

WORLD CLASS GLOBAL LIMITED

(Company Registration No: 201329185H)
(Incorporated in the Republic of Singapore)

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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This announcement has been prepared by World Class Global Limited (the "Company") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income For The Financial Year Ended 31 December 2020 (“FY 2020”)

	Group		Change %
	FY 2020 (Unaudited) S\$'000	FY 2019 (Audited) S\$'000	
Revenue	169,540	205,440	-17%
Cost of sales	(113,513)	(151,276)	-25%
Employee benefits	(3,119)	(3,899)	-20%
Depreciation	(241)	(188)	28%
Net foreign exchange gain/(loss)	3,272	(1,442)	n.m
Finance costs	(12,132)	(3,421)	255%
Other operating expenses	(51,593)	(28,570)	81%
Interest income	768	2,403	-68%
Rental income	960	978	-2%
Other income	16,052	2,863	461%
Profit before tax	9,994	22,888	-56%
Income tax expense	(15,660)	(10,235)	53%
(Loss)/profit for the year	(5,666)	12,653	n.m
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation, representing other comprehensive income for the year	15,573	(2,971)	n.m
Total comprehensive income for the year	9,907	9,682	2%
<u>(Loss)/profit for the year attributable to:</u>			
Owners of the Company	(6,639)	13,625	n.m
Non-controlling interests	973	(972)	n.m
	(5,666)	12,653	n.m
<u>Total comprehensive income attributable to:</u>			
Owners of the Company	8,260	10,810	-24%
Non-controlling interests	1,647	(1,128)	n.m
	9,907	9,682	2%
(Loss)/earnings per share (cents)			
Basic	(0.72)	1.49	n.m
Diluted	(0.72)	1.49	n.m
Other information:-			
	Group		Change %
	FY 2020 S\$'000	FY 2019 S\$'000	
Marketing and selling expenses	(9,999)	(15,508)	-36%
Net fair value (loss)/gain on derivatives	(16,143)	1,431	n.m
Net fair value gain/(loss) on investment properties	15,012	(61)	n.m
Allowance for write-down of development properties and properties held for sale	(12,736)	(1,502)	748%
Provision for impairment loss on property, plant and equipment	(4,855)	(3,337)	45%
Loss on disposal of fixed assets	-	(15)	-100%

n.m - Not meaningful

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CON'T)

NOTES:

- 1a. Revenue for FY 2020 was in relation to the settlements by purchasers of *Australia 108*. Revenue for FY 2019 was mainly in relation to the settlements by purchasers of *Australia 108*, with the balance in relation to the settlements by purchasers of *AVANT*.
- 1b. Cost of sales comprise mainly costs directly associated with the acquisition and development of properties, which include land costs, related stamp duties on land purchase, construction costs, project management costs and interest expense incurred on project-related loans and borrowings. The decrease in cost of sales for FY 2020 (as compared to FY 2019) was mainly due to the lower revenue and higher profit margin for *Australia 108*.
- 1c. The decrease in employee benefits expenses for FY 2020 (as compared to FY 2019) was mainly due to lower provision for annual leave and a decrease in number of employees.
- 1d. Depreciation expenses relate to depreciation of building, renovations, electrical fittings, furniture and fittings, computers, office equipment and motor vehicles, which were insignificant in FY 2020 and FY 2019.
- 1e. Foreign exchange gain or loss recorded in profit or loss mainly arises from period-end revaluation of the Company's loans to its subsidiaries.
- The Group recorded a net foreign exchange gain in FY 2020 (as compared to a net foreign exchange loss in FY 2019) mainly due to the strengthening of Australian Dollars ("AUD") against Singapore Dollars ("SGD") (the Group's reporting currency) between 1 January 2020 and 31 December 2020, partially offset by the weakening of Malaysian Ringgit ("MYR") against SGD during the same period.
- 1f. The increase in finance costs for FY 2020 (as compared to FY 2019) was mainly due to interest expenses incurred on completed units of *Australia 108*, partially offset by lower interest rate incurred for properties held for sale and investment properties.
- 1g. The increase in other operating expenses in FY 2020 (as compared to FY 2019) was mainly due to allowance for write-down of development properties and properties held for sale in Australia, provision for impairment loss on property, plant and equipment and net fair value loss on derivatives (which relate to forward currency contracts entered into to mitigate the Group's exposure to AUD) due to strengthening of AUD as at the end of FY2020 against contracted rate of the derivatives, partially offset by lower marketing and selling expenses and hotel operating costs. The Group recorded a net foreign exchange gain of S\$3.3 million and foreign currency translation gain in other comprehensive income of S\$15.6 million in FY 2020.
- 1h. The decrease in interest income in FY 2020 (as compared to FY 2019) was mainly due to lower interest-bearing deposits at bank, and interest earned from deposits held in escrow account upon settlement by purchasers of *Australia 108*.
- 1i. The increase in other income in FY 2020 (as compared to FY 2019) was mainly due to a net fair value gain on investment properties for *Australia 108* and wage support grants from government, partially offset by a decrease in the hotel room revenue contributed by the Group's hotels in Georgetown, Penang, which was impacted by the travel restrictions imposed due to the COVID-19 pandemic situation.
- 1j. Income tax expense recorded in FY 2020 was mainly due to the provision of current year's income tax expense and recognition of deferred tax liabilities, both of which were incurred predominantly in Australia.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-Dec-20 (Unaudited) S\$'000	31-Dec-19 (Audited) S\$'000	31-Dec-20 (Unaudited) S\$'000	31-Dec-19 (Audited) S\$'000
Non-current assets				
Property, plant and equipment	63,504	61,131	15	36
Investment properties	98,613	16,771	-	-
Investment in subsidiaries	-	-	170,315	170,315
Deferred tax assets	148	274	148	274
	<u>162,265</u>	<u>78,176</u>	<u>170,478</u>	<u>170,625</u>
Current assets				
Development properties	220,507	534,014	-	-
Properties held for sale	251,601	32,734	-	-
Trade and other receivables	1,902	3,098	1,141	1,225
Prepayments	396	649	22	26
Due from subsidiaries	-	-	118,948	240,611
Derivatives	-	1,431	-	1,431
Cash and bank balances	13,062	98,989	982	62,291
	<u>487,468</u>	<u>670,915</u>	<u>121,093</u>	<u>305,584</u>
Total assets	<u>649,733</u>	<u>749,091</u>	<u>291,571</u>	<u>476,209</u>
Current liabilities				
Trade and other payables	24,080	17,377	1,541	2,134
Interest-bearing loans and borrowings	33,137	174,780	208	-
Derivatives	7,843	-	7,843	-
Due to immediate holding company	24,108	514	23,597	-
Due to a fellow subsidiary	199,538	367,010	199,538	367,010
Provision for taxation	2,312	5,988	-	757
	<u>291,018</u>	<u>565,669</u>	<u>232,727</u>	<u>369,901</u>
Net current assets/(liabilities)	<u>196,450</u>	<u>105,246</u>	<u>(111,634)</u>	<u>(64,317)</u>
Non-current liabilities				
Other payables	6,183	5,830	-	-
Interest-bearing loans and borrowings	187,231	43,687	4,792	-
Deferred tax liabilities	32,223	10,734	-	-
	<u>225,637</u>	<u>60,251</u>	<u>4,792</u>	<u>-</u>
Total liabilities	<u>516,655</u>	<u>625,920</u>	<u>237,519</u>	<u>369,901</u>
Net assets	<u>133,078</u>	<u>123,171</u>	<u>54,052</u>	<u>106,308</u>
Equity attributable to owners of the Company				
Share capital	142,556	142,556	142,556	142,556
Other reserves	(7,424)	(22,323)	-	-
Revenue reserves	(10,456)	(3,817)	(88,504)	(36,248)
	<u>124,676</u>	<u>116,416</u>	<u>54,052</u>	<u>106,308</u>
Non-controlling interests	8,402	6,755	-	-
Total equity	<u>133,078</u>	<u>123,171</u>	<u>54,052</u>	<u>106,308</u>
Total equity and liabilities	<u>649,733</u>	<u>749,091</u>	<u>291,571</u>	<u>476,209</u>
Net asset value per ordinary share (cents)	<u>13.61</u>	<u>12.71</u>	<u>5.90</u>	<u>11.61</u>

2. STATEMENTS OF FINANCIAL POSITION (CON'T)

2a. Review of Financial Position

Equity attributable to owners of the Company increased from S\$116.4 million as at 31 December 2019 to S\$124.7 million as at 31 December 2020, due to increase in other reserves, partially offset by decrease in revenue reserves. The decrease in revenue reserves was due to the loss incurred in FY 2020 attributable to owners of the Company. The increase in other reserves was mainly due to foreign currency translation gain.

The Group's total assets of S\$649.7 million as at 31 December 2020 was S\$99.4 million lower than that as at 31 December 2019. This was mainly attributable to the decrease in development properties, trade and other receivables, derivatives and cash and bank balances, partially offset by the increase in property, plant and equipment, investment properties and properties held for sale. The decrease in development properties was mainly due to partial recognition of *Australia 108* to cost of sales, partially offset by development expenditures incurred for on-going projects, and reclassification of some completed units of *Australia 108* to investment properties and properties held for sale. The decrease in trade and other receivables was mainly due to decrease in goods and services tax receivable. The decrease in derivatives (forward currency contracts) was mainly due to the net fair value loss recognised at the end of the financial year. The decrease in cash and bank balances was mainly due to the partial repayment of interest-bearing loans and borrowings and partial repayment of amounts due to fellow subsidiaries, partially offset by loan from immediate holding company. The increase in property, plant and equipment was mainly due to the construction costs incurred in Georgetown, Penang for hotel use. The increase in investment properties was mainly due to reclassification of some completed units of *Australia 108* from development properties to generate rental income. The increase in properties held for sale was mainly due to reclassification of some completed units of *Australia 108* from development properties.

The Group's total liabilities of S\$516.7 million as at 31 December 2020 was S\$109.3 million lower than that as at 31 December 2019, mainly due to the decrease in amounts due to fellow subsidiaries, partially offset by the increase in trade and other payables, interest-bearing loans and borrowings, derivatives, amounts due to immediate holding company and deferred tax liabilities. The decrease in amounts due to fellow subsidiaries was due to partial repayments. The increase in trade and other payables was mainly due to the accrued development costs. The increase in interest-bearing loans and borrowings was mainly due to the drawdown of loans for some projects in Georgetown, Penang, partially offset by partial repayment of the loans for *Australia 108* project. The increase in derivatives (forward currency contracts) was mainly due to the net fair value loss recognised at the end of the financial year. The increase in amounts due to immediate holding company was due to the funding required for the Group's working capital purposes. The increase in deferred tax liabilities was mainly due to provision of deferred tax in respect of the Group's operations in Australia.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	FY 2020 (Unaudited) S\$'000	FY 2019 (Audited) S\$'000
Operating activities		
Profit before tax	9,994	22,888
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	241	188
Interest income	(768)	(2,403)
Interest expense	12,132	3,421
Loss on disposal of fixed assets	-	15
Unrealised fair value loss/(gain) on derivatives	7,843	(1,431)
Unrealised foreign exchange (gain)/loss	(934)	632
Allowance for write-down of development properties and properties held for sale	12,736	1,502
Net fair value (gain)/loss on investment properties	(15,012)	61
Provision for impairment loss on property, plant and equipment	4,855	3,337
Bad debts and doubtful debts expenses	47	-
Operating cash flows before changes in working capital	31,134	28,210
<u>Changes in working capital</u>		
Decrease in development, investment properties and properties held for sale	57,631	25,027
Decrease in trade and other receivables	1,392	2,375
Decrease in prepayments	301	185
Decrease/(increase) in restricted cash	7,181	(13,197)
Increase/(decrease) in trade and other payables	5,767	(4,306)
Cash flows generated from operations	103,406	38,294
Interest received	768	2,403
Interest paid	(34,310)	(39,853)
Income taxes paid	(122)	(1,677)
Net cash flows generated from/(used in) operating activities	69,742	(833)
Investing activity		
Purchase of property, plant and equipment	(7,712)	(218)
Net cash flows used in investing activity	(7,712)	(218)
Financing activities		
Proceeds from issuance of shares to non-controlling interests of subsidiary	-	115
Proceeds from interest-bearing loans and borrowings	227,516	168,141
Repayment of interest-bearing loans and borrowings	(238,515)	(129,233)
Increase/(decrease) in amounts due to immediate holding company (non-trade)	23,595	(164,645)
(Decrease)/increase in amounts due to fellow subsidiaries (non-trade)	(155,664)	195,630
Net cash flows (used in)/generated from financing activities	(143,068)	70,008
Net (decrease)/increase in cash and cash equivalents	(81,038)	68,957
Effect of exchange rate changes on cash and cash equivalents	2,291	(135)
Cash and cash equivalents at beginning of year	85,792	16,970
Cash and cash equivalents at end of year	7,045	85,792

3. CONSOLIDATED STATEMENT OF CASH FLOWS (CON'T)

Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statements comprise the following amounts:-

	FY 2020 S\$'000	FY 2019 S\$'000
Cash at banks and on hand	4,113	80,313
Fixed deposits	2,932	5,479
Cash and cash equivalents	7,045	85,792

As at 31 December 2020, an amount of S\$6.0 million (as at 31 December 2019: S\$13.2 million) has not been included in the cash and cash equivalents of the Group as the amount relates to a reserve account held in escrow by a third party which will only be released upon repayment of the loan, interest and related development expenditures.

3a. Cash Flows Analysis

FY 2020

Net cash generated from operating activities for FY 2020 was S\$69.7 million, as compared to net cash used in operating activities of S\$0.8 million for FY 2019. This was mainly attributable to (i) operating cash flows before changes in working capital of S\$31.1 million; (ii) changes in working capital of S\$72.0 million, mainly due to the net decrease in development, investment properties and properties held for sale of S\$56.7 million, decrease in restricted cash of S\$7.2 million and increase in trade and other payables of S\$6.5 million; and (iii) interest expenses paid of S\$34.3 million, partially offset by interest received and income taxes refunded of S\$0.8 million and S\$0.1 million respectively.

Net cash used in investing activity for FY 2020 was S\$7.7 million (FY 2019: S\$0.2 million), which mainly related to construction costs incurred for hotel projects in Georgetown, Penang.

Net cash used in financing activities for FY 2020 was S\$143.1 million, as compared to net cash generated from financing activities of S\$70.0 million in FY 2019. This was mainly due to net repayment of interest-bearing loans and borrowings and repayment of amounts due to fellow subsidiaries (non-trade), partially offset by loan received from immediate holding company.

As a result of the above, cash and cash equivalents balance decreased to S\$7.0 million as at 31 December 2020, from S\$85.8 million as at 31 December 2019.

4. STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					Total equity S\$'000
	Share capital S\$'000	Other reserves S\$'000	Revenue reserves S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	
Group						
At 1 January 2020	142,556	(22,323)	(3,817)	116,416	6,755	123,171
(Loss)/profit for the year	-	-	(6,639)	(6,639)	973	(5,666)
Other comprehensive income	-	14,899	-	14,899	674	15,573
Foreign currency translation	-	14,899	(6,639)	8,260	1,647	9,907
Total comprehensive income for the year	-	14,899	(6,639)	8,260	1,647	9,907
At 31 December 2020	142,556	(7,424)	(10,456)	124,676	8,402	133,078
At 1 January 2019	142,556	(19,508)	(17,442)	105,606	7,768	113,374
Profit/(loss) for the year	-	-	13,625	13,625	(972)	12,653
Other comprehensive income	-	(2,815)	-	(2,815)	(156)	(2,971)
Foreign currency translation	-	(2,815)	-	(2,815)	(156)	(2,971)
Total comprehensive income for the year	-	(2,815)	13,625	10,810	(1,128)	9,682
Contributions by and distributions to owners						
Capital contribution from non-controlling interests	-	-	-	-	115	115
Total transactions with owners in their capacity as owners	-	-	-	-	115	115
At 31 December 2019	142,556	(22,323)	(3,817)	116,416	6,755	123,171

	Attributable to owners of the Company					Total equity S\$'000
	Share capital S\$'000	Other reserves S\$'000	Revenue reserves S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	
Company						
At 1 January 2020	142,556	-	(36,248)	106,308	-	106,308
Loss for the year	-	-	(52,256)	(52,256)	-	(52,256)
At 31 December 2020	142,556	-	(88,504)	54,052	-	54,052
At 1 January 2019	142,556	-	(34,577)	107,979	-	107,979
Loss for the year	-	-	(1,671)	(1,671)	-	(1,671)
At 31 December 2019	142,556	-	(36,248)	106,308	-	106,308

5. CHANGES IN SHARE CAPITAL

	No. of shares	Issued and fully paid-up share capital
	'000	S\$'000
Balance at 31 December 2019, 30 June 2020 and 31 December 2020	915,875	142,556

The Company does not have any treasury shares, subsidiary holdings or convertible instruments as at 31 December 2020 and 31 December 2019.

6. CHANGES IN TREASURY SHARES

Not applicable. The Company does not have any treasury shares.

7. CHANGES IN SUBSIDIARY HOLDINGS

Not applicable. The Company does not have any subsidiary holdings.

8. GROUP BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand

As at 31-Dec-20		As at 31-Dec-19	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
33,137	- ⁽¹⁾	174,780	- ⁽¹⁾

Amount repayable after one year

As at 31-Dec-20		As at 31-Dec-19	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
187,231	-	43,687	-

Details of collateral:

The Group's borrowings and debt securities are secured as follows:-

- i) corporate guarantees by the Company and Aspial Corporation Limited (controlling shareholder of the Company);
- ii) guarantees by non-controlling interests of a subsidiary;
- iii) legal mortgages over the Company's subsidiaries' development properties, investment properties and properties held for sale; and
- iv) fixed and floating charge on all assets of certain of the Company's subsidiaries.

¹ As at 31 December 2020, an aggregate amount of S\$217.2 million excluding interest (31 December 2019: S\$365.0 million) owing to the Company's immediate holding company and a fellow subsidiary remained outstanding and had not been included in the table. This outstanding amount of S\$217.2 million is under a revolving credit facility (which will mature on 31 May 2021 and subject to shareholders' approval at an extraordinary general meeting to be convened, the Company will seek 2 years' extension of the maturity date of the revolving credit facility from its immediate holding company) of up to an aggregate principal sum of S\$300.0 million. The revolving credit facility is interest-bearing and unsecured.

9. AUDITOR'S REPORT

The figures have not been audited or reviewed by the auditors.

10. AUDIT OPINION

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2019 are not subject to adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

11. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the financial year ended 31 December 2020 as those of the audited financial statements for the financial year ended 31 December 2019, as well as adopted all applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for financial years beginning on or after 1 January 2020. The adoption of these new and revised SFRS(I) have no material effect on the financial statements.

12. (LOSS)/EARNINGS PER SHARE

	Group	
	FY 2020	FY 2019
i) Basic (loss)/earnings per share (cents)	(0.72)	1.49
ii) Diluted (loss)/earnings per share (cents)	(0.72)	1.49
- Weighted average number of ordinary shares ('000)	915,875	915,875

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the respective financial years attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the respective financial years. Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as there were no potential dilutive ordinary shares existing during the respective financial years.

13. NET ASSET VALUE PER SHARE

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Net asset value per ordinary share (cents)	13.61	12.71	5.90	11.61
Number of ordinary shares in issue ('000)	915,875	915,875	915,875	915,875



14. VARIANCE FROM FORECAST STATEMENT

The Group's unaudited consolidated financial results for FY 2020 presented in this announcement is in line with the profit guidance announced by the Company on 15 February 2021. Further, in section 16 entitled "Business Outlook" of the Company's unaudited financial results announcement dated 28 July 2020 for the financial period ended 30 June 2020, it was disclosed that the Group was expected to be profitable in FY 2020. As per the Group's unaudited consolidated financial results for FY 2020 presented in this announcement, notwithstanding that the Group reported a profit before tax for FY 2020, the Group also reported a net loss after tax for FY 2020 due to the reason as detailed below.

The Group reported a net loss after tax for FY 2020 mainly due to tax expense incurred predominantly in Australia (of which a significantly portion is non-cash in nature) and certain charges incurred in Malaysia and Singapore which could not be used to offset tax expense incurred in Australia.

15. REVIEW OF CORPORATE PERFORMANCE

The Group recorded a profit before tax of S\$10.0 million for FY 2020 (FY 2019: S\$22.9 million). This was mainly due to the recognition of revenue of S\$169.5 million from the settlement by the purchasers of *Australia 108* in FY 2020, increase in net fair value gain on investment properties and net foreign exchange gain, partially offset by increase in other operating expenses and finance costs. The other operating expenses include write down of net realisable value of development properties and properties held for sale, provision for impairment loss on property, plant and equipment and net fair value loss on derivatives, which relate to forward currency contracts entered into to mitigate the Group's exposure to the Australia Dollar.

The Group has reclassified certain apartment units of *Australia 108* from development properties to investment properties for long-term capital appreciation and to generate rental income. The Group recorded a net fair value gain of S\$15.0 million on investment properties for FY 2020. As of the date of this announcement, approximately 60% of the Group's investment properties in *Australia 108* are tenanted.

The Group recorded a loss after tax of S\$5.7 million for FY 2020 (as compared to a profit after tax of S\$12.7 million for FY 2019), which was predominantly due to tax expenses incurred in Australia (of which a significantly portion was non-cash in nature) The effective tax rate of the Group's Australia business segment is largely in line with Australia's corporate tax rate of 30%. In contrast, certain charges in Malaysia and Singapore resulted in net losses which cannot be tax-effected under the relevant tax-accounting standard as these were mainly permanent differences (e.g. fair value loss on derivatives) or tax losses for which deferred tax assets cannot be recognised due to the uncertainty of foreseeable future taxable profits.

The Group recorded a positive other comprehensive income of S\$9.9 million for FY 2020 (FY 2019: S\$9.7 million) due to recognition of S\$15.6 million of foreign currency translation gain.

16. BUSINESS OUTLOOK

The outlook of the year ahead remains challenging with the global and domestic economic uncertainties due to the COVID-19 pandemic.

The Group has achieved full completion of the construction of *Australia 108* in October 2020 and some of the available units have been leased out to generate rental income.

The Group recognised revenue (i.e. billed sales) of S\$169.5 million in FY 2020 and has a balance of approximately S\$240 million of unbilled sales from existing contracts from its on-going projects. The unbilled sales will only be recognised as revenue upon settlement of the contracts.

Due to the ongoing COVID-19 pandemic, the Malaysia government had reinstated the Movement Control Order ("MCO 2.0") in several states including Penang, and restricted both international and interstate travelling in January 2021. This has adversely affected the Group's hotel business in Penang. The completion of the building works for the four hotels under construction have also been delayed to 2H2021 due to the MCO 2.0.

17. SEGMENT INFORMATION

The Group is principally engaged in property development, and the segment reporting format is determined to be geographical business segments as the Group's risks and rates of return are affected predominantly by differences in the geographical locations of each segment.

The Group is organised into two main geographical segments, namely:

- (a) Malaysia; and
- (b) Australia.

Others refers to the Company's operations in Singapore.

Geographical segments	Malaysia S\$ '000	Australia S\$ '000	Others S\$ '000	Eliminations S\$ '000	Group S\$ '000
<u>FY 2020</u>					
Revenue	-	169,540	-		169,540
Results					
Segment results	(5,795)	45,014	(17,960)	99	21,358
Interest income	88	563	4,307	(4,190)	768
Finance costs	(1,858)	(14,346)	(19)	4,091	(12,132)
(Loss)/profit before tax from operations	(7,565)	31,231	(13,672)		9,994
Segment assets, representing total assets	155,177	499,913	291,571	(296,928)	649,733
Segment liabilities, representing total liabilities	169,210	228,873	237,520	(118,948)	516,655
<u>FY 2019</u>					
Revenue	-	205,440	-	-	205,440
Results					
Segment results	(6,399)	28,567	1,765	(27)	23,906
Interest income	66	2,305	21,374	(21,342)	2,403
Finance costs	(10,530)	(14,260)	-	21,369	(3,421)
(Loss)/profit before tax from operations	(16,863)	16,612	23,139		22,888
Segment assets, representing total assets	156,661	527,486	476,211	(411,267)	749,091
Segment liabilities, representing total liabilities	190,279	306,350	369,902	(240,611)	625,920

18. BREAKDOWN OF REVENUE AND RESULTS

	Group		
	FY 2020	FY 2019	Change
	S\$ '000	S\$ '000	%
Revenue reported for first half year	97,979	158,091	-38%
Operating profit after tax before deducting non-controlling interests reported for first half year	7,336	10,571	-31%
Revenue reported for second half year	71,561	47,349	51%
Operating (loss)/profit after tax before deducting non-controlling interests reported for second half year	(13,002)	2,082	n.m

n.m - Not meaningful

19. INTERESTED PERSON TRANSACTIONS

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Catalist Rules.

20. DIVIDEND

- (i) Any dividend declared for the current financial year reported on?
No.
- (ii) Any dividend declared for the previous corresponding financial year?
No.
- (iii) If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.
No dividend has been declared or recommended as the Board of Directors deemed it more appropriate to utilise the Group's cash to reduce its borrowings, improve working capital and for its future growth.

21. DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION WHO IS A RELATIVE OF A DIRECTOR OR CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDERS

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

22. PROCURED UNDERTAKINGS BY THE BOARD AND EXECUTIVE OFFICERS PURSUANT TO RULE 720(1) OF THE CATALIST RULES

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

23. UPDATE ON AUSTRALIA'S FOREIGN INVESTMENT REGIME

For the purposes of the Australian *Foreign Acquisitions and Takeovers Act 1975 (Cth)*, as amended by the *Foreign Acquisitions and Takeovers Legislation Amendment Act 2015 (Cth)* (the "FATA"), the Company would like to inform shareholders that, as at 31 December 2020:

- (a) Approximately 58% of the Company's and its subsidiaries' total assets consist of interests in Australian land assets (based on the exchange rate as at 31 December 2020 of A\$1.00 : S\$1.0187). Accordingly, the Company is an Australian Land Corporation (as defined in Appendix A);
- (b) the Company holds an interest in 100.0% of the shares in World Class Land (Australia) Pty Ltd, in which gross Australian assets have a carrying value of approximately A\$434.6 million. Accordingly, World Class Land (Australia) Pty Ltd, is a Prescribed Australian Entity (as defined in Appendix A); and
- (c) the Company is an offshore company with respect to Australia, and the Company's Australian subsidiaries' aggregate assets in Australia amounted to approximately A\$434.6 million. Accordingly, the Company is an Offshore Corporation (as defined in Appendix A).

Please refer to Appendix A for information relating to the relevant FATA requirements.

On behalf of the Board,

NG SHENG TIONG
CEO

KOH WEE SENG
NON-EXECUTIVE CHAIRMAN

19 February 2021

Foreign persons acquiring interests in an Australian Land Corporation

An Australian Land Corporation (or ALC) is a corporation where the sum of the values of its and its subsidiaries' interests in Australian land assets exceeds 50% of the sum of the values of their total assets.

Under the FATA, a foreign person who proposes to acquire an interest in an ALC is required to notify the Treasurer of Australia (the "Australian Treasurer") (through the Foreign Investment Review Board (the "FIRB")) and obtain a statement of no objections ("FIRB Approval") prior to such investment.

A 'foreign person' is:

- (a) a natural person not ordinarily resident in Australia ("Non-Australian Resident");
- (b) a corporation in which a Non-Australian Resident, a foreign corporation (being a corporation incorporated in a country other than Australia) ("Non-Australian Corporation"), or a foreign government holds a substantial interest (an interest of at least 20%);
- (c) a corporation in which two or more persons, each of whom is either a Non-Australian Resident, a Non-Australian Corporation, or a foreign government hold in aggregate a substantial interest (an aggregate interest of at least 40%);
- (d) the trustee of a trust in which a Non-Australian Resident, a Non-Australian Corporation, or a foreign government holds a substantial interest (an interest of at least 20%);
- (e) the trustee of a trust in which two or more persons, each of whom is either a Non-Australian Resident, a Non-Australian Corporation, or a foreign government hold in aggregate a substantial interest (an aggregate interest of at least 40%);
- (f) a foreign government;
- (g) a general partner of a limited partnership who is a Non-Australian Resident, a Non-Australian Corporation, or a foreign government who holds an interest of at least 20% in the partnership; or
- (h) a general partner of a limited partnership in which two or more persons each of whom is a Non-Australian Resident, a Non-Australian Corporation, or a foreign government hold an aggregate interest of at least 40% in the partnership.

Pursuant to the FATA, an acquisition of shares by a foreign person in an ALC will not require pre-notification if all of the following conditions are satisfied:

- (a) the acquisition is of an interest in Australian land that is an acquisition of an interest in shares or units in a land entity;
- (b) the land entity is or will be listed for quotation in the official list of a stock exchange (whether or not in Australia);
- (c) after the acquisition, the foreign person, alone or together with one or more associates, holds an interest of less than 10% in the land entity; and
- (d) the foreign person is not in a position:
 - (i) to influence or participate in the central management and control of the land entity; or
 - (ii) to influence, participate in or determine the policy of the land entity.

In the event the Company is an ALC:

- conditions (a) and (b) above will be satisfied; and
- conditions (c) and (d) above will be satisfied so long as (i) the foreign person (alone or together with one or more associates), holds an interest of less than 10% in the Company; and (ii) such foreign person is not in a position to influence or participate in the central management and control of the Company or influence, participate in or determine the policy of the Company.

As such, an acquisition of Shares by a foreign person who satisfies conditions (c) and (d) will not be required to pre-notify and obtain FIRB Approval prior to such acquisition.

However, an acquisition of Shares by a foreign person who does not satisfy conditions (c) and (d) will be required to pre-notify and obtain FIRB Approval prior to such acquisition.

The obligation to notify and obtain FIRB Approval is imposed upon the acquirer of the interest (i.e. any persons who acquire shares in an ALC). The failure to notify and obtain FIRB Approval is an offence under the FATA by the acquirer of such interest which, if the acquirer is convicted, could result in a fine to, or imprisonment of, the acquirer of the shares, or both. The failure by an acquirer to notify and obtain FIRB Approval does not have a direct impact on the ALC as the requirement to notify is, and any penalties for not doing so are, only imposed on the acquirer of the shares.

While the acquisition of an interest in an ALC without prior notification and FIRB Approval is an offence, a failure to notify does not make such acquisition invalid or illegal. However, if the Australian Treasurer considers the proposed acquisition by a foreign person of an interest in an ALC to be contrary to Australia's national interest or is a notifiable national security action, the Australian Treasurer has powers to make adverse orders on the foreign person, including prohibition of the acquisition, if such acquisition has not occurred, or ordering the disposal of the interest acquired, if such acquisition has already occurred.

Under the FATA, in the event an acquirer of an interest in an ALC fails to notify the FIRB and obtain FIRB Approval for the acquisition, and the Australian Treasurer orders the disposal of the interest acquired, the disposal of such interest must be made within such period as specified in the disposal order.

The Australian Government's foreign investment policy is to channel foreign investment into new dwellings and that all applications for FIRB Approval are considered in light of the overarching principle that proposed investment should increase Australia's housing stock.

Notification to the FIRB can be made online via the FIRB's website at www.firb.gov.au. A fee is payable for all foreign investment applications. The notification requires information to be provided about the applicant, including, among other things, its structure and financial information, about the relevant Australian Land Corporation and the proposed acquisition.

The Australian Treasurer has a period of 30 days in which to make a decision on an application. This period may be extended for a further period of up to 90 days if the Australian Treasurer is of the view that additional time is required to assess the application.

Foreign persons acquiring interests in a company whose Australian subsidiaries or gross Australian assets (whether represented by interests in Australian land or otherwise) are valued above A\$281 million (or such other amount as is prescribed by the Australian Government regulation)

When such action is a notifiable action

As highlighted above, an action is a notifiable action, if, amongst other things, a foreign person acquires a substantial interest in an Australian entity, being an entity incorporated in Australia, whose Australian subsidiaries or gross Australian assets (whether represented by interests in Australian land or otherwise) are valued above A\$281 million or such other amount as is prescribed by the Australian Government regulation (a "Prescribed Australian Entity").

As the Company is not incorporated in Australia, acquisitions of Shares in the Company will not be considered an acquisition of an interest in an Australian entity. As such, an acquisition of a substantial interest in the Company will not be a notifiable action and thus will not require pre-notification and FIRB approval before such an acquisition, unless the acquisition results in the acquirer being able to exercise or control the exercise of a right attaching to shares in any Australian subsidiaries of the Company which are Prescribed Australian Entities.

Any foreign person who proposes to enter into a transaction or arrangement that would entitle the foreign person to potentially exercise control over rights attaching to shares in an Australian entity or an Australian Land Corporation should satisfy themselves as to their compliance with Australia's foreign investment regime before entering into the transaction or arrangement.

When such action is a significant action

Under the FATA, if an action is a significant action, a foreign person may voluntarily pre-notify and obtain FIRB Approval for such significant action. In the context of acquisitions of shares, an action is a significant action, if:

- (i) the action is to acquire interests in securities in an entity;
- (ii) the threshold test is met in relation to the entity (that is, the entity has gross Australian assets or Australian subsidiaries valued at more than A\$281 million or such other amount as is prescribed by Australian Government regulation);
- (iii) the entity is a holding entity of a corporation that is a relevant entity that carries on an Australian business, whether alone or together with one or more other persons;
- (iv) the action is taken by a foreign person; and
- (v) there would be or has been change in control of the entity as a result of the action.

This means that an action is a significant action if a foreign person (i) acquires an interest in an offshore company whose Australian subsidiaries or gross Australian assets (whether represented by interests in Australian land or otherwise) are valued above A\$281 million or such other amount as is prescribed by Australian Government regulation (the “Offshore Corporation”), and (ii) such acquisition results in there being a ‘change of control’ of the Offshore Corporation.

Generally, there will be a ‘change of control’ under the FATA if, amongst other things, a foreign person acquires a substantial interest¹ in the entity as a result of the acquisition.

Whilst a proposed acquisition of an interest in an Offshore Corporation by a foreign person which gives rise to a change in control in the Offshore Corporation (i) does not require mandatory pre-notification under the FATA (as the Offshore Corporation is an offshore company) and (ii) does not expose the acquirer to potential penalties for breach of the FATA, as the failure to notify prior to acquisition is not a breach of the FATA, if the Australian Treasurer forms the view that the proposed acquisition of an interest in an Offshore Corporation is contrary to the national interest or is a notifiable national security action, the Australian Treasurer may make an order blocking the proposed acquisition, if such acquisition has not occurred, or ordering a disposal of the interest acquired, if such acquisition has already occurred. The timelines for approval of an acquisition of an interest in an Offshore Corporation and for disposal of that interest in the event that a disposal order is made by the Australian Treasurer are the same as set out above in relation to the acquisition of interests in ALCs.

The Offshore Corporation provisions operate independently of the ALC provisions. Both regimes may apply to a proposed acquisition - for example, in relation to the proposed acquisition of a substantial interest in a company with Australian assets greater than A\$281 million (and of which more than 50% of its assets constitute interests in Australian land in circumstances where a relevant exemption does not apply).

If both the ALC provisions and the Offshore Corporation provisions apply, only one (1) FIRB notification is required. The FATA provides that any approval of the Australian Treasurer for the purposes of the provisions of the FATA dealing with ALCs will also be an approval for the purposes of the provisions of the FATA dealing with Offshore Corporations.

It is the responsibility of any persons who wish to acquire Shares in the Company to satisfy themselves as to their compliance with Australia’s foreign investment regime which is set out in the FATA before acquiring Shares in the Company.

² An interest of at least 20% in an entity.