9,805)	(26,214)	(60,156)
Administrative and other	(34,916)	(19,455)	(54,371)	(79,378)
Operating profit	**50,982**	**11,266**	**62,248**	**88,330**
Finance costs	(13,171)	(13,893)	(27,064)	(32,621)
Share of profits from associated and joint venture companies	21,494	14,796	36,290	36,290
Profit before income tax	**59,305**	**12,169**	**71,474**	**91,999**

Source: Wing Tai, FPA Financial

Income Tax Expense

We will proxy our income tax expense projections for FY2022 and FY2023 to FY2021's tax expense. Given the limited access to information relating to the components of the income tax expense, we would assume the percentage of each income tax expense component of its profit before tax to remain the same as recorded in FY2021. Accordingly, our projected income tax expense for FY2022 and FY2023 would be S$31.6 million and S$40.7 million respectively as shown in **Exhibit 51**.

Exhibit 51: Projected Income Tax Expense for FY2022 and FY2023

[S$'000]	Actual		Projected			
	FY2021	% of profit before tax	FY2022	% of profit before tax	FY2023	% of profit before tax
Profit before tax	**75,255**	-	**71,474**	-	**91,999**	
Tax calculated at Singapore standard rate of income tax	6,624	8.8%	6,291	8.8%	8,098	8.8%
Effect of taxable distributions from a foreign subsidiary com	10,581	14.1%	10,049	14.1%	12,935	14.1%
Different tax rate in other countries	2,390	3.2%	2,270	3.2%	2,922	3.2%
Expenses not deductible for tax purposes	11,985	15.9%	11,383	15.9%	14,652	15.9%
Land appreciation tax	11,554	15.4%	10,974	15.4%	14,125	15.4%
Income not subjected to tax	(7,526)	-10.0%	(7,148)	-10.0%	(9,201)	-10.0%
Overprovision of tax	(6,880)	-9.1%	(6,534)	-9.1%	(8,411)	-9.1%
Unrecognised tax losses	4,575	6.1%	4,345	6.1%	5,593	6.1%
Income tax expense	**33,303**	**44.3%**	**31,630**	**44.3%**	**40,713**	**44.3%**

Source: Wing Tai, FPA Financial

Total Profit

Adjusted for tax expense, the projected total profit for FY2022 and FY2023 would be S$39.8 million =[S$71.5 million (FY2022 profit before income tax) – S$31.6 million (FY2022 income tax expense) and S$51.3 million =[S$92.0 million (FY2023 profit before income tax) –S$40.7 million (FY2023 income tax expense) respectively.

We note that profit attributable to non-controlling interest (NCI) for 1H2022 was S$0.2 million. We would assume for NCI to remain unchanged at S$0.2 million in 2H2022. For FY2023, as we are projecting an increase in revenue, we would assume a 10% yoy increase in NCI to S$0.5 million =[S$452,000 x 110%]. Accordingly, profit attributable to equity holders of the company would amount to S$39.4 million and S$50.8 million respectively, as shown in **Exhibit 52.**

Exhibit 52: Projected Total Profit for FY2022 and FY2023

S$'000	Actual	Forecast		
	1H2022	2H2022	FY2022	FY2023
Revenue				
Sale of development properties	263,516	50,846	314,362	485,727
Investment properties	20,700	22,818	43,518	46,621
Retail	19,206	20,166	39,372	43,310
Others	3,185	1,915	5,100	11,748
Total revenue	**306,607**	**95,746**	**402,353**	**587,405**
Cost of sales	(209,323)	(60,242)	(269,565)	(369,587)
Gross profit	**97,284**	**35,504**	**132,788**	**217,818**
Other gains/(losses) - net	5,023	5,023	10,046	10,046
Expenses				
Distribution	(16,409)	(9,805)	(26,214)	(60,156)
Administrative and other	(34,916)	(19,455)	(54,371)	(79,378)
Operating profit	**50,982**	**11,266**	**62,248**	**88,330**
Finance costs	(13,171)	(13,893)	(27,064)	(32,621)
Share of profits from associated and joint venture companies	21,494	14,796	36,290	36,290
Profit before income tax	**59,305**	**12,169**	**71,474**	**91,999**
Income tax expense	(5,291)	(26,339)	(31,630)	(40,713)
Total profit	**54,014**	**(14,170)**	**39,844**	**51,286**
Attributable to:				
Equity holders of the Company	53,788	(14,396)	39,392	50,789
Non-controlling interest	226	226	452	497

Source: Wing Tai, FPA Financial

Earnings Per Share

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. Profit attributable to ordinary shareholders is derived from deducting profit attributable to holders of perpetual securities from profit attributable to equity holders of the company.

On 28 June 2017, Wing Tai issued $150,000,000 4.08% senior perpetual securities at an issue price of 100%, excluding transaction costs. Holders of the perpetual securities are conferred a right to receive distribution on a semi- annual basis from their issue date at the rate of 4.08% per annum, subject to a step-up rate from 28 June 2027.

On 24 May 2019, Wing Tai issued $150,000,000 4.48% senior perpetual securities at an issue price of 100%, excluding transaction costs. Holders of the perpetual securities are conferred a right to receive distribution on a semi- annual basis from their issue date at the rate of 4.48% per annum, subject to a step-up rate from 24 May 2029.

Given the above, profit attributable to holders of perpetual securities would amount to S$12.8 million for both FY2022 and FY2023 = [(S$150,000,000 x 4.08%) + (S$150,000,000 x 4.48%)].

Considering the above, assuming the latest available weighted average number of ordinary shares of 770.1 million, we projected an earnings per share of 3.45 cents in FY2022 and 4.93 cents in FY2023 as shown in **Exhibit 53**.

Exhibit 53: Projected Earnings Per Share for FY2022 and FY2023

S$'000	Actual	Forecast		
	1H2022	2H2022	FY2022	FY2023
Earnings per share attributable to ordinary shareholders of the Company (cents):				
Profit attributable to equity holders of the company	53,788	(14,396)	39,392	50,789
Profit attributable to holders of perpetual securities	(6,420)	(6,420)	(12,840)	(12,840)
Profit attributable to ordinary shareholders	47,368	(20,816)	26,552	37,949
Weighted average number of ordinary shares ('000)	770,108	770,108	770,108	770,108
Earnings per share	**6.15**	**(2.70)**	**3.45**	**4.93**

Source: Wing Tai, FPA Financial

(III) Dividends Projection

We note that from FY2017 to FY2021, Wing Tai's cash dividend per share is between 3.00 cents and 8.00 cents with a 5-year average of 5.40 cents. Considering the above, we would project cash dividend of 5.00 cents for FY2022 and FY2023, similar to that paid in FY2021 as shown in **Exhibit 54**.

Exhibit 54: Projected Dividend for FY2022 and FY2023

Cents	Actual						Forecast	
	FY2017	FY2018	FY2019	FY2020	FY2021	Average	FY2022	FY2023
Earnings per share	2.59	28.29	5.21	0.4	3.99	-	3.45	4.93
Cash dividend per share	6.00	8.00	5.00	3.00	5.00	5.40	5.00	5.00

Source: Wing Tai, FPA Financial

VALUATION ANALYSIS

(I) Peer Comparison Analysis

We performed a peer comparison analysis to review how Wing Tai is faring against industry peers in terms of valuation metrics. We selected peer companies that are similar to Wing Tai in terms of industry and business operations and did a comparison by considering the peer's P/E, P/B and dividend yield. Considering the above, we selected Singapore listed real estate companies with similar market capitalisation and has exposure to Singapore properties in the development and commercial industry. We have included the summary of the peer companies' corporate profile as follows:

(a) Bukit Sembawang Estates Ltd

Bukit Sembawang Estates Limited is an investment holding company. The company is focused on the investment holding, property development and operating of serviced apartments. It operates through three segments: Property development, which includes development of residential properties for sale; Investment holding, which includes holding and management of office buildings and investments, and Hospitality, which operates serviced apartment units.

(b) GuocoLand Limited

GuocoLand Limited is a Singapore-based regional property company. The principal activities of the company and its subsidiaries include investment holding, property development and investment, hotel operations, and provision of management, property management, marketing and maintenance services. Its portfolio consists of residential, hospitality, commercial, retail and integrated developments spanning across the region. Its segments include GuocoLand Singapore, GuocoLand China, GuocoLand Malaysia, and others. Its segments provide development of residential, commercial and integrated properties, and property investment in Singapore, China and Malaysia.

(c) Oxley Holdings Limited

Oxley Holdings Limited is a Singapore-based property developer with a diversified portfolio including property development, property investment and project management. The Company specializes in the development of residential, commercial, industrial and hospitality projects. Oxley Holdings Limited has business presence across eight geographical markets including Singapore, the United Kingdom, Ireland, Cyprus, Cambodia, Malaysia, the People's Republic of China (PRC) and Vietnam.

(d) Hotel Properties Limited

Hotel Properties Limited is a Singapore-based investment holding company. The principal business activities of the Company are those of hotel ownership, management and operation, property development and investment holding. The Company owns hotels, resorts and shopping galleries in 15 countries, namely, Singapore, Malaysia, Thailand, Indonesia, Maldives, Seychelles, Vanuatu, the United States of America, Bhutan, Tanzania, South Africa, Vietnam, the United Kingdom, Italy and Sri Lanka.

(e) Ho Bee Land Limited

Ho Bee Land Limited is a Singapore-based company that is engaged in property development, property investment and investment holding. The Company has property investments and developments in Singapore, Australia, China, United Kingdom and Germany. The Company operates through two segments: Property investment and Property development. The Property investment segment includes investment in properties. The Property development segment is engaged in the development and trading of properties.

The results of our peer comparison analysis are summarized in **Exhibit 55**.

Exhibit 55: Peer Comparison

Company	Stock code	Price ($) as at 19 May 2022	Market cap (S$ million)	EPU [1] (cents)	P/E (x)	DPU [1] (cents)	Dividend yield (%)	NAV per share [2] (S$)	P/B (x)
Wing Tai Holdings	W05	1.730	1,321.46	3.61	47.92	5.00	2.89	4.18	0.41
Peer companies:									
Bukit Sembawang Estates Ltd [3]	B61	5.050	1,307.50	20.61	24.50	33.00	6.53	5.61	0.90
GuocoLand Limited	F17	1.570	1,857.90	17.55	8.95	12.00	7.64	3.62	0.43
Oxley Holdings Limited	5UX	0.174	737.71	0.91	19.12	0.75	4.31	0.25	0.70
Hotel Properties Limited	H15	3.540	1,844.25	(4.17)	-	4.00	1.13	3.25	1.09
Ho Bee Land Limited	H13	2.770	1,839.33	49.77	5.57	20.00	7.22	5.92	0.47
Peer average	-	-	-	-	**14.53**	-	**5.37**	-	**0.72**

Figures have been rounded
(1) Trailing 12-month data
(2) NAV as at 31 Dec 21
(3) NAV as at 31 Sep 21
Source: Respective company data, FPA Financial

(a) P/E Multiple

Based on the results in **Exhibit 55** above, we note that Wing Tai's P/E multiple of 47.92x is higher than the peer average P/E multiple of 14.53x. However, we note from Wing Tai that while its profit attributable to equity holders of the company is S$43.6 million, the fair value losses on investment properties of the subsidiary, associated and joint venture companies was S$73.2 million. Accordingly, Wing Tai's underlying net profit for FY2021 would be S$116.8 million =[S$43.6 million (profit attributable to equity holders) + S$73.2 million (fair value losses on investment properties of the subsidiary, associated and joint venture companies)] as shown in **Exhibit 56**.

Exhibit 56: Calculation of Wing Tai's Underlying Net Profit for FY2021 and FY2020

	FY2021 $'m	FY2020 $'m
Profit attributable to equity holders of the Company	43.6	16.0
Add-back: Fair value losses on the investment properties of the subsidiary, associated and joint venture companies	73.2	53.6
Underlying net profit	116.8	69.6

Source: Wing Tai

Given the above, we would focus our peer comparison valuation analysis on P/B multiple and dividend yield.

(b) P/B Multiple

Based on the results in **Exhibit 55** on the previous page, we note that Wing Tai is currently trading at a P/B multiple of 0.41x, which is lower than the peer average P/B of 0.72x, which may suggest that it is undervalued at the current share price of S$1.730. Adopting a relative valuation approach, we estimate a target price of S$3.010 if Wing Tai were to trade at the peer average P/B multiple of 0.72x as follows:

- Estimated target price = [peer average P/B] x [Wing Tai's NAV per share] = 0.72 x S$4.18 = S$3.010

The estimated target price of S$3.010 would imply a upside potential of 73.99% from the current price of S$1.730.

(c) Dividend Yield

Furthermore, based on the results in **Exhibit 55** on the previous page, we note that Wing Tai's dividend yield of 2.89% is relatively less attractive than the peer average dividend yield of 5.37%. Adopting a relative valuation approach, we estimate a target price of S$0.931 as follows:

- Estimated target price = [(Wing Tai's dividend yield/ peer average dividend yield) x Wing Tai's current price] = (2.89% / 5.37%) x S$1.730 = S$0.931

The estimated target price of S$0.931 would imply a downside potential of 46.18% from the current price of S$1.730

(d) Estimated target price

Considering the above, Wing Tai is currently undervalued compared to its peers in terms of P/B. However, Wing Tai is less attractive in terms of dividend yield. Adopting a relative valuation approach, we estimate a target price of S$3.010 and S$0.931 based on the peer average P/B and dividend yield comparison analysis respectively. By taking the average of our estimated target price, we derived a target price of S$1.971 as follows:

- Estimated target price = [(Estimated target price from P/B analysis + Estimated target price from dividend yield analysis) / 2] = (S$3.010 +S$0.931) / 2 = S$1.971

The estimated target price of S$1.971 would imply an upside potential of 13.93% from the current price of S$1.730

(II) Analysis of Listed Associated Company

We performed a valuation analysis to review Wing Tai's listed associated company's market capitalisation, P/B multiple and P/E multiples as shown in **Exhibit 57**.

Exhibit 57: Analysis for Listed Associated Company

Company	Stock listing	Stock code	Price as at 19 May 2022	Number of issued shares (million)	Market cap (S$ million)	EPU [1] (cents)	P/E (x)	DPU [1] (cents)	Dividend yield (%)	NAV per share [2] ($)	P/B (x)
Wing Tai Holdings	SGX	W05	1.730	763.85	1,321.46	3.61	47.92	5.00	2.89	4.18	0.41
Listed associated company											
Wing Tai Properties Limited [3]	HK	0369	4.05	1,354.74	971.10	63.00	6.43	27.00	6.67	20.79	0.19

SGX and HK refers to Singapore Stock Exchange and Hong Kong Stock Exchange

Exchange rate of SGDHKD 1 : 5.65

(1) Trailing 12-month data

(2) NAV as at 31 Dec 21

(3) Currency in HKD other than market cap in SGD, listed in Hong Kong and is a 34.1% associated company of Wing Tai

Source: Respective company data, WSJ, FPA Financial

Based on the results in **Exhibit 57**, we note that Wing Tai Properties Limited (WTP) has a market capitalisation of S$971.10 million = [(HK$4.05 x 1,354.74 (Number of issued shares)) / 5.65 (exchange rate)]. As Wing Tai has a 34.1% stake in WTP, the values of investment as held by Wing Tai for WTP would be calculated using 34.1% stake in WTP x S$971.1 million market capitalisation = S$331.1 million.

We also note that Wing Tai's P/B multiple of 0.41x is higher than WTP's P/B multiple of 0.19x. At the same time, Wing Tai's P/E multiple of 47.92x is also higher than WTP's P/E multiple of 6.43x. One potential reason for WTP's lower P/B and P/E multiples could be due to the Covid-19 situation in China and Hong Kong. China imposed lockdown measures in dozens of cities of varying degrees in an attempt to eliminate the spread of the disease. This could have weighed on investors' sentiments and impacted WTP's share price. However, it was recently reported that Shanghai authorities aim to gradually reopen business after weeks in strict Covid-19 lockdown. Given that WTP is trading at a P/B multiple of 0.19x, representing a discount of 81% to NAV, it is possible that WTP's share price would be able to recover together with the loosening of the lockdown measures. As a result, with a 34.1% stake in WTP, Wing Tai would be able to benefit from the increase in WTP's share price.

Considering the above, we would estimate the potential impact on Wing Tai's share price if WTP's share price were to recover with the loosening of the lockdown measures. Given that WTP is currently trading at a P/B multiple of 0.19x, which is lower than Wing Tai's P/B multiple of 0.41x, we would evaluate the impact if WTP were to trade at Wing Tai's P/B multiple of 0.41x. If that happens, WTP's market capitalisation would increase from S$971.10 million to S$2,095.5 million as follows:

- Estimated new market capitalisation of WTP if it were to trade at the P/B multiple of 0.41x = (0.41x (Wing Tai's P/B) / 0.19x (WTP's P/B)) x S$971.10 (WTP's market capitalisation) = S$2,095.5 million

As Wing Tai has a 34.1% stake in WTP, the value of investment of WTP would increase to S$714.6 million if WTP were to trade at a P/B multiple of 0.41x =[34.1% (stake in WTP) x S$2,095.5 million (market capitalisation)]. This would result in a S$383.5 million increase in value of investment of WTP held by Wing Tai =[S$714.6 million (values of investment held by Wing Tai if WTP were to trade at P/B multiple of 0.41x) – S$331.1 million (values of investment held by Wing Tai with WTP trading at the current P/B multiple of 0.19x)].

Accordingly, adding S$383.5 million to Wing Tai's current market capitalisation of S$1,321.46, its new projected market capitalisation would be S$1,704.96 million =[S$1,321.46 million (Wing Tai's current market capitalisation) + S$383.5 million (potential increase in values of investment of WTP held by Wing Tai)]. Assuming the same number of issued shares of 763.5 million as at 31 December 2021, Wing Tai would be trading at a share price of S$2.232 as follows:

- Wing Tai's estimated share price = S$1,704.96 million (projected market capitalisation) / 763.85 million (number of issued shares) = S$2.232

(III) Potential Wing Tai Privatisation

Wing Tai's Chairman & family, are deemed to hold 60.18% stake in Wing Tai, comprising of direct interest of 214,400 units and deemed interest of 462,783,459 units.

We note that the Singapore Exchange (SGX) had seen an increasing trend of privatisation offer during the past 2 years. Further, Wing Tai is currently trading at S$1.740 as at 12 May 2022, which represents a 58% discount to NAV per share of S$4.18 as at 31 December 2021. Given the increasing trend of privatisation offers for SGX-listed companies within the past year and that Wing Tai is trading at more than 50% discount to NAV, we identify a possibility of a privatisation offer for Wing Tai's Chairman and family.

To estimate the potential takeover cost for Wing Tai, we will review privatisation offers for SGX-listed companies in 2021 and 2022. After reviewing 15 privatisation offers between 2021 and 2022, we shortlisted 6 privatisation offers which we deemed to be similar to Wing Tai. The average price premium of the 6 privatisation offers was 42.9% as shown in **Exhibit 58**.

Exhibit 58: Privatization offers for SGX-listed Companies

Target	Acquirer	Currency	Last transaction (1)		Offer price per share	Price premium (2)
			Date	Price		
GL Limited	Guoco Group Limited	SGD	14-Jan-21	0.560	0.800	42.9%
World Class Global Limited	Aspial Corporation Limited	SGD	11-Mar-21	0.099	0.210	112.1%
Fragrance Group Limited	JK Global Treasures Pte Ltd	SGD	8-Jul-21	0.118	0.138	16.9%
SPH	Cuscaden Peak Pte Ltd	SGD	2-Aug-21	1.500	2.360	57.3%
Roxy-Pacific Holdings Limited	TKL & Family Pte Ltd	SGD	14-Sep-21	0.405	0.485	19.8%
SingHaiyi Group	Haiyi Treasure Pte. Ltd	SGD	8-Nov-21	0.108	0.117	8.3%
Average						**42.9%**

(1) Refers to last transaction prior to takeover announcement
(2) Refers to premium of offer price over last traded share price prior to takeover announcement
Source: Respective companies' announcements

In the case of Wing Tai, as noted on page 3, approximately 34.31% of the issued ordinary shares of Wing Tai are held by the public, which equates to S$453.4 million in market capitalisation at the current share price of S$1.730 = [34.31% x current market capitalisation of S$1,321.46].

While we are not aware of any proposed privatisation plan, in the event that a privatisation were to happen, we projected 3 scenarios for the estimated acquisition cost with a price premium of 8.3%, 42.9% and 57.3% for scenario 1, 2 and 3 respectively. The total acquisition cost for scenario 1, 2 and 3 would be S$491.0 million, S$647.9 million and S$713.2 million respectively as shown in **Exhibit 59**.

Our base scenario would be scenario 2. With a 42.9% average privatisation price premium, the estimated acquisition cost to privatise Wing Tai would be approximately S$2.472 per share which would be equivalent to a total cost of S$647.9 million =[142.9% x 453.4 million] as shown in **Exhibit 59**.

Exhibit 59: Estimated Total Cost for the Potential Wing Tai Privatisation

Scenario	Current share price (S$)	Price premium	Estimated offer price per share (S$)	Estimated total cost (S$ million)
1	1.730	8.3%	1.874	491.0
2	1.730	42.9%	2.472	647.9
3	1.730	57.3%	2.721	713.2

Source: FPA Financial

(IV) Valuation Summary

The results from our peer comparison analysis suggest that Wing Tai is currently undervalued compared to its peers in terms of P/B multiples. However, Wing Tai’s dividend yield is relatively less attractive than its peers. Adopting a relative valuation approach, we estimate a target price of S$3.010 and S$0.931 based on its P/B and dividend yield analysis respectively.

We also note from our analysis of Wing Tai Properties Limited (WTP), a listed associate of Wing Tai, that it is also undervalued. WTP is trading at a P/B multiple of 0.19x, representing a discount of approximately 81% to NAV. This further supports our view that Wing Tai could be undervalued. However, with a 34.1% stake in WTP, Wing Tai would be able to benefit from the potential increase in WTP’s share price when the lockdown measures in China and Hong Kong are loosened. Assuming that WTP were to trade at Wing Tai’s P/B multiple of 0.41x, we estimate that it would potentially increase Wing Tai’s share price to S$2.232.

Meanwhile, our base case is that Wing Tai will continue to be listed publicly. However, as Wing Tai’s Chairman and family are deemed to hold 60.18% stake in the company and that Wing Tai is trading at more than 50% discount to NAV, there is a possibility for Wing Tai to be taken private. If Wing Tai were to be privatized, based on our base scenario we estimate a privatisation offer price of S$2.472 per share based on the average price premium of 42.9% across the 6 privatisation offers for SGX-listed companies

Considering the above, by taking the average of our estimated target price of S$3.010 and S$0.931 based on the P/B and dividend yield analysis respectively, we derived an estimated target price of S$1.971 =[(S$3.010 +S$0.931)/ 2]. Accordingly, our estimated target price of S$1.971 implies a potential upside of 13.93%.

SWOT AND COMPETITIVE ANALYSIS

In this section, we undertake a SWOT analysis in **Exhibit 60** to evaluate the various components of the analysis thus far.

Exhibit 60: SWOT analysis

SWOT analysis	
Strengths • Stable financial track record • Investment in technology and data infrastructure	Weaknesses • Limited portfolio diversification
Opportunities • Safe-haven property investment market in Singapore • Pipeline for growth	Threats • Covid-19 resurgence • Regulatory challenges

(I) Strengths

As highlighted in our review of Wing Tai's historical financial performance on page 18, its profitability has remained stable over the last few years. This has allowed Wing Tai to provide stable returns for its shareholders. Even in times of weaker financial performance, stable dividends have been paid over the last few years.

Wing Tai's investments in technology and data infrastructure has allowed it to transition quickly to remote working to comply with the authorities' safe management measures. Wing Tai also launched a new Intranet where employees can connect, collaborate and share information, access helpful resources and receive real-time updates about the company. The easy access to information would allow Wing Tai to be more efficient and effective in their day-to-day operations, which could in turn improve its profitability

(II) Weaknesses

As mentioned on page 6, Wing Tai reported revenue of S$306.6 million and S$461.4 million for 1H2022 and FY2021 respectively. While Wing Tai has exposure to Singapore, Malaysia, Australia, China and Japan, Singapore contributed approximately 88.7% and 84.5% of Wing Tai's total revenue in 1H2022 and FY2021 respectively. As a result, Wing Tai is vulnerable to any potential risks related to Singapore's economic and social conditions. The lack of diversification may stifle Wing Tai's growth prospects, reduce its competitiveness and harm its financial performance.

(III) Opportunities

We note that Singapore status as a safe-haven market for property investment could continue to attract many foreign purchasers amid the improvement of the Covid-19 situation. Straits Times recently reported that analysts believe sales could pick up substantially on new launches and if Singapore's reopening picks up. In the near term, the private home market could also benefit from safe-haven investment flows amid heightened geopolitical uncertainty and with the reopening of Singapore's borders. This may bode well for the sale of development units for Wing Tai and result in stronger financial performance.

We noted earlier on page 21 that Wing Tai won the tender for a residential parcel in Fanling, Hong Kong and acquired the remaining 50% interest in its freehold properties in Melbourne. By expanding its portfolio, Wing Tai could provide potential for capital appreciation and additional opportunities to organically generate revenue. In addition, as noted on page 21, Wing Tai also have a vacant land in Malaysia which Wing Tai has obtained approved layout plans. This could further allow Wing Tai to expand their portfolio and improve their financial performance.

(IV) Threats

The COVID-19 pandemic has affected countries globally, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. Wing Tai's operations are in Singapore, Malaysia, Australia, Japan, the People's Republic of China (PRC) and Hong Kong SAR, all of which have been affected by the spread of COVID-19 in 2021. The Covid-19 pandemic has resulted in significant economic uncertainty in the current and future economic environment and there is heightened uncertainty inherent in estimating the impact of the pandemic to future selling prices of the development properties. Overall, virus uncertainty remains as many parts of the world are currently dealing with the Omicron variant, and there is also the risk of spread of new Covid-19 variants. The main concern is the reimplementation of prolonged lockdown measures and restrictions, which could have a negative impact on sentiments and prices, and in thus the financial performance of Wing Tai.

As noted on page 10, private home price growth in Singapore has plateaued in Q1 2022 as government implemented cooling measures to the property market. Singapore's Ministry of Finance also recent announced that any transfer of residential property into a living trust will be subject to an additional buyer's stamp duty (ABSD) of 35 per cent starting 9 May 2022. Business Times reported that the robust response to recent property launches may have trained a spotlight on buyers circumventing market regulations by making purchases via trusts, where they would have, until now, be exempt from ABSD. Hence, these cooling measures may weigh on sentiments and market confidence which could lower the demand for private homes.

INVESTMENT RECOMMENDATION

Based on the reported NAV per share of S$4.18 as at 31 December 2021, Wing Tai is currently trading at a P/B of 0.41x, representing a discount of approximately 59% to NAV. While we note that the other comparable real estate companies are also trading at a discount to NAV, our peer comparison results suggest that Wing Tai is trading at a steeper discount. Wing Tai's current P/B of 0.41x is lower compared to the peer average P/B of 0.72x. Adopting a relative valuation approach, we estimate a target price of S$3.010 if Wing Tai were to trade at the peer average P/B of 0.72x.

However, our peer comparison analysis results also show that Wing Tai's dividend yield of 2.89% is relatively less attractive than the peer average dividend yield of 5.37%. Adopting a relative valuation approach, we estimate a target price of S$0.931.

Taken together, by calculating the average of our estimated target price based on the P/B and dividend yield peer comparison analysis, we derived a target price of S$1.971 = [(S$3.010 +S$0.931) / 2].

Our analysis of Wing Tai Properties Limited (WTP) shows that it is trading at a P/B multiple of 0.19x, representing a discount of approximately 81% to NAV. This further supports our view that Wing Tai could be undervalued. However, we believe that it is possible to WTP's share price to recovery with the loosening of lockdown measures in China and Hong Kong. With a 34.1% stake in WTP, Wing Tai would be able to benefit from the increase in WTP's share price. Assuming that WTP were to trade at Wing Tai's P/B multiple of 0.41x, we estimate that it would potentially increase Wing Tai's share price to S$2.232.

In addition, while we note that there is no indication of a privatisation of Wing Tai, our base scenario estimates a privatisation offer of S$2.472 per share, representing a price premium of 42.9%.

In terms of financials, we note that Wing Tai has maintained a healthy set of financial results over the years and has managed to provide stable returns to its shareholders. Considering the positive outlook in Singapore's economy and the strong positive momentum in the property market, we are expecting a stable financial performance for Wing Tai for FY2022 and FY2023. This could provide some upside potential for Wing Tai.

Considering the above, we believe a buy recommendation is warranted on Wing Tai. Our target price of S$1.971 would represent a 13.93% upside from the current price of S$1.730. However, there are still risks to our target price which we will highlight in the next section.

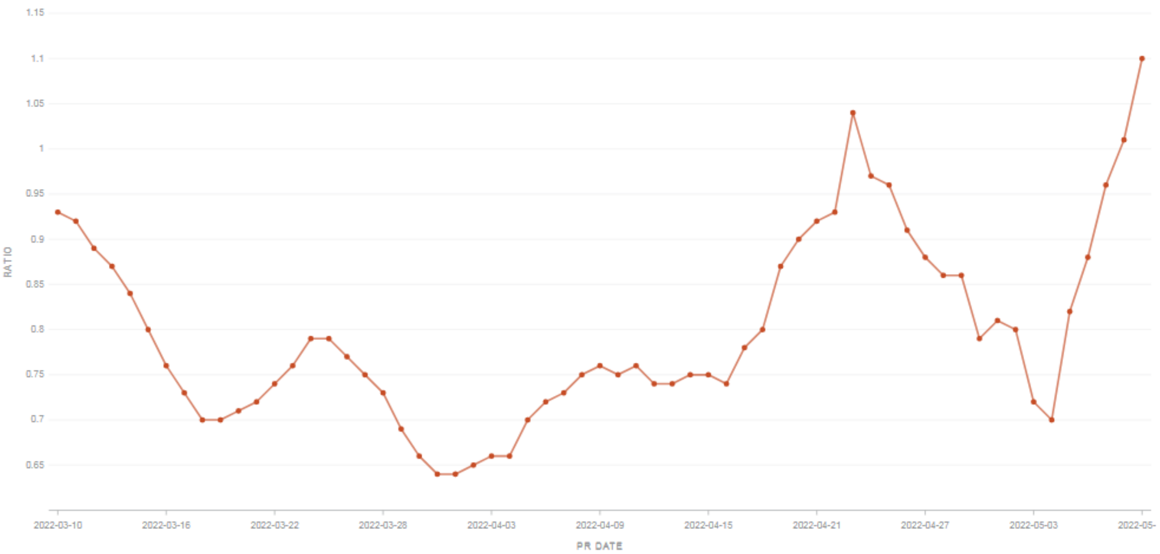
RISKS TO THE TARGET PRICE

In this section, we highlight below risk factors that may limit the potential upside to Wing Tai's target price.

(I) Weak Economic Recovery in Singapore

High vaccination rates, the loosening of safe management measures (SMM) and the gradual reopening of international borders have largely contributed to a gradual recovery in Singapore's economy. However, the rapid spread of Delta variant and the threat of a new Omicron variant have increased the uncertainty about how quickly the pandemic can be overcome. According to the Ministry of Health (MOH), the weekly growth rate of Covid-19 infections in Singapore went above 1.0 on 8 May 2022 for the first time since 23 April 2022 as shown in **Exhibit 61**. The rate refers to the ratio of community cases for the past week over those of the week before. A rate of more than 1 shows that the number of new weekly Covid-19 cases is increasing.

Exhibit 61: Singapore's COVID-19 Weekly Infection Growth Rate



Source: Data.gov.sg

In addition, Health Minister Ong Ye Kung recently mentioned that while Singapore's COVID-19 situation has stabilised, the country will step up its vaccinated-differentiated safe management measures if necessary. He added that the multi-ministry task force handling Covid-19 will have to take into account if there is a new variant of concern, whether it is more severe or more infectious than Omicron, whether past infections and current vaccines continue to confer strong protection against the new variant, and how all these affect Singapore's hospital capacity. Hence, if the Singapore government were to tighten its SMM and restrict international travel to cope with the spread of the Covid-19. This could derail Singapore's economic recovery and negatively impact Wing Tai's financial performance.

(II) Currency Risk

We note that Wing Tai operates in Asia-Pacific with dominant operations in Singapore, Malaysia, Australia, Japan and Hong Kong SAR. Entities in Wing Tai may also transact in currencies other than their respective functional currencies. Amid the current COVID-19 situation, there is a possibility that Singapore Dollar (SGD) could strengthen due to higher vaccination rates and an increase in capital inflow as a result of its safe-haven status. This would imply a reduction in revenue when foreign currency earnings in MYR, AUD, JPY and HKD are translated to SGD. Hence, a stronger SGD could have a negative impact on Wing Tai's earnings due to currency exchange losses.

To manage the currency risk, Wing Tai enters into cross currency swaps, currency forwards and uses natural hedging opportunities, like borrowing in the currency of the country in which these investments are located whenever practicable. The exchange differences arising from such translations are captured under the currency translation reserve. These currency translation differences are reviewed and monitored on a regular basis.

CORPORATE GOVERNANCE

(I) Remuneration

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

As and when required, the RC obtains independent and professional advice on remuneration matters (including but not limited to Directors’ fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits-in-kind) from human resource advisers and an external management consultancy firm specialising in people-pay-performance management strategies, Carrots Consulting Pte Ltd (Carrots). Carrots undertakes a benchmarking exercise on the remuneration packages of the executive Directors and key management personnel of Wing Tai on an annual basis.

Wing Tai seeks to remunerate all employees based on their individual performances and contributions towards the company. To this end, Wing Tai has in place a robust performance management system with which to appraise employees’ performance against a set of key performance indicators on an annual basis.

Non-executive Directors are paid a fixed fee appropriate to their level of contribution, taking into account factors such as effort, time spent, and responsibilities. Directors who participate in Board Committees receive higher fees for the additional responsibilities they take on. Wing Tai recognises that nonexecutive Directors should not be overcompensated to the extent that their independence may be compromised. All Directors’ fees are approved by shareholders at the AGM of Wing Tai before they are paid.

The RC has the discretion not to award variable incentive in any year if an executive Director or a key management personnel is involved in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to Wing Tai. Wing Tai currently has contractual provisions to allow it to reclaim incentive components of remuneration from executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the company.

Given the above information, a breakdown of the Directors’ remuneration paid to each Director for FY2020 and FY2021 is shown in **Exhibit 62** and **Exhibit 63** on the next page.

Exhibit 62: Disclosure of Remuneration of Directors (FY2020)

Remuneration Bands	Fees (%)	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)	Shares granted during the year
$2,500,001 to $2,750,000						
Cheng Wai Keung	–	53	36	11	100	–
$2,250,001 to $2,500,000						
Edmund Cheng Wai Wing	–	51	35	14	100	–
$1,500,001 to $1,750,000						
Tan Hwee Bin	–	42	33	25^	100	203,000
Below $250,000						
Boey Tak Hap*	100	–	–	–	100	–
Cheng Man Tak	100	–	–	–	100	–
Christopher Lau Loke Sam	100	–	–	–	100	–
Paul Hon To Tong	100	–	–	–	100	–
Guy Daniel Harvey-Samuel	100	–	–	–	100	–
Tan Sri Dr Zulkurnain Bin Hj. Awang	100	–	–	–	100	–
Mrs Mildred Tan	100	–	–	–	100	–
Eric Ang Teik Lim+	–	–	–	–	–	–

^ Includes the fair value of restricted shares and performance shares
* Retired on 2 January 2020
\+ Appointed on 1 July 2020

Source: Wing Tai

Exhibit 63: Disclosure of Remuneration of Directors (FY2020)

Remuneration Bands	Fees (%)	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)	Shares granted during the year
$2,500,001 to $2,750,000						
Cheng Wai Keung	-	53	40	7	100	-
$2,250,001 to $2,500,000						
Edmund Cheng Wai Wing	-	49	38	13	100	-
$1,500,001 to $1,750,000						
Tan Hwee Bin	-	37	43	20^	100	122,500
Below $250,000						
Cheng Man Tak	100	-	-	-	100	-
Paul Hon To Tong	100	-	-	-	100	-
Christopher Lau Loke Sam	100	-	-	-	100	-
Guy Daniel Harvey-Samuel	100	-	-	-	100	-
Tan Sri Zulkurnain Bin Awang	100	-	-	-	100	-
Mildred Tan	100	-	-	-	100	-
Eric Ang Teik Lim	100	-	-	-	100	-

^ Includes the fair value of restricted shares and performance shares

Source: Wing Tai

The breakdown (in percentage terms) of the remuneration of the top five key management personnel in bands of $250,000 paid in FY2020 and FY2021 is shown in **Exhibit 64** and **Exhibit 65**. The total remuneration paid to the five key management personnel for FY2020 and FY2021 amounted to S$4.7 million and $4.4 million respectively.

Exhibit 64: Disclosure of Remuneration of Key Management Personnel (FY2020)

Remuneration Bands	Salary (%)	Bonus (%)	Other Benefits (%)	Share Awards^ (%)	Total (%)
$1,250,001 to $1,500,000					
Helen Chow	52	38	10	–	100
$750,001 to $1,000,000					
Helen Khoo	52	28	6	14	100
Ng Kim Huat	46	35	5	14	100
Karine Lim	42	39	5	14	100
$500,001 to $750,000					
Stacey Ow Yeong	51	31	6	12	100

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

Source: Wing Tai

Exhibit 65: Disclosure of Remuneration of Key Management Personnel (FY2021)

Remuneration Bands	Salary (%)	Bonus (%)	Other Benefits (%)	Share Awards^ (%)	Total (%)
$1,250,001 to $1,500,000					
Helen Chow	51	39	10	-	100
$750,001 to $1,000,000					
Ng Kim Huat	48	34	6	12	100
Karine Lim	48	34	5	13	100
$500,001 to $750,000					
Helen Khoo*	66	19	8	7	100
Stacey Ow Yeong	50	35	6	9	100

^ Includes the fair value of restricted shares and performance shares (where applicable)
* Helen Khoo retired on 30 June 2021.

Source: Wing Tai

SUSTAINABILITY INFORMATION

Sustainability Governance

The Sustainability Committee manages and integrates all sustainability practices for Wing Tai, using the SGX sustainability guidelines to assist in their course of action. Working closely with the Functional Champions, who are based in key departments (human resources, projects, facilities management, property management, property marketing and retail), the Sustainability Committee guides and consolidates all sustainability related information as shown in **Exhibit 66**. The Sustainability Committee then reports to the Board of Directors, which monitors and advises on progress and strategy

Exhibit 66: Wing Tai's Sustainability Governance

Source: Wing Tai

Stakeholder Engagement

Engaging with its various stakeholders to understand their relevant demands or concerns is crucial to Wing Tai's long-term success. Wing Tai identifies and prioritises its stakeholders based on their influence and their dependence on the business. The Summary of its key stakeholders, the different methods of engagement and the engagement outcomes is shown in **Exhibit 67**.

Exhibit 67: Wing Tai's Stakeholder Engagement

Stakeholder	Frequency	Method	Topics Raised	The Group's Response
Employees	• Ongoing	Employee Feedback Channel - Employees can provide feedback via the dedicated email addresses set up for the respective Strategic Business Units ("SBUs"). There are plans to introduce new ways for employees to give feedback, such as through online forms via the intranet, slated to roll out in FY22	Employees can provide feedback and suggestions to improve on the following areas: • Processes and procedures • Workplace environment • Customer service	Depending on the nature and complexity of issue(s) raised, Human Resource ("HR") will respond to employees within ten working days and inform employees when more time is required
	• Ongoing	• Social and Recreational Activities	• The activities are conducted virtually to continue to engage employees. These include lunch talks and workshops such as yoga classes, DIY mosaic tiles etc.	• Organise activities to continue to engage employees virtually
	• Ongoing	• Newly launched Company Intranet	• A user-friendly one-stop portal for employees to obtain information and updates about the Group and their colleagues etc.	• Continue to share meaningful content and updates to employees and enhance the site offerings progressively
Shareholders	• Annual • Half-yearly	• Annual report • Half-yearly release of financial results	• Financial performance • Corporate governance	• Risk management framework • Corporate governance report • Analysts briefing/ Corporate presentation slides for year-ended financial results
Clients/ Customers	• Continuous	• In-store feedback • Post-handover survey • Digital engagement via social media platforms, live-streaming services, and e-commerce sites	• Product quality • Customer service	• Quick response and resolution of issues • Online solutions which allow for safe customer interactions during the pandemic
Regulators/ Government	• Continuous	• Regulator site visits/ inspections • Virtual meetings	• Health and safety compliance • Compliance with COVID-19 safety guidelines • Environmental compliance	• Adherence to COVID-19 related Health and Safety procedures • Regular reporting to regulators on compliance issues
Contractors	• Continuous	• On-site meetings • Virtual meetings	• Product quality • Occupational Health and Safety	• ISO 14001, ISO 9001 and ISO 45001 compliance

Source: Wing Tai

Materiality Assessment

Wing Tai drives its sustainable strategy by implementing relevant initiatives across our identified material topics and ensuring continuous tracking of quantitative and qualitative performance to further improve and inform its sustainability journey. Wing Tai have created four key ESG pillars, under which it report its relevant material topics as shown in **Exhibit 68**.

Exhibit 68: Wing Tai's Materiality Assessment

Environmental Responsibility
- Energy and Emissions

Valuing Talent
- Human Capital Management
- Occupational Health and Safety

Market Responsibility
- Product Quality, Health and Safety
- Corporate Governance, Ethics and Anti-Corruption
- Product Innovation

Social Responsibility
- CSR and Philanthropy

Source: Wing Tai

The United Nations established 17 SDGs that act as a blueprint to address global issues to create a better and more sustainable future for all. Wing Tai is committed to advancing its sustainability efforts to align with the UN SDGs. To demonstrate its commitment, Wing Tai has reviewed and identified how it is creating a positive impact on the UN SDGs. It is currently addressing 6 of the 17 SDGs, as shown in **Exhibit 69**.

Exhibit 69: Wing Tai's SDG Targets

2 ZERO HUNGER	**SDG 2**	Zero Hunger	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**SDG 9**	Industry, Innovation and Infrastructure
5 GENDER EQUALITY	**SDG 5**	Gender Equality	11 SUSTAINABLE CITIES AND COMMUNITIES	**SDG 11**	Sustainable Cities and Communities
8 DECENT WORK AND ECONOMIC GROWTH	**SDG 8**	Decent Work and Economic Growth	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**SDG 16**	Peace, Justice and Strong Institutions

Source: Wing Tai

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