



WORLD CLASS GLOBAL
(Incorporated in the Republic of Singapore)
(Company Registration No. 201329185H)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE REGULATION PTE LTD (“SGX”) IN RELATION TO THE COMPANY’S UNAUDITED THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (“3Q2019 AND 9M2019 RESULTS ANNOUNCEMENT”)

The board of directors (the “**Board**”) of World Class Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the 3Q2019 and 9M2019 Results Announcement dated 5 November 2019, and wishes to provide the following responses to queries received from the SGX on 6 November 2019.

SGX Query 1:

Please provide a list of projects the Company is working on, including status of completion.

Company’s response:

Please see below lists of projects, both on-going and completed, that the Company is working on.

On-going projects – Australia:

S/N	Project/Location	Region	Status of completion (as at 31 October 2019)
1	<i>Australia 108</i> 68-82 Southbank Boulevard Southbank, Melbourne, Victoria	Australia	Construction at 91%
2	<i>Nova City – Tower 1</i> 81-83 Spence Street and 112-114 Bunda Street, Cairns, Queensland	Australia	Tender stage
3	240 Margaret Street Brisbane, Queensland	Australia	Planning and designing
4	30 Albert St and 131A Margaret Street, Brisbane, Queensland	Australia	Planning and designing

On-going projects – Malaysia:

S/N	Project/Location	Region	Status of completion (as at 31 October 2019)
1	<i>Magazine Square</i> 32, 34, 36, 38, 40, 42, 44, 46, 48, 50, 52, 54, 56 & 56A- I Jalan Gurdwara 190, 192, 194, 196, 198, 200, 202, 204, 206 & 208 Lebuh Noordin 2, 4, 6, 8 & 10 Lebuh Ceti, Penang Lot 1076 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut, Penang	Malaysia	Construction at 55%
2	140, 142, 144, 146, 148, 150, 150-A, 150-B, 150-C, 150-D & 150-E Lebuh Noordin, Penang	Malaysia	Construction at 30%
3	50, 52, 54, 56, 58, 60, 62, 64, 66 & 68 Lebuh Cecil, Penang	Malaysia	Construction at 30%

S/N	Project/Location	Region	Status of completion (as at 31 October 2019)
4	424, 426 & 428 Jalan Penang and 2, 4, 6, 8, 10, 12, 14, 16 & 18 Lorong Bertam, Penang; and 430, 432 & 434 Jalan Penang and 1, 3, 5, 7, 9, 11, 13, 15, 17, 19 & 21 Lorong Bertam, Penang	Malaysia	Construction at 14%

Completed projects – Australia and Malaysia:

S/N	Project/Location	Region	Status of completion (as at 31 October 2019)
1	<i>AVANT</i> * 54-64 A'Beckett Streer, Melbourne, Victoria	Australia	Completed
2	<i>Hutton 1</i> ** 2, 4, 6, 8 & 10 Jalan Hutton, Penang	Malaysia	Completed
3	<i>Hutton 2</i> ** 128, 128A, 128B, 128C, 128D, 128E, 128F and 128G Jalan Transfer, Penang	Malaysia	Completed
4	<i>Magazine Vista</i> ** 237, 239, 241 & 243 Jalan Magazine and 2-G, 2-H & 2-I Jalan Gurdwara, Penang	Malaysia	Completed
5	<i>Macallum Central</i> ** 51, 53, 55, 57, 59, 61, 63, 65, 67 & 69 Lebuah Macallum, Penang	Malaysia	Completed
6	<i>Ropewalk Piazza</i> ** 134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154 & 156 Jalan Pintal Tali, Penang	Malaysia	Completed
7	<i>Bahari Parade</i> ** 69, 71, 73, 75, 77, 79 & 81 Jalan Sri Bahari, Penang	Malaysia	Completed
8	<i>Macalister Vista</i> ** 83, 85, 87 & 89 Jalan Macalister and 1, 3, 5, 7 & 9 Lebuah Naning, Penang	Malaysia	Completed
9	<i>Individual shop lots</i> 41, 43 & 51 Gat Jalan Prangin, Penang 206 Jalan C.Y. Choy, Penang 55 Lebuah Cecil, Penang 81 Lebuah Macallum, Penang 68 Lebuah Presgrave, Penang 69 & 71 Lebuah Presgrave, Penang 95, 97 & 99 Lebuah Noordin, Penang 15 Lebuah Tye Sin, Penang 80 & 82 Lebuah Tye Sin, Penang 34, 36, 38, 38A, 38-B & 38-C Lebuah Tye Sin and Lot 711, Penang	Malaysia	Completed

*Residential

**Hotel/shop

SGX Query 2:

For the Australia 108 (Melbourne) project, is the construction schedule on track?

Company's response:

The development of *Australia 108* is being completed in stages. As set out in the Company's annual report for the financial year ended 31 December 2018, the Company stated that "as at the end of February 2019, the construction of *Australia 108* has progressed to level 70 out of 101 levels and three out of the remaining four main stages of the development is expected to be completed by end of 2019". The aforementioned schedule for the development of *Australia 108* is on track, and as disclosed by the Company in its 3Q2019 and 9M2019 Results Announcement, construction of *Australia 108* has progressed to level 96 of 101 levels, being 91% of the construction of *Australia 108*. The Group expects to complete the development of the entire project of *Australia 108* by mid-2020, which is in accordance with the proposed schedule.

SGX Query 3:

Although the Australia 108 (Melbourne) is still under construction, buyers have already started moving in. Please explain how this is done.

Company's response:

In Melbourne, property development projects are permitted to have multiple stages of completion.

As set out in the response to SGX Query 2 above, the development of *Australia 108* is being completed in stages, with the approved occupancy permit and titles being issued for each stage, when completed. Once the occupancy permit and titles have been issued for a completed stage, the units in the completed stage will be handed over to purchasers and they can proceed to move in, while the construction on the uncompleted stages continue.

SGX Query 4:

Noted that revenue from sale of development projects will only be realized when the development units are completed and handed over to the purchasers. How does the Company fund its construction and development costs for its projects?

Company's response:

The revenue from the sale of development projects in Australia will only be **recognized** as revenue when the development units are completed and handed over to the purchasers. For such projects, the Company funds its construction and development cost through a combination of commercial loans, shareholders' equity and advances and sales proceeds received from completed units.

SGX Query 5:

As at 30 Sept 2019, the Company recorded amounts due to immediate holding company and due to fellow subsidiary of S\$169m and S\$191m respectively. These loans carry interest of between 6.37%% and 8.25% p.a., are unsecured, receivable on demand / to be repaid within 1 to 12 months (with varying maturities) and to be settled in cash.

- (a) How does the Company intend to repay these loans? Is this supported by cashflow from operations?***
- (b) Given that these are either repayable on demand or repayable within 1 to 12 months, does the Company foresee difficulties in repaying these loans?***
- (c) Is this the Company's main source of funding?***

Company's response:

- (a) The Company intends to repay these loans through the sales proceeds of its projects. In addition, the Company will be able to generate cash from additional loans and potential disposal of its assets. This can be supported by its cash flow from operations.
- (b) These are revolving loans made available by the immediate holding company and its fellow subsidiary with a final maturity date on 28 February 2021. **Based on CoreLogic's Home Value Index, dwelling values in Melbourne has increased by 2.3% in October 2019 alone and by 5.5% in the 3 months to October 2019.** Given the outlook, the Group remains positive as to the pace of settlement and handover for pre-sold units in *Australia 108*, and continued sales of completed units. The Company does not foresee difficulties in repaying these loans.
- (c) In addition to the above-mentioned related company loans, the Company has access to multiple sources of funding.

SGX Query 6:

An article from the Australian media dated 27 Jul 2019 flagged the concerns of some residents of Australia 108 over the structural soundness of the building.

- (a) ***Has the Company looked into the concerns raised?***
- (b) ***Are there other concerns raised?***
- (c) ***Have the concerns on structural soundness and any other material concerns been resolved?***
- (d) ***What are the potential implications of these concerns?***
- (e) ***Has WCG made any announcements on this matter? If not, why not.***

Company's response:

- (a) The Company has looked into the concerns raised in the above-mentioned article and has sought clarifications and confirmation from the main contractor, Multiplex Constructions Pty Ltd ("**Main Contractor**") and relevant consultants of the development project for *Australia 108*. The Company had received assurance from the Main Contractor that (i) there is categorically no risk to the safety of any occupant nor the structural integrity of *Australia 108*; and (ii) all construction works conducted by the Main Contractor have been carried out in accordance with all relevant Building Act and Regulations or National Construction Code.

The Company and the Main Contractor treat all residents' concerns seriously and work closely together to provide prompt assistance to resolve any issues experienced by the residents of *Australia 108*.

- (b) The Company is not aware of any other concerns raised.
- (c) & (d) The Main Contractor and the structural engineers have provided their reports and confirmations that the structure of *Australia 108* is structurally sound and comply with Australian regulations and the construction has progressed in line with the schedule. The Company does not expect any further implications arising from these concerns.
- (e) No announcement was made as these were concerns raised in the ordinary course of business and the matter was resolved by the announcements issued by the Main Contractor. In addition, the Company did not note any unusual trading activities of its securities on the SGX since the article was published in end July 2019.

SGX Query 7:

The article also stated that a resident had extricated himself from the purchase contract without financial penalty.

(a) What would trigger termination events?

(b) What are the penalties and key clauses for such terminations?

Company's response:

The Company is unable to verify the said person's claim that he "*had extricated himself from the purchase contract without financial penalty*" as stated in the article. The Company does not have a record of the stated person having entered into a purchase contract with the Company in relation to *Australia 108*.

- (a) The Company wishes to highlight that, to date, any rescission of a purchase contract has been made by the Company exercising its rights under the terms of sale and forfeiting the deposit paid by the purchaser. This generally occurs if the purchaser has failed to settle the purchase within the relevant notice period.
- (b) In accordance with the terms of sale, the Company is entitled to, among other things, forfeit the deposit paid by the purchaser, retain the property and claim damages or resell the property and recover any deficiency in the price on the resale. The Company has reserved the right to exercise such rights to the fullest extent in relation to each purchase contract.

SGX Query 8:

Please advise why the statistics on the units sold are no longer disclosed in the Company's 2QFY19 and 3QFY19 financial results announcement.

Company's response:

Given that the accounting policy for revenue recognition for sales of units may differ depending on the market in which a project is located, the Company is of the view that statistics on the number of units sold for each project are not a meaningful determinant of financial performance and may be misused by third parties (including by its competitors) to the detriment of the Company and its ongoing marketing for its various projects. The Company will therefore be disclosing (i) the total amount of unbilled sales as at the end of each quarter; and (ii) the total amount of billed sales for the quarter, on a consolidated basis.

The Company is of the view that its current scope of disclosure is consistent with the market practice of other SGX-listed developers with overseas projects in Australia.

SGX Query 9:

With regards to the Group's investment properties, are these materials? Are they generating revenue? What are the Group's plans with regards to these investment properties?

Company's response:

Based on the 3Q2019 and 9M2019 Results Announcement, the Group's investment properties amounted to approximately S\$27.5 million, representing approximately 4.33% of the Group's total assets, as at 30 September 2019. These investment properties are generating revenue through its hotel operations and leasing of retail shops. Investment properties are held to generate revenue and for capital appreciation.

By Order of the Board
WORLD CLASS GLOBAL LIMITED

Lim Swee Ann / Yip Chee Kwang
Joint Company Secretaries
13 November 2019

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

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.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd., at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.