Second Chance Properties Ltd
(Company Registration No.198103193M)

RESPONSES TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

The board of directors (the "**Board**") of Second Chance Properties Ltd (the "**Company**", and collectively with its subsidiaries, the "**Group**") wishes to provide its responses to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") with respect to the Annual Report for the financial year ended 31 August 2019.

SGX Query 1:

Please make disclosures as recommended in the Code of Corporate Governance (the "**Code**") or otherwise explain the reasons for the deviations from the following Code guideline:-

i. The Board should comment in the company's Annual Report on whether it has received assurance from the CEO and the CFO:
(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
(b) regarding the effectiveness of the company's risk management and internal control systems.

Company's Response

The Company confirms that it has adhered to the provision of Code of Corporate Governance 2012 and has received assurance from the CEO and Financial Advisor that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances. The Board has also received assurance from the CEO and the key management personnel regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

SGX Query 2:

Please explain the reasons for the material discrepancies in net cash flows (operating and investing) between the preliminary final results and the Consolidated Statement of Cash Flow in the Annual Report.

Company's Response

The significant variance of the cash flow from investing activities and the cash flow from operating activities is mainly due to the classification of the below items:

	Unaudited Results Announcement (S$'000) (A)	Annual Report (S$)	Annual Report (S$'000) (B)	Variance (S$'000) (B) - (A)
Cash flows from operating activities				
- Fair value loss on financial assets, at fair value through profit or loss (FVTPL)	-	2,646,153	2,646	2,646
- Gain on disposal of financial assets, at fair value through profit or loss	-	(11,719)	(12)	(12)
Changes in working capital				
- Financial assets at FVTPL	7,156	-	-	(7,156)
	7,156	**2,634,434**	**2,634**	**(4,522)**
Cash flows from investing activities				
- Proceeds from disposal of financial assets, at fair value through profit or loss	-	4,523,437	4,523	4,523
- Purchases of financial assets, at fair value through profit or loss	-	(1,890)	(2)	(2)
	-	**4,521,547**	**4,521**	**4,521**
Rounding off difference				1

Initially the distribution/disposal of the financial assets at FVTPL was grossed up together with the changes in fair value under operating activities. However, after further audit review of the nature of the transactions subsequent to the release of the Company's full year financial results announcement, our auditor informed that since there were some distribution/disposal instead of just changes in fair value, these distribution/disposal of financial assets at FVTPL be classified as "investment activities" instead of grouping them together under operating activities.

SGX Query 3:

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With regard to Listing Rule 1207(19)(c), this rule also applies to a listed issuer's dealings in its own securities. Please provide the appropriate disclosure.

Company's Response

The Group has adopted an internal compliance code of conduct to provide guidance to the Group, its officers regarding dealings in the securities of the Company and the implications of insider trading.

Directors and key employees of the Group, who have access to price-sensitive and confidential information are not permitted to deal in securities of the Company during the periods at least 2 weeks and one month before the announcement of the Group's quarterly and full-year results respectively and ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group. Directors and employees are also not allowed to deal in the Company's securities on short-term considerations and during the two weeks before the announcement of the Company's financial statements for the first three quarters of its financial year and the one month before the announcement of the Company's full year financial results.

The Company confirmed that it has adhered to its policy for securities transactions for the financial year ended 31 August 2019 pursuant to Rule 1207(19)(c) of the Listing Manual.

By Order of the Board

Mohamed Salleh s/o Kadir Mohideen Saibu Maricar
Executive Chairman & Chief Executive Officer

19 February 2020