WORLD CLASS GLOBAL LIMITED

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

UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

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WORLD CLASS GLOBAL

1. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

1(i) Consolidated Statements of Comprehensive Income For The Financial Period from 1 January 2018 to 30 June 2018 ("1H 2018")

	Group		Change
	1H 2018 S$'000	1H 2017 S$'000	%
Revenue	160,751	-	**n.m**
Cost of sales	(141,261)	-	**n.m**
Employee benefits	(1,622)	(1,675)	**-3%**
Depreciation	(43)	(28)	**54%**
Net foreign exchange (loss)/gain	(3,915)	3,271	**n.m**
Finance costs	(354)	(624)	**-43%**
Other operating expenses	(11,810)	(4,394)	**169%**
Interest income from bank balances	1,704	337	**406%**
Rental income	479	273	**75%**
Other income	366	78	**369%**
Profit/(loss) before tax	**4,295**	**(2,762)**	**n.m**
Income tax expense	(2,756)	(220)	**1,153%**
Profit/(loss) for the period	**1,539**	**(2,982)**	**n.m**
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation, representing other comprehensive income for the period	(6,522)	2,637	**n.m**
Total comprehensive income for the period	**(4,983)**	**(345)**	**1,344%**
Profit/(loss) for the period attributable to:			
Owners of the Company	1,584	(2,911)	**n.m**
Non-controlling interests	(45)	(71)	**-37%**
	1,539	**(2,982)**	**n.m**
Total comprehensive income attributable to:			
Owners of the Company	(4,619)	(434)	**964%**
Non-controlling interests	(364)	89	**n.m**
	(4,983)	**(345)**	**1,344%**
Earnings/(loss) per share (cents)			
Basic	**0.17**	**(0.36)**	**n.m**
Diluted	**0.17**	**(0.36)**	**n.m**

Other information:-

	1H 2018 S$'000	1H 2017 S$'000	Change %
Marketing and selling expenses	9,614	1,236	678%
Listing expenses	-	1,666	-100%

n.m - Not meaningful

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

1(ii) Consolidated Statements of Comprehensive Income For The Financial Period from 1 April 2018 to 30 June 2018 ("2Q 2018")

	Group		
	2Q 2018 S$'000	2Q 2017 S$'000	Change %
Revenue	80,041	-	**n.m**
Cost of sales	(71,942)	-	**n.m**
Employee benefits	(1,008)	(862)	**17%**
Depreciation	(23)	(14)	**64%**
Net foreign exchange (loss)/gain	(216)	(862)	**-75%**
Finance costs	(178)	(466)	**-62%**
Other operating expenses	(5,994)	(2,923)	**105%**
Interest income from bank balances	1,270	154	**725%**
Rental income	245	139	**76%**
Other income	360	78	**362%**
Profit/(loss) before tax	**2,555**	**(4,756)**	**n.m**
Income tax expense	(1,347)	(91)	**1,380%**
Profit/(loss) for the period	**1,208**	**(4,847)**	**n.m**
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation, representing other comprehensive income for the period	350	(1,438)	**n.m**
Total comprehensive income for the period	**1,558**	**(6,285)**	**n.m**
Profit/(loss) for the period attributable to:			
Owners of the Company	1,243	(4,797)	**n.m**
Non-controlling interests	(35)	(50)	**-30%**
	1,208	**(4,847)**	**n.m**
Total comprehensive income attributable to:			
Owners of the Company	1,576	(6,149)	**n.m**
Non-controlling interests	(18)	(136)	**-87%**
	1,558	**(6,285)**	**n.m**

Other information:-

	2Q 2018 S$'000	2Q 2017 S$'000	Change %
Marketing and selling expenses	4,688	954	391%
Listing expenses	-	1,172	-100%

n.m - Not meaningful

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

NOTES:

1a. Revenue of S$160.8 million and S$80.0 million was recognised in 1H 2018 and 2Q 2018 respectively upon the settlements by purchasers of the first phase handovers of *AVANT* and *Australia 108.* As at 30 June 2018, 195 units of *AVANT* and 108 units of *Australia 108* had been successfully settled by purchasers, representing over 96% and 38% of the completed units respectively.

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. Cost of sales of S$141.3 million and S$71.9 million was recognised in 1H 2018 and 2Q 2018 respectively upon the settlements by purchasers of the completed residential units from *AVANT* and *Australia 108*.

1c. The decrease in employee benefits expenses for 1H 2018 (as compared to 1H 2017) was a result of lower provision for performance bonus. The increase in employee benefits expenses in 2Q 2018 (as compared to 2Q 2017) was mainly due to the increase in number of employees.

1d. Depreciation expenses relate to depreciation of renovations, electrical fittings, furniture and fittings, computers and office equipment, which were insignificant in 1H 2018, 1H 2017, 2Q 2018 and 2Q 2017.

1e. Foreign exchange loss or gain recorded in profit or loss arises from period-end revaluation of the Company's loans to its subsidiaries.

The Group recorded a net foreign exchange loss in 1H 2018 (as compared to a net foreign exchange gain in 1H 2017) mainly due to the weakening of Australian Dollars ("AUD") against Singapore Dollars ("SGD") (the Group's reporting currency) between 1 January 2018 and 30 June 2018. The loss was partially offset by the strengthening of Malaysian Ringgit ("MYR") against SGD during the same period.

The decrease in net foreign exchange loss in 2Q 2018 (as compared to 2Q 2017) was mainly due to the strengthening of AUD against SGD, partially offset by the weakening of MYR against SGD, between 1 April 2018 and 30 June 2018.

1f. The decrease in finance costs for 1H 2018 and 2Q 2018 (as compared to 1H 2017 and 2Q 2017, respectively) was mainly due to lower interest expenses incurred for properties held for sales and investment properties.

1g. The increase in other operating expenses in 1H 2018 and 2Q 2018 (as compared to 1H 2017 and 2Q 2017, respectively) was mainly due to higher holding costs incurred for properties held for sale and recognition of sales commission based on settlements by purchasers of *AVANT* and *Australia 108.*

1h. The increase in interest income in 1H 2018 and 2Q 2018 (as compared to 1H 2017 and 2Q 2017, respectively) was mainly due to higher quantum of interest-bearing deposits at banks.

1i. The increase in rental income in 1H 2018 and 2Q 2018 (as compared to 1H 2017 and 2Q 2017, respectively) was mainly due to an increase in rental income from properties held for sale and investment properties.

1j. Income tax expense recorded in 1H 2018 and 2Q 2018 was mainly due to reversal of deferred tax assets recognised in previous financial year.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30-Jun-18 S$'000	31-Dec-17 S$'000	30-Jun-18 S$'000	31-Dec-17 S$'000
Non-current assets				
Property, plant and equipment	2,160	223	95	129
Investment properties	12,157	11,836	-	-
Investments in subsidiaries	-	-	236,042	236,042
Deferred tax assets	2,077	5,102	-	-
	16,394	17,161	236,137	236,171
Current assets				
Development properties	752,190	753,305	-	-
Properties held for sale	33,364	21,676	-	-
Trade and other receivables	13,066	4,404	22,092	43
Prepayments	666	942	50	49
Due from subsidiaries (non-trade)	-	-	291,567	269,714
Derivatives	38	-	38	-
Cash and bank balances	158,388	12,506	1,370	791
	957,712	792,833	315,117	270,597
Total assets	974,106	809,994	551,254	506,768
Current liabilities				
Trade and other payables	29,934	30,050	1,366	2,425
Interest-bearing loans and borrowings	249,467	216,550	-	-
Due to immediate holding company (non-trade)	247,844	239,697	246,038	239,184
Due to a fellow subsidiary (non-trade)	181,773	138,978	181,773	138,978
	709,018	625,275	429,177	380,587
Net current assets/(liabilities)	248,694	167,558	(114,060)	(109,990)
Non-current liabilities				
Other payables	2,917	2,468	-	-
Interest-bearing loans and borrowings	159,794	74,955	-	-
Deferred tax liabilities	212	148	212	148
	162,923	77,571	212	148
Total liabilities	871,941	702,846	429,389	380,735
Net assets	102,165	107,148	121,865	126,033
Equity attributable to owners of the Company				
Share capital	142,556	142,556	142,556	142,556
Other reserves	(10,032)	(3,829)	-	-
Revenue reserves	(39,018)	(40,602)	(20,691)	(16,523)
	93,506	98,125	121,865	126,033
Non-controlling interests	8,659	9,023	-	-
Total equity	102,165	107,148	121,865	126,033
Total equity and liabilities	974,106	809,994	551,254	506,768
Net asset value per ordinary share (cents)	10.21	10.71	13.31	13.76

2. STATEMENTS OF FINANCIAL POSITION (CON'T)

2a. Review of Financial Position

Equity attributable to owners of the Company decreased from S$98.1 million as at 31 December 2017 to S$93.5 million as at 30 June 2018, due to decrease in other reserves, partially offset by an increase in revenue reserves. The decrease in other reserves was mainly due to foreign currency translation loss. The increase in revenue reserves was due to profit generated in 1H 2018 attributable to owners of the Company.

The Group's total assets of S$974.1 million as at 30 June 2018 was S$164.1 million higher than that as at 31 December 2017, mainly due to an increase in property, plant and equipment, properties held for sale, trade and other receivables and cash and bank balances. The increase was partially offset by a decrease in development properties. The increase in property, plant and equipment was mainly due to reclassification from development properties as one of the completed development properties in Malaysia is currently used as office. The increase in properties held for sale was due to the completion of some projects in Malaysia. The increase in trade and other receivables was due to the short-term investment in notes receivables. The increase in cash and bank balances was mainly due to (i) the issuance of *AVANT* Notes, partially offset by the payment of development expenditures for on-going projects; and (ii) the sales proceeds from the first stage completion of *AVANT* and *Australia 108*. The decrease in development properties was mainly due to the first stage completion of *AVANT* and *Australia 108* and the reclassification of completed properties in Malaysia to properties held for sale, partially offset by on-going construction costs, interest costs and development expenditures for *Australia 108* and other projects.

The Group's total liabilities of S$871.9 million as at 30 June 2018 was S$169.1 million higher than that as at 31 December 2017, mainly due to an increase in amount due to immediate holding company (non-trade), amount due to a fellow subsidiary (non-trade) as well as interest-bearing loans and borrowings. The increase in interest-bearing loans and borrowings (non-current) was mainly due to the issuance of the third tranche of the *AVANT* Notes with total principal amount of A$40.0 million, and the drawdown of construction loan for the *Australia 108* project. The increase in amount due to immediate holding company (non-trade) and amount due to a fellow subsidiary (non-trade) was due to more funding required for working capital purposes.

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3. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Group			
	2Q 2018 S$'000	2Q 2017 S$'000	1H 2018 S$'000	1H 2017 S$'000
Operating activities				
Profit/(loss) before tax	2,555	(4,756)	4,295	(2,762)
Adjustments for:				
Depreciation of plant and equipment	23	14	43	28
Interest income	(1,270)	(154)	(1,704)	(337)
Interest expense	178	466	354	624
Listing expenses	-	1,172	-	1,666
Net fair value gain on derivatives	(38)	-	(38)	-
Unrealised foreign exchange (gain)/loss	(430)	862	3,197	(3,271)
Operating cash flows before changes in working capital	**1,018**	**(2,396)**	**6,147**	**(4,052)**
Changes in working capital				
Increase in development properties	(2,962)	(56,278)	(4,426)	(103,148)
(Increase)/decrease in trade and other receivables	(7,467)	2,671	(8,748)	13,184
Decrease/(increase) in prepayments	646	(1,193)	249	(1,182)
(Decrease)/increase in trade and other payables	(8,076)	4,034	1,139	9,910
Cash flows used in operations	**(16,841)**	**(53,162)**	**(5,639)**	**(85,288)**
Interest received	1,270	154	1,704	337
Interest paid	(19,819)	(12,286)	(25,233)	(19,980)
Income taxes paid	(28)	(834)	(43)	(1,410)
Net cash flows used in operating activities	**(35,418)**	**(66,128)**	**(29,211)**	**(106,341)**
Investing activity				
Purchase of plant and equipment	(104)	(1)	(113)	(6)
Net cash flows used in investing activity	**(104)**	**(1)**	**(113)**	**(6)**
Financing activities				
Proceeds from issuance of ordinary shares	-	26,000	-	26,000
Proceeds from interest-bearing loans and borrowings	39,590	28,105	127,922	99,540
Repayment of interest-bearing loans and borrowings	(1,306)	(952)	(3,458)	(1,864)
Increase in amounts due to immediate holding company (non-trade)	4,720	6,386	8,147	1,310
Increase/(decrease) in amounts due to a fellow subsidiary (non-trade)	28,877	(13,877)	42,794	(17,198)
Listing expenses paid	-	(1,433)	-	(2,015)
Net cash flows generated from financing activities	**71,881**	**44,229**	**175,405**	**105,773**
Net increase/(decrease) in cash and cash equivalents	36,359	(21,900)	146,081	(574)
Effect of exchange rate changes on cash and cash equivalents	1	205	(199)	58
Cash and cash equivalents at beginning of period	122,028	50,469	12,506	29,290
Cash and cash equivalents at end of period	**158,388**	**28,774**	**158,388**	**28,774**

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

Cash and cash equivalents

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

	1H 2018 S$'000	1H 2017 S$'000
Cash at banks and on hand	39,833	8,811
Fixed deposits	118,555	19,963
Cash and cash equivalents	**158,388**	**28,774**

3a. Cash Flows Analysis

2Q 2018

Net cash used in operating activities for 2Q 2018 was S$35.4 million (2Q 2017: S$66.1 million). This was mainly from the (i) increase in trade and other receivables and development properties of S$7.5 million and S$3.0 million, respectively; (ii) decrease in trade and other payables of S$8.1 million; and (iii) interest expenses paid of S$19.8 million, partially offset with interest received of S$1.3 million.

Net cash used in investing activities was for the purchase of plant and equipment, amount of which was insignificant in 2Q 2018.

Net cash generated from financing activities for 2Q 2018 was S$71.9 million (2Q 2017: S$44.2 million). This was mainly from (i) increase in advances from the Company's immediate holding company (non-trade) and fellow subsidiary (non-trade); and (ii) net proceeds from interest-bearing loans and borrowings.

As a result of the above, cash and cash equivalents balance increased to S$158.4 million as at 30 June 2018, from S$28.8 million as at 30 June 2017.

1H 2018

Net cash used in operating activities for 1H 2018 was S$29.2 million (1H 2017: S$106.3 million). This was mainly from the increase in trade and other receivables and development properties of S$8.7 million and S$4.4 million, respectively, as well as interest expenses and income taxes paid of S$25.3 million, partially offset with the increase in trade and other payables of S$1.1 million and interest received of S$1.7 million.

Net cash used in investing activities was for the purchase of plant and equipment, amount of which was insignificant in 1H 2018.

Net cash generated from financing activities for 1H 2018 was S$175.4 million (1H 2017: S$105.8 million). This was mainly from (i) increase in advances from the Company's immediate holding company (non-trade) and fellow subsidiary (non-trade); (ii) net proceeds from interest-bearing loans and borrowings; and (iii) proceeds from the issuance of the *AVANT* Notes.

As a result of the above, cash and cash equivalents balance increased to S$158.4 million as at 30 June 2018, from S$28.8 million as at 30 June 2017.

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4. STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	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$'000	Total equity S$'000
Group						
At 1 January 2018	142,556	(3,829)	(40,602)	98,125	9,023	107,148
Profit/(loss) for the period	-	-	1,584	1,584	(45)	1,539
Other comprehensive income						
Foreign currency translation	-	(6,203)	-	(6,203)	(319)	(6,522)
Total comprehensive income for the period	-	(6,203)	1,584	(4,619)	(364)	(4,983)
At 30 June 2018	142,556	(10,032)	(39,018)	93,506	8,659	102,165
At 1 January 2017	115,000	(4,235)	(31,568)	79,197	9,241	88,438
Loss for the period	-	-	(2,911)	(2,911)	(71)	(2,982)
Other comprehensive income						
Foreign currency translation	-	2,477	-	2,477	160	2,637
Total comprehensive income for the period	-	2,477	(2,911)	(434)	89	(345)
Contributions by and distributions to owners						
Issuance of ordinary shares	26,182	-	-	26,182	-	26,182
Capitalisation of listing expenses	(1,149)	-	-	(1,149)	-	(1,149)
Total transactions with owners in their capacity as owners	25,033	-	-	25,033	-	25,033
At 30 June 2017	140,033	(1,758)	(34,479)	103,796	9,330	113,126

	Attributable to owners of the Company					
	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$'000	Total equity S$'000
Company						
At 1 January 2018	142,556	-	(16,523)	126,033	-	126,033
Loss for the period	-	-	(4,168)	(4,168)	-	(4,168)
At 30 June 2018	142,556	-	(20,691)	121,865	-	121,865
At 1 January 2017	115,000	-	(17,947)	97,053	-	97,053
Profit for the period	-	-	1,890	1,890	-	1,890
Contributions by and distributions to owners						
Issuance of ordinary shares	26,182	-	-	26,182	-	26,182
Capitalisation of listing expenses	(1,149)	-	-	(1,149)	-	(1,149)
Total transactions with owners in their capacity as owners	25,033	-	-	25,033	-	25,033
At 30 June 2017	140,033	-	(16,057)	123,976	-	123,976

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5. CHANGES IN SHARE CAPITAL

	No. of shares '000	Issued and fully paid-up share capital S$'000
Balance at 31 December 2017, 31 March 2018 and 30 June 2018	915,875	142,556

The Company does not have any treasury shares, subsidiary holdings or convertible instruments as at 30 June 2018 and 30 June 2017.

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 30-Jun-18		As at 31-Dec-17	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
249,467	- (1)	216,550	-

Amount repayable after one year

As at 30-Jun-18		As at 31-Dec-17	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
159,794	-	74,955	-

<u>Details of collateral:</u>
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 30 June 2018, an aggregate amount of S$394.5 million (31 December 2017: S$356.4 million) owing to the Company's immediate holding company and a fellow subsidiary remained outstanding and had not been included in the table. This amount is interest-bearing and unsecured under a revolving credit facility which matures on 28 February 2021.

9. AUDITOR'S REPORT

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

10. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the financial statements for the financial period ended 30 June 2018 as those of the audited financial statements for the financial year ended 31 December 2017, as well as adopted Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework equivalent to the International Financial Reporting Standards, and all applicable new and revised Financial Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2018. The adoption of SFRS(I) and these new and revised FRSs have no material effect on the financial statements.

11. EARNINGS/(LOSS) PER SHARE

	Group			
	2Q 2018	2Q 2017	1H 2018	1H 2017
i) Basic earnings/(loss) per share (cents)	0.14	(0.59)	0.17	(0.36)
ii) Diluted earnings/(loss) per share (cents)	0.14	(0.59)	0.17	(0.36)
- Weighted average number of ordinary shares ('000)	915,875	813,902	915,875	813,902

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the respective financial periods attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the respective financial periods. For comparative and illustrative purposes, the basic loss per share for 1H 2017 and 2Q 2017 was computed based on the number of ordinary shares in issue of 805,000,000 which had been retrospectively adjusted to reflect the sub-division of every one issued ordinary share into seven issued ordinary shares.

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there were no potential dilutive ordinary shares existing during the respective financial periods.

12. NET ASSET VALUE PER SHARE

	Group		Company	
	30-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17
Net asset value per ordinary share (cents)	10.21	10.71	13.31	13.76
Number of ordinary shares in issue ('000)	915,875	915,875	915,875	915,875

13. VARIANCE FROM FORECAST STATEMENT

No forecast for the financial period ended 30 June 2018 was previously provided.

14. REVIEW OF CORPORATE PERFORMANCE

In 1H 2018, the Group recorded revenue of S$160.8 million upon the phase 1 settlement and handover of 195 (96%) and 108 (38%) completed residential units of *AVANT* and *Australia 108*, respectively.

In 2Q 2018, the Group recorded a profit before tax of S$2.5 million, as compared to loss before tax of S$4.8 million in 2Q 2017. This was mainly due to the recognition of revenue of S$80.0 million from the settlement of *AVANT* and *Australia 108 residential units* in 2Q 2018, increase in interest income from bank balances and rental income from properties held for sale and investment properties, partially offset by an increase in employee benefits and sales commission.

In 1H 2018, the Group recorded a profit before tax of S$4.3 million, as compared to loss before tax of S$2.8 million in 1H 2017. This was mainly due to the recognition of revenue of S$160.8 million from first phase handovers of *AVANT* and *Australia 108 residential units* in 1H 2018, increase in interest income from bank balances and rental income from properties held for sale and investment properties, partially offset by net foreign exchange loss and sales commission.

Excluding net foreign exchange loss, the Group would have recorded profit before tax of S$2.7 million and S$8.2 million in 2Q 2018 and 1H 2018 respectively.

15. BUSINESS OUTLOOK

The table below provides an overview of the ongoing projects of the Group in Australia:

Project	Type	Total units	Launch date	No. of units launched	% sold based on no. of units launched
Australia 108 (Melbourne)	Residential	1,103	4Q2014	1,103	97
AVANT (Melbourne)	Residential	456	2Q2015	456	97
Nova City Tower 1 (Cairns)	Mixed use development	187	4Q2016	101	50

The Group has locked in about S$1.0 billion of sales revenue which has yet to be recognised as at the date of this announcement.

As at the date of this announcement, construction of *Australia 108* and *AVANT* is ahead of the planned completion schedule of which:-

1. *Australia 108* has been constructed up to level 60 out of 101 levels, and first stage of *Australia 108* achieved handover status in early June 2018; and
2. first and second stages of *AVANT* achieved handover status in late February 2018 and July 2018, respectively.

According to the latest construction schedules, the Group expects to complete 2 out of the balance 5 stages for *Australia 108* during the second half of 2018. The profit margin of the subsequent phases of *Australia 108* will be higher than the earlier ones as the average sales per square metre rate for higher floors are higher than those for the lower ones, whereas construction costs have been amortised equally across all levels.

During the second half of 2018, the Group expects to issue the notice of settlement to the purchasers of the completed development units valued at an aggregate of approximately S$430 million. Upon the settlement and handover of these completed development units, the Group expects to receive such amount of sales proceeds progressively. Part of these sales proceeds will be used to repay outstanding loans and cover the remaining development costs for the projects. Accordingly, the Group expects its equity and cash positions to strengthen and debt position to improve, in 2018.

In the next twelve months, the Group will continue with the sale of *Nova City* project and intends to launch Albert Street project in Brisbane, Australia, subject to market conditions in Brisbane then.

15. BUSINESS OUTLOOK (CONTINUED)

In Penang, Malaysia, the Group has completed the refurbishment, upgrading and building works of 16 properties and will continue the refurbishment, upgrading and building works of some of the remaining properties. The Group has also commenced hotel operations at some of its completed properties in Penang and has received positive reviews to date.

16. INTERESTED PERSON TRANSACTIONS

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

17. DIVIDEND

(i) Any dividend declared for the current financial period reported on?
No.

(ii) Any dividend declared for the previous corresponding financial period?
No.

18. NEGATIVE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST ("CATALIST RULES")

On behalf of the Board of Directors of the Company (the "Board"), we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board which may render the unaudited financial statements for the second quarter and half year ended 30 June 2018 to be false or misleading in any material aspect.

19. 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.

20. 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 30 June 2018:

(a) Approximately 15% of the Company's and its subsidiaries' total assets consist of interests in Australian land assets (based on the exchange rate as at 30 June 2018 of A$1.00 : S$1.0082). Accordingly, the Company is not 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$766.7 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$766.7 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

06 August 2018

Appendix A

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, 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 ("**Policy**") states that the Australian Government's 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$261 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$261 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$261 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$261 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 interest[1] 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, 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$261 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 and the Policy before acquiring Shares in the Company.

[1] An interest of at least 20% in an entity.