

# 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 2019

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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

1(i) Consolidated Statement of Comprehensive Income For The Financial Year Ended 31 December 2019 (“FY 2019”)

	Group		Change %
	FY 2019 (Unaudited) S\$'000	FY 2018 (Audited) S\$'000	
Revenue	205,440	442,032	-54%
Cost of sales	(151,276)	(360,325)	-58%
Employee benefits	(3,899)	(5,074)	-23%
Depreciation	(188)	(123)	53%
Net foreign exchange loss	(1,442)	(13,967)	-90%
Finance costs	(3,421)	(2,181)	57%
Other operating expenses	(28,570)	(32,539)	-12%
Interest income	2,403	4,839	-50%
Rental income	978	1,097	-11%
Other income	2,863	2,070	38%
<b>Profit before tax</b>	<b>22,888</b>	<b>35,829</b>	<b>-36%</b>
Income tax expense	(10,235)	(13,227)	-23%
<b>Profit for the year</b>	<b>12,653</b>	<b>22,602</b>	<b>-44%</b>
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation, representing other comprehensive income for the year	(2,971)	(16,409)	-82%
<b>Total comprehensive income for the year</b>	<b>9,682</b>	<b>6,193</b>	<b>56%</b>
<b><u>Profit/(loss) for the year attributable to:</u></b>			
Owners of the Company	13,625	23,160	-41%
Non-controlling interests	(972)	(558)	74%
	<b>12,653</b>	<b>22,602</b>	<b>-44%</b>
<b><u>Total comprehensive income attributable to:</u></b>			
Owners of the Company	10,810	7,481	44%
Non-controlling interests	(1,128)	(1,288)	-12%
	<b>9,682</b>	<b>6,193</b>	<b>56%</b>
<b>Earnings per share (cents)</b>			
Basic	1.49	2.53	-41%
Diluted	1.49	2.53	-41%
<b>Other information:-</b>			
	Group		Change %
	FY 2019 S\$'000	FY 2018 S\$'000	
Marketing and selling expenses	15,508	27,160	-43%
Net fair value gain on derivatives	1,431	1,479	-3%
Net fair value (loss)/gain on investment properties	(61)	77	n.m
Allowance for write-down of development properties	1,502	-	n.m
Provision for impairment loss on property, plant and equipment	3,337	-	n.m

n.m - Not meaningful

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

### NOTES:

- 1a. Revenue for FY 2019 was primarily in relation to the settlements by purchasers of *Australia 108*, with the balance in relation to the settlements by purchasers of *AVANT*. Revenue for FY 2018 was in relation to the settlements by purchasers of *AVANT* and *Australia 108*.
- 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 2019 (as compared to FY 2018) was mainly due to the lower revenue and higher profit margin for *Australia 108*.
- 1c. The decrease in employee benefits expenses for FY 2019 (as compared to FY 2018) was mainly due to lower provision for performance bonus, partially offset by an increase 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 2019 and FY 2018.
- 1e. Foreign exchange gain or loss recorded in profit or loss mainly arises from year-end revaluation of the Company's loans to its subsidiaries.
- The decrease in net foreign exchange loss in FY 2019 (as compared to FY 2018) was mainly due to the weakening of Australian Dollars ("AUD") against Singapore Dollars ("SGD") (the Group's reporting currency), by approximately 1.8% between 1 January 2019 and 31 December 2019 as compared to the weakening of the aforementioned currency pair of approximately 7.8% between 1 January 2018 and 31 December 2018.
- 1f. The increase in finance costs for FY 2019 (as compared to FY 2018) was mainly due to higher interest expenses incurred for properties held for sale and investment properties.
- 1g. The decrease in other operating expenses in FY 2019 (as compared to FY 2018) was mainly due to lower marketing and selling expenses, partially offset by write down of net realisable value for development properties, net fair value loss on investment properties, provision for impairment loss on property, plant and equipment and higher hotel operating costs.
- 1h. The decrease in interest income in FY 2019 (as compared to FY 2018) 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* and *AVANT*.
- 1i. The increase in other income in FY 2019 (as compared to FY 2018) was mainly due to an increase in the hotel room revenue contributed by the Group's hotels in Georgetown, Penang.
- 1j. Income tax expense recorded in FY 2019 was mainly due to the provision of current year's income tax expense, recognition of deferred tax liabilities and payment of withholding tax.

## 2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-Dec-19 (Unaudited) S\$'000	31-Dec-18 (Audited) S\$'000	31-Dec-19 (Unaudited) S\$'000	31-Dec-18 (Audited) S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	61,131	2,276	36	70
Investment properties	16,771	25,219	-	-
Investment in subsidiaries	-	-	170,315	236,700
Deferred tax assets	274	325	274	325
	<u>78,176</u>	<u>27,820</u>	<u>170,625</u>	<u>237,095</u>
<b>Current assets</b>				
Development properties	534,014	602,357	-	-
Properties held for sale	32,734	41,674	-	-
Trade and other receivables	3,098	5,546	1,225	716
Prepayments	649	849	26	26
Due from subsidiaries	-	-	240,611	235,470
Derivatives	1,431	1,479	1,431	1,479
Cash and bank balances	98,989	16,970	62,291	5,615
	<u>670,915</u>	<u>668,875</u>	<u>305,584</u>	<u>243,306</u>
<b>Total assets</b>	<u>749,091</u>	<u>696,695</u>	<u>476,209</u>	<u>480,401</u>
<b>Current liabilities</b>				
Trade and other payables	17,377	21,877	2,134	4,112
Interest-bearing loans and borrowings	174,780	130,342	-	-
Due to immediate holding company	514	175,618	-	175,103
Due to a fellow subsidiary	367,010	192,810	367,010	192,810
Provision for taxation	5,988	397	757	397
	<u>565,669</u>	<u>521,044</u>	<u>369,901</u>	<u>372,422</u>
<b>Net current assets/(liabilities)</b>	<u>105,246</u>	<u>147,831</u>	<u>(64,317)</u>	<u>(129,116)</u>
<b>Non-current liabilities</b>				
Other payables	5,830	3,047	-	-
Interest-bearing loans and borrowings	43,687	51,775	-	-
Deferred tax liabilities	10,734	7,455	-	-
	<u>60,251</u>	<u>62,277</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>625,920</u>	<u>583,321</u>	<u>369,901</u>	<u>372,422</u>
<b>Net assets</b>	<u>123,171</u>	<u>113,374</u>	<u>106,308</u>	<u>107,979</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	142,556	142,556	142,556	142,556
Other reserves	(22,323)	(19,508)	-	-
Revenue reserves	(3,817)	(17,442)	(36,248)	(34,577)
	<u>116,416</u>	<u>105,606</u>	<u>106,308</u>	<u>107,979</u>
Non-controlling interests	6,755	7,768	-	-
<b>Total equity</b>	<u>123,171</u>	<u>113,374</u>	<u>106,308</u>	<u>107,979</u>
<b>Total equity and liabilities</b>	<u>749,091</u>	<u>696,695</u>	<u>476,209</u>	<u>480,401</u>
<b>Net asset value per ordinary share (cents)</b>	<u>12.71</u>	<u>11.53</u>	<u>11.61</u>	<u>11.79</u>

## 2. STATEMENTS OF FINANCIAL POSITION (CON'T)

### 2a. Review of Financial Position

Equity attributable to owners of the Company increased from S\$105.6 million as at 31 December 2018 to S\$116.4 million as at 31 December 2019, due to increase in revenue reserves, partially offset by decrease in other reserves. The increase in revenue reserves was due to profit generated in FY 2019 attributable to owners of the Company. The decrease in other reserves was mainly due to foreign currency translation loss.

The Group's total assets of S\$749.1 million as at 31 December 2019 was S\$52.4 million higher than that as at 31 December 2018. This was mainly attributable to the increase in property, plant and equipment, and cash and bank balances, partially offset by the decrease in investment properties, development properties and properties held for sale. The increase in property, plant and equipment as well as the decrease in investment properties were mainly due to the reclassification of development properties and investment properties in Georgetown, Penang for hotel use. The increase in cash and bank balances was mainly due to the net proceeds received from interest-bearing loans and borrowings and sales proceeds from the handovers of *Australia 108* completed units, partially offset by payment of development expenditures for on-going projects. The decrease in development properties and properties held for sale was mainly due to partial recognition of *Australia 108* and *AVANT* to cost of sales, partially offset by development expenditures for on-going projects.

The Group's total liabilities of S\$625.9 million as at 31 December 2019 was S\$42.6 million higher than that as at 31 December 2018, mainly due to the increase in interest-bearing loans and borrowings, partially offset by decrease in trade and other payables, and net amounts due to immediate holding company and a fellow subsidiary. The increase in interest-bearing loans and borrowings was mainly due to drawdown of development loans for *Australia 108* project and some projects in Georgetown, Penang. The decrease in trade and other payables was mainly due to the payment of construction costs and accrued interest expenses. The decrease in net amounts due to immediate holding company and a fellow subsidiary were due to partial repayments.

### 3. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	FY 2019 (Unaudited) S\$'000	FY 2018 (Audited) S\$'000
<b>Operating activities</b>		
Profit before tax	22,888	35,829
<u>Adjustments for:</u>		
Depreciation of plant and equipment	188	123
Interest income	(2,403)	(4,839)
Interest expense	3,421	2,181
Loss on disposal of fixed assets	15	-
Net fair value gain on derivatives	(1,431)	(1,479)
Unrealised foreign exchange loss	632	10,022
Allowance for write-down of development properties	1,502	-
Net fair value loss/(gain) on investment properties	61	(77)
Provision for impairment loss on property, plant and equipment	3,337	-
<b>Operating cash flows before changes in working capital</b>	<b>28,210</b>	<b>41,760</b>
<u>Changes in working capital</u>		
Decrease in development and investment properties	25,027	106,017
Decrease/(increase) in trade and other receivables	2,375	(1,491)
Decrease in prepayments	185	26
Increase in restricted cash	(13,197)	-
Decrease in trade and other payables	(4,306)	(6,069)
<b>Cash flows generated from operations</b>	<b>38,294</b>	<b>140,243</b>
Interest received	2,403	4,839
Interest paid	(39,853)	(38,644)
Income taxes paid	(1,677)	(115)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(833)</b>	<b>106,323</b>
<b>Investing activity</b>		
Purchase of plant and equipment	(218)	(380)
<b>Net cash flows used in investing activity</b>	<b>(218)</b>	<b>(380)</b>
<b>Financing activities</b>		
Proceeds from issuance of shares to non-controlling interests of subsidiary	115	33
Proceeds from interest-bearing loans and borrowings	168,141	154,085
Repayment of interest-bearing loans and borrowings	(129,233)	(244,689)
Decrease in amounts due to immediate holding company (non-trade)	(164,645)	(64,079)
Increase in amounts due to a fellow subsidiary (non-trade)	195,630	53,832
<b>Net cash flows generated from/(used in) financing activities</b>	<b>70,008</b>	<b>(100,818)</b>
<b>Net increase in cash and cash equivalents</b>	<b>68,957</b>	<b>5,125</b>
Effect of exchange rate changes on cash and cash equivalents	(135)	(661)
<b>Cash and cash equivalents at beginning of year</b>	<b>16,970</b>	<b>12,506</b>
<b>Cash and cash equivalents at end of year</b>	<b>85,792</b>	<b>16,970</b>

### 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 2019 S\$'000	FY 2018 S\$'000
Cash at banks and on hand	80,313	14,290
Fixed deposits	5,479	2,680
<b>Cash and cash equivalents</b>	<b>85,792</b>	<b>16,970</b>

An amount of S\$13.2 million has not been included in cash and cash equivalents of the Group as the amount relates to reserve accounts held in escrow by third parties which will only be released upon repayment of the loan, interest and related development expenditures.

#### 3a. Cash Flows Analysis

##### FY 2019

Net cash used in operating activities for FY 2019 was S\$0.8 million, as compared to net cash generated operating activities of S\$106.3 million in FY 2018. This was mainly attributable to (i) operating cash flows before changes in working capital of S\$28.2 million; (ii) changes in working capital of S\$10.1 million, mainly due to the decrease in development and investment properties of \$25.0 million, decrease in trade and other receivable of \$2.4 million and decrease in prepayments of S\$0.2 million, partially offset by the increase in restricted cash and decrease in trade and other payables of S\$4.3 million; and (iii) total interest expenses and income taxes paid of S\$41.5 million, partially offset by interest received of S\$2.4 million.

Net cash used in investing activity was for the purchase of plant and equipment, which was insignificant in FY 2019.

Net cash from financing activities for FY 2019 was S\$70.0 million, as compared to net cash used in financing activities of S\$100.8 million in FY 2018. This was mainly due to net increase in advances from the Company's immediate holding company (non-trade) and a fellow subsidiary (non-trade), and net proceeds from interest-bearing loans and borrowings.

As a result of the above, cash and cash equivalents balance increased to S\$85.8 million as at 31 December 2019, from S\$17.0 million as at 31 December 2018.

#### 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	
<b>Group</b>						
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						
Foreign currency translation	-	(2,815)	-	(2,815)	(156)	(2,971)
<b>Total comprehensive income for the year</b>	-	(2,815)	13,625	10,810	(1,128)	9,682
Contributions by and distributions to owners						
Capital contribution from non-controlling interests	-	-	-	-	115	115
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	-	115	115
<b>At 31 December 2019</b>	<b>142,556</b>	<b>(22,323)</b>	<b>(3,817)</b>	<b>116,416</b>	<b>6,755</b>	<b>123,171</b>
At 1 January 2018	142,556	(3,829)	(40,602)	98,125	9,023	107,148
Profit/(loss) for the year	-	-	23,160	23,160	(558)	22,602
Other comprehensive income						
Foreign currency translation	-	(15,679)	-	(15,679)	(730)	(16,409)
<b>Total comprehensive income for the year</b>	-	(15,679)	23,160	7,481	(1,288)	6,193
Contributions by and distributions to owners						
Capital contribution from non-controlling interests	-	-	-	-	33	33
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	-	33	33
<b>At 31 December 2018</b>	<b>142,556</b>	<b>(19,508)</b>	<b>(17,442)</b>	<b>105,606</b>	<b>7,768</b>	<b>113,374</b>

	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	
<b>Company</b>						
At 1 January 2019	142,556	-	(34,577)	107,979	-	107,979
Loss for the year	-	-	(1,671)	(1,671)	-	(1,671)
<b>At 31 December 2019</b>	<b>142,556</b>	<b>-</b>	<b>(36,248)</b>	<b>106,308</b>	<b>-</b>	<b>106,308</b>
At 1 January 2018	142,556	-	(16,523)	126,033	-	126,033
Loss for the year	-	-	(18,054)	(18,054)	-	(18,054)
<b>At 31 December 2018</b>	<b>142,556</b>	<b>-</b>	<b>(34,577)</b>	<b>107,979</b>	<b>-</b>	<b>107,979</b>



## 5. CHANGES IN SHARE CAPITAL

	No. of shares	Issued and fully paid-up share capital
	'000	S\$'000
Balance at 31 December 2018, 30 September 2019 and 31 December 2019	915,875	142,556

The Company does not have any treasury shares, subsidiary holdings or convertible instruments as at 31 December 2019 and 31 December 2018.

## 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-19		As at 31-Dec-18	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
174,780	- <sup>(1)</sup>	130,342	- <sup>(1)</sup>

Amount repayable after one year

As at 31-Dec-19		As at 31-Dec-18	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
43,687	-	51,775	-

### Details of collateral:

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

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

<sup>1</sup> As at 31 December 2019, an aggregate amount of S\$365.0 million (31 December 2018: S\$355.9 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\$365.0 million consists of (i) nil (31 December 2018: S\$100.0 million) under a fixed loan of up to an aggregate principal sum of S\$100.0 million which has matured on 14 June 2019; and (ii) S\$365.0 million (31 December 2018: S\$255.9 million) under a revolving credit facility which will mature on 28 February 2021. The Company intends to seek 2 years' extension of the maturity date of the revolving credit facility from its immediate holding company, subject to the approval of the Company's shareholders. The fixed loan and the revolving credit facility are 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 2018 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 2019 as those of the audited financial statements for the financial year ended 31 December 2018, 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 2019. The adoption of these new and revised SFRS(I) have no material effect on the financial statements.

## 12. EARNINGS PER SHARE

	Group	
	FY 2019	FY 2018
i) Basic earnings per share (cents)	1.49	2.53
ii) Diluted earnings per share (cents)	1.49	2.53
- Weighted average number of ordinary shares ('000)	915,875	915,875

Basic earnings per share is calculated by dividing the 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 earnings per share is the same as basic 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-19	31-Dec-18	31-Dec-19	31-Dec-18
Net asset value per ordinary share (cents)	12.71	11.53	11.61	11.79
Number of ordinary shares in issue ('000)	915,875	915,875	915,875	915,875

## 14. VARIANCE FROM FORECAST STATEMENT

The unaudited financial results for FY 2019 set out in this announcement are in line with the forecast statement disclosed in section 15 entitled "Business Outlook" of the Company's unaudited financial results announcement for each of the first three quarters of FY 2019 released on 7 May 2019, 6 August 2019 and 5 November 2019 respectively, where it was mentioned that the Group was expected to be profitable in FY 2019.

## 15. REVIEW OF CORPORATE PERFORMANCE

In FY 2019, the Group recorded a profit before tax of S\$22.9 million (FY 2018: S\$35.8 million). This was mainly due to the recognition of revenue of S\$205.4 million from the settlement by the purchasers of *Australia 108* and *AVANT* in FY 2019, increase in other income and decrease in employee benefits, net foreign exchange loss and other operating expenses.

## 16. BUSINESS OUTLOOK

The Group continues to make good progress with the construction of the *Australia 108* project in FY 2019.

As at the date of this announcement, the Group has completed 94% of the construction of *Australia 108* and construction on site has progressed to the top of the building. The Group expects the *Australia 108* project to contribute positively to the Group's revenue and profitability for FY 2020 as construction completes progressively.

The Group recognised revenue of S\$205.4 million in FY 2019. The Group has signed sales contracts amounting to approximately S\$400 million from its on-going projects. This will only be recognised as revenue upon completion of the projects and settlement by the buyers.

With the recent outbreak of COVID-19 in China and globally, the Group anticipates some negative impact on travel demand. However, the Group expects the prospects for the hotel industry in Penang, Malaysia to remain positive in the long term. Upon the completion of the building works for four of its properties in Penang by the end of 2020, the Group's hotel portfolio in Penang, Malaysia will increase from the present 72 keys to about 350 keys.

Barring unforeseen circumstances such as unfavorable changes in Australian and Malaysian currencies, the Group expects to be profitable in FY 2020.

## 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
<b><u>FY 2019</u></b>					
Revenue	-	205,440	-	-	205,440
<b>Results</b>					
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

## 17. SEGMENT INFORMATION (CONT'D)

Geographical segments	Malaysia S\$ '000	Australia S\$ '000	Others S\$ '000	Eliminations S\$ '000	Group S\$ '000
<b><u>FY 2018</u></b>					
Revenue	-	442,032	-	-	442,032
<b>Results</b>					
Segment results	(1,258)	47,601	(13,172)	-	33,171
Interest income	63	4,466	19,968	(19,658)	4,839
Finance costs	(9,152)	(12,585)	(102)	19,658	(2,181)
(Loss)/profit before tax from operations	(10,347)	39,482	6,694	-	35,829
Segment assets, representing total assets	145,133	543,332	480,401	(472,171)	696,695
Segment liabilities, representing total liabilities	164,660	281,708	372,422	(235,469)	583,321

## 18. BREAKDOWN OF REVENUE AND RESULTS

	Group		
	FY 2019	FY 2018	Change
	S\$ '000	S\$ '000	%
Revenue reported for first half year	158,091	160,751	-2%
Operating profit after tax before deducting non-controlling interests reported for first half year	10,571	1,539	587%
Revenue reported for second half year	47,349	281,281	-83%
Operating profit after tax before deducting non-controlling interests reported for second half year	2,082	21,063	-90%

## 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 and improve working capital.

## 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 2019:

- (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 31 December 2019 of A\$1.00 : S\$0.9437). 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\$495.6 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\$495.6 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

21 February 2020

**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](http://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\$275 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\$275 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\$275 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\$275 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<sup>1</sup> 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\$275 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.**

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<sup>2</sup> An interest of at least 20% in an entity.