ASPIAL CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Registration Number: 197001030G)

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE REGULATION IN RESPECT OF THE COMPANY'S FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The board of directors (the "**Board**") of Aspial Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the queries raised by the Singapore Exchange regulation ("**SGX RegCo**") in respect of the Company's financial statements for the financial year ended 31 December 2020. The Company wishes to provide its responses to the queries from SGX RegCo below:

SGX RegCo query:

a) Please explain the increase in investment properties from $60,795,000 as at the year ended 31 Dec 2019 to $160,653,000 as at the year ended 31 Dec 2020 as well as provide the basis for fair value gain on investment properties of $23,223,000 for the year ended 31 Dec 2020.

   <u>Company's response:</u>

   The increase in investment properties was mainly due to reclassification of some completed units of Australia 108 from development properties to investment properties to generate rental income. The fair value gain was mainly due to the increase in the market value of investment properties at Australia 108, The Hillford and East Village.

b) Please disclose:

   i. the breakdown of the Group's trade and other receivables (non-current) and trade and other receivables (current); and

   ii. the nature of the non-current receivables.

   <u>Company's response:</u>

   i. The Group's trade and other receivables (non-current) is S$5.8 million and trade and other receivables (current) is S$303.4 million. The Group's trade receivables (current) of S$296.7 million are mainly pledge book and secured loans under financial services business. Other receivables (current) comprise other debtors of S$5.0 million and deposits of S$1.7 million.

   ii. The Group's non-current trade & other receivables comprise mainly rental deposits. There is no non-current trade receivables.

c) Please explain how the net fair value loss on derivatives of $16,770,000 for the year ended 31 Dec 2020 was arrived at.

Company's response:

The loss on derivatives arose mainly from the Group's hedging of Australian Dollars receivables. As Australia Dollars has strengthened in FY2020, the Group recorded a net fair value loss on the derivatives. However, the Group also recorded the corresponding foreign exchange gain and foreign currency translation gain.

d) Given the Group's significant current liabilities of $648,071,000 and cash and bank balances of only $52,047,000, please disclose the Board's assessment

i. whether the Group's current assets are adequate to meet the Group's short term liabilities of $648,071,000, including its bases of assessment; and

ii. how the Group intends to fulfil its significant payment obligations in the next 12 months. Where the Group has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Group is on track to fulfilling these obligations.

Company's response:

i. The Group's total current assets are adequate to meet the Group's short term liabilities as the Group's total current assets of S$1,006.7 million is S$358.6 million in excess of the Group's short term liabilities of $648.1 million.

ii. As most of the Group's interest-bearing loans and borrowings are revolving bank facilities and secured by the Group's assets, they are not due and payable in 2021.

The main payment obligations in the next 12 months are the S$162.0 million of term notes due in April and October 2021. In January 2021, the Group did an exchange offer for its notes due in 2021 where a total of S$64.75 million of the notes were exchanged for a new 3-year notes due 2024. As at the date of this announcement, the outstanding notes due in 2021 have since reduced to approximately S$97.25 million, of which S$19.0 million is due in April 2021 and the balance S$78.25 million due in October 2021. Of the S$78.25 million, more than 75% are held by directors and their associates.

The Company intends to fulfil its payment obligations in the next 12 months through (a) its existing cash balance and bank facilities; (b) the expected net proceeds from the ongoing sales, settlement and handover of completed units in Australia 108; (c) external financing which may include loans secured by the Group's assets; and (d) cashflow from operations and investment assets and properties.

By Order of the Board

Lim Swee Ann
Company Secretary
24 March 2021