ASPIAL CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 197001030G)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") IN RELATION TO THE THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 ("3Q2019 AND 9M2019 RESULTS ANNOUNCEMENT")

The board of directors (the "**Board**") of Aspial Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's 3Q2019 and 9M2019 Result Announcements dated 7 November 2019.

The Board wishes to provide the following responses to queries received from the SGX on 8 November 2019.

SGX Query 1:

Other Operating Expenses

i) Please provide a breakdown for 9M 2019 vs 9M 2018 (9M 2019- S$57.8m, 9M 2018 - S$95.6 m)

ii) Please provide a breakdown for 3Q 2019 vs 3Q 2018 (3Q 2019 – S$16.9m, 3Q 2018 – S$40.6 m)

Company's response:

Please refer to below table:

	9M 2019	9M 2018	Change %	3Q 2019	3Q 2018	Change %
Other Operating Expenses	**57,789**	**95,598**	**-40%**	**16,941**	**40,584**	**-58%**
Included in other operating expenses:						
Sales and marketing expenses[1]	22,862	38,109	-40%	5,660	18,637	-70%
Rental expenses[2]	6,367	22,855	-72%	1,268	7,596	-83%
Allowance for write-down of development properties	1,246	-	n.m.	1,246	-	n.m.
Repair and maintenance	3,964	3,054	30%	1,264	1,049	20%
Net foreign exchange loss[3]	6,174	13,547	-54%	2,585	7,402	-65%

Notes:

1) The decrease was mainly due to lower sales and marketing costs for real estate business. CityGate and AVANT projects were completed in FY2018 and hence contributed to the high cost in 9M2018 and 3Q2018.

2) The decrease in rental expenses was mainly attributable to the adoption of SFRS(I) 16 *Leases*.

3) The decrease was mainly due to lower foreign exchange loss from overseas real estate and financial service businesses.

SGX Query 2:

Revenue

Group revenue declined S$323.9 million or 41.8% to S$451.1 million in 9M 2019 as compared to the revenue for 9M 2018 mainly due to the decrease in contribution from the Real Estate Business. For 3Q 2019 alone, revenue declined S$209.4m or 60.2% to S$138.7 million from that of 3Q 2018. Please provide the reasons for the decline in revenue from Real Estate Business in 3Q 2019 as compared to 1Q 2019 and 2Q 2019.

Company's response:

For 9M2018 and 9M2019, the revenue from the Real Estate Business of the Group was derived primarily from the sales from three projects: CityGate, AVANT and Australia 108. Revenue for sale of units at CityGate is recognised in stages based on the percentage of completion of the project while the revenue from sale of units at AVANT and Australia 108 only upon handover of the unit to the purchaser.

As AVANT and CityGate were completed in 2018, the majority of the units were handed over in 2018, with the revenue recognised in the prior financial year. This accounted for the reduced contribution from AVANT and CityGate in 2019.

The Australia 108 project is the main contributor to revenue from the Real Estate Business for 2019. Australia 108 is being completed in stages with the first stage of delivery taking place in 2Q2018. Revenue from the sold units from each completed stage will be recognised upon the handover to purchasers. As the number of units delivered by the main contractor for handover within each stage will vary, the revenue recognised will vary accordingly.

In accordance with the construction schedule, the number of units completed and delivered by main contractor for Australia 108 in 3Q 2019 was significantly less than the number of units completed and delivered in 1Q2019 and 2Q2019 respectively. Accordingly, this resulted in a lower contribution in revenue from Australia 108 in 3Q2019 as compared to the preceding quarters.

SGX Query 3:

Debt Analysis

We note that as at 30 September 2019, the Group has total debts due within the next 12 months amounting to S$995.8 million, including term notes and bonds due in the next 12 months amounting to S$363.9 million. The Company has disclosed that the Group expects to improve its debt and cash profile in coming quarters as it expects to receive cash proceeds from settlement and handover of units for Australia 108. It is also disclosed that the Group intends to use part of the cash proceeds to purchase some of its remaining term notes and bonds, which may include those, but not limited to those due in 2020, prior to their maturity dates.

i) What is the amount of cash proceeds expected from settlement and handover of units for Australia 108?

ii) How does the Group intend to finance the repayment of the term notes and bonds that are due in April 2020 totalling S$263.9 million (based on the disclosures in the Company's annual report - Note 26 to the audited Financial Statements)?

Company's response:

i) The Group expects to realise cash proceeds of approximately A$400 million from the settlement and handover of units for Australia 108 in the next 12 months.

ii) As at 30 September 2019, the Group's outstanding balance of term notes and bonds due in April 2020 are S$215.4m comprising S$189.9 million for Aspial Corporation Limited and S$25.5 million for Maxi-Cash Financial Services Corporation Limited. The Group's net gearing as at 30 September 2019 is 2.28 times, down from 2.69 times as at 31 December 2018.

The Group believes that Maxi-Cash Financial Services Corporation Limited has sufficient cashflow to satisfy the repayment obligations under the S$25.5 million term notes.

In relation to the outstanding S$189.9 million bonds of Aspial due in April 2020, the Group intends to finance the repayment through a combination of (i) the expected proceeds from the ongoing settlement and handover of completed units of Australia 108; (ii) external financing, which may include loans secured by the Group's investment assets and completed units of the Group's projects; and (iii) cashflow from operations and investment properties.

Based on CoreLogic's Home Value Index, dwelling values in Melbourne has increased by 2.3% in October 2019 alone and by 5.5% in the 3 months to October 2019. CoreLogic, in its published article of 6 November 2019, has noted that *"….if housing values continue to rise at the same rate recorded over the past three months, national dwelling values could reach a new record high in six months time…. Melbourne is on track to stage a full recovery the earliest. If the current run rate of growth continues, Melbourne's housing market will recover in January. "*. CoreLogic is the largest provider of property information, analytics and property-related risk management services in Sydney, Melbourne, Brisbane, Perth, Adelaide, Darwin, Canberra & Hobart. The full article is available at https://www.corelogic.com.au/news/how-long-until-housing-values-reach-new-record-

high?utm_source=newsletter&utm_medium=EDM&utm_campaign=pp_20191111&utm_content=PP_blog.

Given the outlook, the Group remains positive as to the pace of settlement and handover for pre-sold units in Australia 108, and continued sales of completed units.

BY ORDER OF THE BOARD
ASPIAL CORPORATION LIMITED

Lim Swee Ann
Company Secretary
12 November 2019