



**Securities Investors Association (Singapore)**  
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111  
Tel: (65) 6227 2683 Email: [admin@sias.org.sg](mailto:admin@sias.org.sg)  
[www.sias.org.sg](http://www.sias.org.sg)  
UEN No: S99SS0111B  
GST Reg No: M90367530Y0Y

**Issuer:** Wing Tai Holdings Limited

**Stock code:** W05

**Meeting details:**

Date: 22 Oct 2024

Time: 11.00 a.m.

Venue: The Ngee Ann Kongsi Auditorium, Basement 1, National Gallery Singapore, 1 St. Andrew's Road, Singapore 178957

**Q1.** As mentioned in the chairman's message, the group faced ongoing uncertainties driven by geopolitical conflicts, high interest rates and weak economic growth. Despite these challenges, the group recorded an operating profit of \$22.5 million as compared to \$26.9 million in the previous year.

- (i) **What is management's view of the real estate market in Singapore? Specifically, how do the recent acquisitions of the River Valley Green land parcel and Lakeside Apartments align with the group's broader strategic objectives?**
- (ii) Despite a first-mover advantage in the Jurong Lake area, The LakeGarden Residences has sold only 45% of its units as of 30 June 2024. **Has the sales performance of The LakeGarden Residences met management's expectations? Could management provide a detailed analysis of the key market drivers that supported the decision to bid 14% above the reserve price for Lakeside Apartments? How does this decision align with anticipated market demand and profitability targets for the development?**
- (iii) The LakeGarden Residences boasts the BCA Green Mark Platinum Super Lower Energy certification. **Could management provide insights into how the BCA Green Mark Platinum certification enhances the project's marketability, especially in light of rising sustainability-driven demand? How does this translate into a competitive advantage in pricing and buyer sentiment? How much increase in overall construction costs was needed to achieve this certification?**

The group's share of losses from associated and joint venture companies increased from \$(10.4) million to \$(58.6) million. Wing Tai Properties Limited contributed \$(108.0) million in losses, mainly attributable to the provision for impairment losses on its development properties and the fair value losses on its investment properties in Hong Kong.

Details of the associated company's projects can be found on page 14 of the annual report. These include a mixed-use development in Central, Hong Kong, residential developments in Fanling near Sheung Shui MTR station and Sha Tin near Tai Wai and Hin Keng MTR stations, Grade A offices (Landmark East) and an industrial property (Shui Hing Centre which obtained approval for redevelopment).

- (iv) **What is management's outlook for the Hong Kong real estate market, particularly in light of its ongoing economic and geo-political challenges?**
- (v) **Can management clarify which specific projects in Hong Kong contributed to the significant impairment and fair value losses?**

The carrying value of Wing Tai Properties Limited was \$1.36 billion (page 84; Note 18 Investments in associated and joint venture companies) while the market value stood at \$167.7 million as at 30 June 2024.

- (vi) **Given the nearly \$1.2 billion gap between the carrying value and market value of Wing Tai Properties, how does the board, specifically the audit committee, evaluate the potential for impairments, and what strategies are in place to mitigate the risk of material overstatements/misstatements in the financial statements?**
  
- (vii) **Given that Wing Tai Properties is an associated company, the company has no management control over it. How does management exercise oversight and strategic influence to safeguard the group's long-term interests, particularly in areas of operational performance, capital allocation, and risk management?**

**Q2.** In FY2024, Uniqlo (Singapore) and Uniqlo (Malaysia) recorded revenue of \$429.6 million (2023: \$438.3 million) and \$480.7 million (2023: \$473.3 million) respectively.

Total comprehensive income for Uniqlo (Singapore) declined significantly, from \$55.9 million to \$25.8 million while Uniqlo (Malaysia) saw an increase from \$77.9 million to \$87.5 million.

As of 30 June 2024, Uniqlo operates 29 stores in Singapore and 61 stores in Malaysia.

- (i) **What are the key factors behind the decline in revenue for Uniqlo (Singapore) in FY2024?**
- (ii) **With 29 stores currently in Singapore (and just one new store added in FY2024), has management evaluated whether the brand has reached a saturation point in the Singapore market? What alternative strategies are in place for future growth, such as enhancing customer engagement, improving operational efficiencies, or exploring omnichannel opportunities?**
- (iii) **What were the underlying structural reasons for the sharp decline in Uniqlo (Singapore)'s total comprehensive income, from \$55.9 million to \$25.8 million?**
- (iv) **What growth potential, both in terms of store count and revenue, has management projected for Uniqlo (Malaysia)?**

The group's retail business, which includes brands like MANGO, G2000, adidas, and Sergent Major, reported a revenue drop from \$45.2 million to \$40.8 million in FY2024. Earnings before interest and taxes (EBIT) fell from \$63.6 million to \$47.8 million.

- (v) **Can management elaborate further on the group's business model in the retail segment? What are the reasons for EBIT to be higher than revenue?**
- (vi) **What are the key factors driving decisions to expand or refurbish stores in the group's retail portfolio? How does the group prioritise investments, and what return on investment (ROI) thresholds are considered for these initiatives?**

**Q3.** The share price of the company has trended lower in the past 5 years as shown in the chart below.



(Source: <https://investors.sgx.com/securities/stocks?security=W05>)

Despite significant losses in FY2024, the group's net asset value (NAV) per share as at 30 June 2024 stood at \$3.90, compared to \$4.13 in FY2023, \$4.32 in FY2022, \$4.14 in FY2021 and \$4.18 in 2020. Prior to the pandemic, the NAV per share was \$4.19 as at 30 June 2019.

The group's net gearing ratio was 0.06 times as at 30 June 2024.

According to SGX StockFacts, the company trades at a price-to-book ratio of ~0.3 times.

- (i) **Has the board evaluated and assessed the optimal capital structure that would support the group's strategic goals?**
- (ii) **Despite the low gearing, the group incurred \$34.8 million in finance costs while earning \$16.2 million in interest income. What specific step has management taken to optimise working capital management, particularly to reduce the net borrowing costs and improve cash flow utilisation?**

Stock exchanges and regulators, including Tokyo Stock Exchange and Korea's Financial Services Commission, have started to ask companies to set up and disclose valuation boosting plans. These corporate value-boosting initiatives are needed as it is recognised that "corporate values" of listed companies have to improve and that the main driver in enhancing corporate value is the company itself. Efforts have been targeted at companies that trade below a price-to-book ratio of below 1. The plans focussed on increasing awareness and literacy of the cost of capital, capital efficiency and stock prices of listed companies.

Specifically, Tokyo Stock Exchange has required companies with price-to-book consistently below 1x to disclose their policies and specific initiatives to improve their valuations.

- (iii) **Apart from acknowledging that there are many external factors influencing the share price, would the board consider disclosing and implementing targeted strategies to narrow the discount gap, thereby creating value for shareholders?**

*Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.*

Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

Join our mailing list [here](#) to receive latest news and upcoming events.

CONNECT WITH US

