# WORLD CLASS GLOBAL LIMITED

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

**UNAUDITED THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

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## 1. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

**1(i) Consolidated Statements of Comprehensive Income For The Financial Period from 1 January 2018 to 30 September 2018 ("9M 2018")**

| | Group | | Change |
|---|---|---|---|
| | 9M 2018 S$'000 | 9M 2017 S$'000 | % |
| Revenue | 396,829 | - | **n.m** |
| Cost of sales | (328,070) | - | **n.m** |
| Employee benefits | (3,040) | (2,466) | **23%** |
| Depreciation | (81) | (44) | **84%** |
| Net foreign exchange (loss)/gain | (9,961) | 4,283 | **n.m** |
| Finance costs | (522) | (890) | **-41%** |
| Other operating expenses | (27,061) | (5,722) | **373%** |
| Interest income from bank balances | 3,972 | 423 | **839%** |
| Rental income | 730 | 408 | **79%** |
| Other income | 431 | 89 | **384%** |
| **Profit/(loss) before tax** | **33,227** | **(3,919)** | **n.m** |
| Income tax expense | (10,012) | (857) | **1,068%** |
| **Profit/(loss) for the period** | **23,215** | **(4,776)** | **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 | (10,122) | 3,258 | **n.m** |
| **Total comprehensive income for the period** | **13,093** | **(1,518)** | **n.m** |
| **Profit/(loss) for the period attributable to:** | | | |
| Owners of the Company | 23,309 | (4,624) | **n.m** |
| Non-controlling interests | (94) | (152) | **-38%** |
| | **23,215** | **(4,776)** | **n.m** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | 13,695 | (1,564) | **n.m** |
| Non-controlling interests | (602) | 46 | **n.m** |
| | **13,093** | **(1,518)** | **n.m** |
| **Earnings/(loss) per share (cents)** | | | |
| Basic | **2.54** | **(0.55)** | **n.m** |
| Diluted | **2.54** | **(0.55)** | **n.m** |

***Other information:-***

| | 9M 2018 S$'000 | 9M 2017 S$'000 | Change % |
|---|---|---|---|
| Marketing and selling expenses | 23,342 | 1,427 | 1,536% |
| Listing expenses | - | 1,707 | -100% |

n.m - Not meaningful

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

**1(ii) Consolidated Statements of Comprehensive Income For The Financial Period from 1 July 2018 to 30 September 2018 ("3Q 2018")**

| | Group | | |
|---|---|---|---|
| | 3Q 2018 S$'000 | 3Q 2017 S$'000 | Change % |
| Revenue | 236,078 | - | **n.m** |
| Cost of sales | (186,809) | - | **n.m** |
| Employee benefits | (1,418) | (791) | **79%** |
| Depreciation | (38) | (16) | **138%** |
| Net foreign exchange (loss)/gain | (6,046) | 1,012 | **n.m** |
| Finance costs | (168) | (266) | **-37%** |
| Other operating expenses | (15,251) | (1,328) | **1,048%** |
| Interest income from bank balances | 2,268 | 86 | **2,537%** |
| Rental income | 251 | 135 | **86%** |
| Other income | 65 | 11 | **491%** |
| **Profit/(loss) before tax** | **28,932** | **(1,157)** | **n.m** |
| Income tax expense | (7,256) | (637) | **1,039%** |
| **Profit/(loss) for the period** | **21,676** | **(1,794)** | **n.m** |
| **Other comprehensive income:**<br>*Item that may be reclassified subsequently to profit or loss*<br>Foreign currency translation, representing other comprehensive income for the period | (3,600) | 620 | **n.m** |
| **Total comprehensive income for the period** | **18,076** | **(1,174)** | **n.m** |
| **Profit/(loss) for the period attributable to:** | | | |
| Owners of the Company | 21,725 | (1,713) | **n.m** |
| Non-controlling interests | (49) | (81) | **-40%** |
| | **21,676** | **(1,794)** | **n.m** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | 18,314 | (1,131) | **n.m** |
| Non-controlling interests | (238) | (43) | **453%** |
| | **18,076** | **(1,174)** | **n.m** |

***Other information:-***

| | 3Q 2018 S$'000 | 3Q 2017 S$'000 | Change % |
|---|---|---|---|
| Marketing and selling expenses | 13,728 | 191 | 7,087% |
| Listing expenses | - | 41 | -100% |

n.m - Not meaningful

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

NOTES:

1a. Revenue of S$396.8 million and S$236.1 million was recognised in 9M 2018 and 3Q 2018 respectively upon 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. Cost of sales of S$328.1 million and S$186.8 million was recognised in 9M 2018 and 3Q 2018 respectively upon the settlements by purchasers of *AVANT* and *Australia 108*.

1c. The increase in employee benefits expenses for 9M 2018 and 3Q 2018 (as compared to 9M 2017 and 3Q 2017, respectively) was mainly due to the increase in number of employees and higher provision for performance bonus.

1d. Depreciation expenses relate to depreciation of renovations, electrical fittings, furniture and fittings, computers, office equipment and motor vehicles, which were insignificant in 9M 2018, 9M 2017, 3Q 2018 and 3Q 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 9M 2018 (as compared to a net foreign exchange gain in 9M 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 September 2018. The loss was partially offset by the strengthening of Malaysian Ringgit ("MYR") against SGD during the same period.

The Group recorded a net foreign exchange loss in 3Q 2018 (as compared to a net foreign exchange gain in 3Q 2017) mainly due to the weakening of AUD and MYR against SGD between 1 July 2018 and 30 September 2018.

1f. The decrease in finance costs for 9M 2018 and 3Q 2018 (as compared to 9M 2017 and 3Q 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 9M 2018 and 3Q 2018 (as compared to 9M 2017 and 3Q 2017, respectively) was mainly due to recognition of sales commission upon the settlements by purchasers of *AVANT* and *Australia 108* and higher holding costs incurred for properties held for sale.

1h. The increase in interest income in 9M 2018 and 3Q 2018 (as compared to 9M 2017 and 3Q 2017, respectively) was mainly due to higher quantum of interest-bearing deposits at banks.

1i. The increase in rental income in 9M 2018 and 3Q 2018 (as compared to 9M 2017 and 3Q 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 9M 2018 and 3Q 2018 was mainly due to reversal of deferred tax assets recognised in previous financial year.

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## 2. STATEMENTS OF FINANCIAL POSITION

| | Group | | Company | |
|---|---|---|---|---|
| | 30-Sep-18 S$'000 | 31-Dec-17 S$'000 | 30-Sep-18 S$'000 | 31-Dec-17 S$'000 |
| **Non-current assets** | | | | |
| Property, plant and equipment | 2,359 | 223 | 85 | 129 |
| Investment properties | 11,970 | 11,836 | - | - |
| Investment in subsidiaries | - | - | 236,042 | 236,042 |
| Deferred tax assets | - | 5,102 | - | - |
| | 14,329 | 17,161 | 236,127 | 236,171 |
| **Current assets** | | | | |
| Development properties | 570,559 | 753,305 | - | - |
| Properties held for sale | 72,508 | 21,676 | - | - |
| Trade and other receivables | 1,508 | 4,404 | 15,476 | 43 |
| Prepayments | 1,551 | 942 | 47 | 49 |
| Due from subsidiaries (non-trade) | - | - | 208,495 | 269,714 |
| Cash and bank balances | 66,428 | 12,506 | 40,018 | 791 |
| | 712,554 | 792,833 | 264,036 | 270,597 |
| **Total assets** | 726,883 | 809,994 | 500,163 | 506,768 |
| **Current liabilities** | | | | |
| Trade and other payables | 26,164 | 30,050 | 2,119 | 2,425 |
| Interest-bearing loans and borrowings | 176,296 | 216,550 | 26,000 | - |
| Due to immediate holding company (non-trade) | 172,749 | 239,697 | 172,234 | 239,184 |
| Due to fellow subsidiaries (non-trade) | 186,165 | 138,978 | 186,165 | 138,978 |
| | 561,374 | 625,275 | 386,518 | 380,587 |
| **Net current assets/(liabilities)** | 151,180 | 167,558 | (122,482) | (109,990) |
| **Non-current liabilities** | | | | |
| Other payables | 2,854 | 2,468 | - | - |
| Interest-bearing loans and borrowings | 36,802 | 74,955 | - | - |
| Deferred tax liabilities | 5,612 | 148 | 6 | 148 |
| | 45,268 | 77,571 | 6 | 148 |
| **Total liabilities** | 606,642 | 702,846 | 386,524 | 380,735 |
| **Net assets** | 120,241 | 107,148 | 113,639 | 126,033 |
| **Equity attributable to owners of the Company** | | | | |
| Share capital | 142,556 | 142,556 | 142,556 | 142,556 |
| Other reserves | (13,443) | (3,829) | - | - |
| Revenue reserves | (17,293) | (40,602) | (28,917) | (16,523) |
| | 111,820 | 98,125 | 113,639 | 126,033 |
| Non-controlling interests | 8,421 | 9,023 | - | - |
| **Total equity** | 120,241 | 107,148 | 113,639 | 126,033 |
| **Total equity and liabilities** | 726,883 | 809,994 | 500,163 | 506,768 |
| **Net asset value per ordinary share (cents)** | 12.21 | 10.71 | 12.41 | 13.76 |

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

### 2a. Review of Financial Position

Equity attributable to owners of the Company increased from S$98.1 million as at 31 December 2017 to S$111.8 million as at 30 September 2018, due to increase in revenue reserves, partially offset by decrease in other reserves. The increase in revenue reserves was due to profit generated in 9M 2018 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$726.9 million as at 30 September 2018 was S$83.1 million lower than that as at 31 December 2017, mainly due to decrease in development properties and trade and other receivables, partially offset by an increase in property, plant and equipment, properties held for sale and cash and bank balances. The decrease in development properties was mainly due to partial recognition of *AVANT* and *Australia 108* to cost of sales and the reclassification of a project in Australia and 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 decrease in trade and other receivables was mainly due to decrease in GST receivables. 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 an office of the Group. The increase in properties held for sale was due to reclassification of a project in Australia from development properties and the completion of some projects in Malaysia. The increase in cash and bank balances was mainly due to the sales proceeds from the handovers of *AVANT* and *Australia 108* partially offset by the (i) full repayment of *AVANT* Notes; (ii) partial repayment of the construction loan for the *Australia 108* project; (iii) partial repayment of amount due to immediate holding company; and (iv) payment of development expenditures for on-going projects.

The Group's total liabilities of S$606.6 million as at 30 September 2018 was S$96.2 million lower than that as at 31 December 2017, mainly due to decrease in amount due to immediate holding company (non-trade) and interest-bearing loans and borrowings, partially offset by an increase in amount due to a fellow subsidiary (non-trade). The decrease in interest-bearing loans and borrowings was mainly due to the (i) full repayment *AVANT* Notes; and (ii) partial repayment of the construction loan for the *Australia 108* project. The decrease in amount due to immediate holding company (non-trade) was due to partial repayments. The increase in amount due to a fellow subsidiary (non-trade) was mainly due to more funding required for working capital purposes.

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## 3. CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Group | | | |
|---|---|---|---|---|
| | 3Q 2018 S$'000 | 3Q 2017 S$'000 | 9M 2018 S$'000 | 9M 2017 S$'000 |
| **Operating activities** | | | | |
| Profit/(loss) before tax | 28,932 | (1,157) | 33,227 | (3,919) |
| Adjustments for: | | | | |
| Depreciation of plant and equipment | 38 | 16 | 81 | 44 |
| Interest income | (2,268) | (86) | (3,972) | (423) |
| Interest expense | 168 | 266 | 522 | 890 |
| Listing expenses | - | 41 | - | 1,707 |
| Net fair value loss on derivatives | 38 | - | - | - |
| Unrealised foreign exchange loss/(gain) | 3,937 | (1,045) | 7,063 | (4,316) |
| **Operating cash flows before changes in working capital** | **30,845** | **(1,965)** | **36,921** | **(6,017)** |
| Changes in working capital | | | | |
| Decrease/(increase) in development properties | 136,706 | (68,152) | 132,280 | (171,300) |
| Decrease/(increase) in trade and other receivables | 11,461 | (1,023) | 2,713 | 12,161 |
| (Increase)/decrease in prepayments | (903) | 28 | (654) | (1,154) |
| (Decrease)/increase in trade and other payables | (2,665) | 5,085 | (1,527) | 14,995 |
| **Cash flows generated from/(used in) operations** | **175,444** | **(66,027)** | **169,733** | **(151,315)** |
| Interest received | 2,268 | 86 | 3,972 | 423 |
| Interest paid | (8,419) | (6,903) | (33,652) | (26,883) |
| Income taxes paid | (20) | (670) | (63) | (2,080) |
| **Net cash flows generated from/(used in) operating activities** | **169,273** | **(73,514)** | **139,990** | **(179,855)** |
| **Investing activity** | | | | |
| Purchase of plant and equipment | (230) | (69) | (343) | (76) |
| **Net cash flows used in investing activity** | **(230)** | (69) | **(343)** | **(76)** |
| **Financing activities** | | | | |
| Proceeds from issuance of ordinary shares | - | 2,645 | - | 28,645 |
| Proceeds from interest-bearing loans and borrowings | 23,263 | 73,514 | 151,257 | 173,054 |
| Repayment of interest-bearing loans and borrowings | (213,311) | (965) | (216,769) | (2,829) |
| (Decrease)/increase in amounts due to immediate holding company (non-trade) | (75,096) | 3,948 | (66,949) | 5,258 |
| Increase/(decrease) in amounts due to fellow subsidiaries (non-trade) | 4,392 | 4,413 | 47,186 | (12,786) |
| Listing expenses paid | - | (837) | - | (2,851) |
| **Net cash flows (used in)/generated from financing activities** | **(260,752)** | **82,718** | **(85,275)** | **188,491** |
| **Net (decrease)/increase in cash and cash equivalents** | (91,709) | 9,135 | 54,372 | 8,560 |
| Effect of exchange rate changes on cash and cash equivalents | (251) | 28 | (450) | 87 |
| **Cash and cash equivalents at beginning of period** | 158,388 | 28,774 | 12,506 | 29,290 |
| **Cash and cash equivalents at end of period** | **66,428** | **37,937** | **66,428** | **37,937** |

**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:-

| | 9M 2018<br>S$'000 | 9M 2017<br>S$'000 |
|---|---|---|
| Cash at banks and on hand | 34,296 | 3,882 |
| Fixed deposits | 32,132 | 34,055 |
| **Cash and cash equivalents** | **66,428** | **37,937** |

**3a. Cash Flows Analysis**

**3Q 2018**

Net cash generated from operating activities for 3Q 2018 was S$169.3 million as compared to net cash used in operating activities of S$73.5 million in 3Q 2017. This was mainly attributable to the (i) decrease in trade and other receivables and development properties of S$11.4 million and S$136.7 million, respectively; and (ii) interest received of S$2.3 million, partially offset by decrease in trade and other payables and interest expenses paid of S$2.7 million and S$8.4 million, respectively.

Net cash used in investing activity was for the purchase of plant and equipment, amount of which was insignificant in 3Q 2018.

Net cash used in financing activities for 3Q 2018 was S$260.8 million as compared to net cash generated from financing activities of S$82.7 million in 3Q 2017. This was mainly from (i) repayment of advances from the Company's immediate holding company (non-trade); and (ii) net repayment of interest-bearing loans and borrowings, partially offset by increase in advances from a fellow subsidiary (non-trade).

As a result of the above, cash and cash equivalents balance increased to S$66.4 million as at 30 September 2018, from S$37.9 million as at 30 September 2017.

**9M 2018**

Net cash generated from operating activities for 9M 2018 was S$140.0 million as compared to net cash used in operating activities of S$179.9 million in 9M 2017. This was mainly from the decrease in trade and other receivables and development properties of S$2.7 million and S$132.3 million, respectively, as well as interest received of S$4.0 million, partially offset by the decrease in trade and other payables of S$1.5 million and interest expenses paid of S$33.7 million.

Net cash used in investing activity was for the purchase of plant and equipment, which was insignificant in 9M 2018.

Net cash used in financing activities for 9M 2018 was S$85.3 million as compared to net cash generated from financing activities of S$188.5 million in 9M 2017. This was mainly from (i) repayment of advances from the Company's immediate holding company (non-trade); and (ii) net repayment of interest-bearing loans and borrowings, partially offset by increase in advances from a fellow subsidiary (non-trade).

As a result of the above, cash and cash equivalents balance increased to S$66.4 million as at 30 September 2018, from S$37.9 million as at 30 September 2017.

## 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 |
| <u>Group</u> | | | | | | |
| **At 1 January 2018** | 142,556 | (3,829) | (40,602) | 98,125 | 9,023 | 107,148 |
| Profit/(loss) for the period | - | - | 23,309 | 23,309 | (94) | 23,215 |
| <u>Other comprehensive income</u> | | | | | | |
| Foreign currency translation | - | (9,614) | - | (9,614) | (508) | (10,122) |
| **Total comprehensive income for the period** | - | (9,614) | 23,309 | 13,695 | (602) | 13,093 |
| **At 30 September 2018** | 142,556 | (13,443) | (17,293) | 111,820 | 8,421 | 120,241 |
| **At 1 January 2017** | 115,000 | (4,235) | (31,568) | 79,197 | 9,241 | 88,438 |
| Loss for the period | - | - | (4,624) | (4,624) | (152) | (4,776) |
| <u>Other comprehensive income</u> | | | | | | |
| Foreign currency translation | - | 3,060 | - | 3,060 | 198 | 3,258 |
| **Total comprehensive income for the period** | - | 3,060 | (4,624) | (1,564) | 46 | (1,518) |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Issuance of ordinary shares | 28,827 | - | - | 28,827 | - | 28,827 |
| Listing expenses recorded against equity | (1,271) | - | - | (1,271) | - | (1,271) |
| **Total transactions with owners in their capacity as owners** | 27,556 | - | - | 27,556 | - | 27,556 |
| **At 30 September 2017** | 142,556 | (1,175) | (36,192) | 105,189 | 9,287 | 114,476 |

| | 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 |
| <u>Company</u> | | | | | | |
| **At 1 January 2018** | 142,556 | - | (16,523) | 126,033 | - | 126,033 |
| Loss for the period | - | - | (12,394) | (12,394) | - | (12,394) |
| **At 30 September 2018** | 142,556 | - | (28,917) | 113,639 | - | 113,639 |
| **At 1 January 2017** | 115,000 | - | (17,947) | 97,053 | - | 97,053 |
| Profit for the period | - | - | 3,528 | 3,528 | - | 3,528 |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Issuance of ordinary shares | 28,827 | - | - | 28,827 | - | 28,827 |
| Listing expenses recorded against equity | (1,271) | - | - | (1,271) | - | (1,271) |
| **Total transactions with owners in their capacity as owners** | 27,556 | - | - | 27,556 | - | 27,556 |
| **At 30 September 2017** | 142,556 | - | (14,419) | 128,137 | - | 128,137 |

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## 5. CHANGES IN SHARE CAPITAL

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

The Company does not have any treasury shares, subsidiary holdings or convertible instruments as at 30 September 2018 and 30 September 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-Sep-18 | | As at 31-Dec-17 | |
|---|---|---|---|
| Secured<br>S$'000 | Unsecured<br>S$'000 | Secured<br>S$'000 | Unsecured<br>S$'000 |
| 176,296 | - (1) | 216,550 | - |

Amount repayable after one year

| As at 30-Sep-18 | | As at 31-Dec-17 | |
|---|---|---|---|
| Secured<br>S$'000 | Unsecured<br>S$'000 | Secured<br>S$'000 | Unsecured<br>S$'000 |
| 36,802 | - | 74,955 | - |

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

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

[1] As at 30 September 2018, an aggregate amount of S$341.9 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 fixed loan and a revolving credit facility which matures on 14 June 2019 and 28 February 2021, respectively.

## 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 September 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 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 | | | |
|---|---|---|---|---|
| | 3Q 2018 | 3Q 2017 | 9M 2018 | 9M 2017 |
| i) Basic earnings/(loss) per share (cents) | 2.37 | (0.20) | 2.54 | (0.55) |
| ii) Diluted earnings/(loss) per share (cents) | 2.37 | (0.20) | 2.54 | (0.55) |
| - Weighted average number of ordinary shares ('000) | 915,875 | 847,595 | 915,875 | 847,595 |

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 9M 2017 and 3Q 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-Sep-18 | 31-Dec-17 | 30-Sep-18 | 31-Dec-17 |
| Net asset value per ordinary share (cents) | 12.21 | 10.71 | 12.41 | 13.76 |
| Number of ordinary shares in issue ('000) | 915,875 | 915,875 | 915,875 | 915,875 |

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## 13. VARIANCE FROM FORECAST STATEMENT

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

## 14. REVIEW OF CORPORATE PERFORMANCE

In 3Q 2018, the Group recorded a profit before tax of S$28.9 million, as compared to a loss before tax of S$1.2 million in 3Q 2017. This was mainly due to the recognition of revenue of S$236.1 million from the settlement by the purchasers of *AVANT* and *Australia 108* in 3Q 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, sales commission and net foreign exchange loss.

In 9M 2018, the Group recorded a profit before tax of S$33.2 million, as compared to a loss before tax of S$3.9 million in 9M 2017. This was mainly due to the recognition of revenue of S$396.8 million from the settlement by the purchasers of *AVANT* and *Australia 108* in 9M 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 an increase in sales commission.

**Excluding net foreign exchange loss, the Group would have recorded profit before tax of S$35.0 million and S$43.2 million in 3Q 2018 and 9M 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 | 95 |
| AVANT (Melbourne) | Residential | 456 | 2Q2015 | 456 | 97 |
| Nova City Tower 1 (Cairns) | Mixed use development | 187 | 4Q2016 | 101 | 54 |

The Group has completed the *AVANT* project in August 2018 and continues to make good progress with the construction of the *Australia 108* project. As at the date of this announcement, the construction of *Australia 108* has progressed to level 69 out of 101 levels. According to the latest construction schedule, the Group expects to complete 1 out of the remaining 4 main stages by the end of 2018.

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

In Penang, Malaysia, the Group has completed the refurbishment, upgrading and building works of some properties and will continue with the construction of some of the remaining properties.

At present, the Group has 6 hotels (comprising 46 keys with a total of 85 rooms) in operation in Georgetown, Penang and intends to open its seventh hotel in January 2019. Overall, the business and occupancy of its hotels has been encouraging and in line with the increase in tourist arrivals to Penang.

Going forward, the Group expects to make substantial profits from its *Australia 108* project in Australia. The *Australia 108* project is expected to contribute significantly to the Group's revenue and profitability for FY 2018 to FY 2020 due to the following reasons:

(i) the Group has locked in about S$680 million of unbilled contracts from *Australia 108* project;

(ii) the Group expects the profit margin of the subsequent stages of *Australia 108* project to be higher than the earlier ones as the average sales per square metre rate for higher floors are better than those for the lower ones; and

(iii) the Group expects to book revenue and profit from *Australia 108* project progressively as the construction completes progressively from 2018 to 2020.

Barring unforeseen circumstances and major depreciation of Malaysian and Australian currencies, the Group expects to be profitable in FY 2018.

**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 third quarter and nine months ended 30 September 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 September 2018:

(a) Approximately 18% of the Company's and its subsidiaries' total assets consist of interests in Australian land assets (based on the exchange rate as at 30 September 2018 of A$1.00 : S$0.9864). 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$504.0 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$504.0 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<br>CEO | KOH WEE SENG<br>NON-EXECUTIVE CHAIRMAN |

05 November 2018

WORLD CLASS GLOBAL

**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.