

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 2018

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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"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

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

Consolidated Statement of Comprehensive Income For The Financial Year Ended 31 December 2018 (“FY 2018”)

	Group		Change %
	FY 2018 S\$'000	FY 2017 S\$'000	
Revenue	442,032	-	n.m
Cost of sales	(360,325)	-	n.m
Employee benefits	(5,074)	(3,528)	44%
Depreciation	(123)	(61)	102%
Net foreign exchange (loss)/gain	(13,967)	1,712	n.m
Finance costs	(2,181)	(528)	313%
Other operating expenses	(32,539)	(8,546)	281%
Interest income	4,839	590	720%
Rental income	1,097	569	93%
Other income	2,070	138	1,400%
Profit/(loss) before tax	35,829	(9,654)	n.m
Income tax (expense)/credit	(13,227)	380	n.m
Profit/(loss) for the year	22,602	(9,274)	n.m
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation, representing other comprehensive income for the year	(16,409)	428	n.m
Total comprehensive income for the year	6,193	(8,846)	n.m
Profit/(loss) for the year attributable to:			
Owners of the Company	23,160	(9,034)	n.m
Non-controlling interests	(558)	(240)	133%
	22,602	(9,274)	n.m
Total comprehensive income attributable to:			
Owners of the Company	7,481	(8,628)	n.m
Non-controlling interests	(1,288)	(218)	491%
	6,193	(8,846)	n.m
Earnings/(loss) per share (cents)			
Basic	2.53	(1.04)	n.m
Diluted	2.53	(1.04)	n.m

Other information:-

	FY 2018 S\$'000	FY 2017 S\$'000	Change %
Marketing and selling expenses	27,160	1,642	1,554%
Listing expenses	-	1,707	-100%
Allowance for write-down of development properties and properties held for sale	-	1,326	-100%
Net fair value gain on investment properties	77	38	103%
Net fair value gain on derivatives	1,479	-	n.m

n.m - Not meaningful

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

NOTES:

- 1a. Revenue of S\$442.0 million was recognised in FY 2018, mainly due 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. Cost of sales of S\$360.3 million was recognised in FY 2018 upon the settlements by purchasers of *AVANT* and *Australia 108*.
- 1c. The increase in employee benefits expenses for FY 2018 was mainly due to the increase in number of employees and higher provision for performance bonus.
- 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 2018 and FY 2017.
- 1e. Foreign exchange loss or gain recorded in profit or loss arises from year-end revaluation of the Company's loans to its subsidiaries.
- The Group recorded a net foreign exchange loss in FY 2018 (as compared to a net foreign exchange gain in FY 2017) mainly due to the weakening of Australian Dollars ("AUD") against Singapore Dollars ("SGD") (the Group's reporting currency) between 1 January 2018 and 31 December 2018.
- 1f. The increase in finance costs for FY 2018 (as compared to FY 2017) was mainly due to higher interest expenses incurred for properties held for sale and investment properties.
- 1g. The increase in other operating expenses in FY 2018 (as compared to FY 2017) 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 FY 2018 (as compared to FY 2017) was mainly due to interest earned from deposits held in escrow account upon settlement by purchasers of *AVANT* and *Australia 108*, and interest-bearing deposits at banks.
- 1i. The increase in rental income in FY 2018 (as compared to FY 2017) was mainly due to an increase in rental income from properties held for sale and investment properties.
- 1j. The increase in other income in FY 2018 (as compared to FY 2017) was mainly due to a net fair value gain on derivatives (forward currency contracts) and the hotel room revenue contributed by the Group's hotels in Georgetown, Penang.
- 1k. Income tax expense recorded in FY 2018 was mainly due to recognition of deferred tax liabilities and payment of withholding tax.



2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-Dec-18 S\$'000	31-Dec-17 S\$'000	31-Dec-18 S\$'000	31-Dec-17 S\$'000
Non-current assets				
Property, plant and equipment	2,276	223	70	129
Investment properties	25,219	11,836	-	-
Investment in subsidiaries	-	-	236,700	236,042
Deferred tax assets	325	5,102	325	-
	27,820	17,161	237,095	236,171
Current assets				
Development properties	602,357	753,305	-	-
Properties held for sale	41,674	21,676	-	-
Trade and other receivables	5,546	4,404	716	43
Prepayments	849	942	26	49
Due from subsidiaries (non-trade)	-	-	235,470	269,714
Derivatives	1,479	-	1,479	-
Cash and bank balances	16,970	12,506	5,615	791
	668,875	792,833	243,306	270,597
Total assets	696,695	809,994	480,401	506,768
Current liabilities				
Trade and other payables	21,877	30,050	4,112	2,425
Interest-bearing loans and borrowings	130,342	216,550	-	-
Due to immediate holding company (non-trade)	175,618	239,697	175,103	239,184
Due to fellow subsidiaries (non-trade)	192,810	138,978	192,810	138,978
Provision for taxation	397	-	397	-
	521,044	625,275	372,422	380,587
Net current assets/(liabilities)	147,831	167,558	(129,116)	(109,990)
Non-current liabilities				
Other payables	3,047	2,468	-	-
Interest-bearing loans and borrowings	51,775	74,955	-	-
Deferred tax liabilities	7,455	148	-	148
	62,277	77,571	-	148
Total liabilities	583,321	702,846	372,422	380,735
Net assets	113,374	107,148	107,979	126,033
Equity attributable to owners of the Company				
Share capital	142,556	142,556	142,556	142,556
Other reserves	(19,508)	(3,829)	-	-
Revenue reserves	(17,442)	(40,602)	(34,577)	(16,523)
	105,606	98,125	107,979	126,033
Non-controlling interests	7,768	9,023	-	-
Total equity	113,374	107,148	107,979	126,033
Total equity and liabilities	696,695	809,994	480,401	506,768
Net asset value per ordinary share (cents)	11.53	10.71	11.79	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\$105.6 million as at 31 December 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 FY 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\$696.7 million as at 31 December 2018 was S\$113.3 million lower than that as at 31 December 2017, mainly due to decrease in development properties, partially offset by an increase in property, plant and equipment, investment properties, properties held for sale, trade and other receivables, derivatives 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 and investment properties, partially offset by on-going construction costs, interest costs and development expenditures for *Australia 108* and other projects. The increase in trade and other receivables was mainly due to increase in other receivables which was mainly a result of an increase in settlements by purchasers. 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 and investment properties was mainly due to 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 (non-trade); and (iv) payment of development expenditures for on-going projects. The increase in derivatives (forward currency contracts) was mainly due to the net fair value gain at the end of the financial year.

The Group's total liabilities of S\$583.3 million as at 31 December 2018 was S\$119.5 million lower than that as at 31 December 2017, mainly due to decrease in trade and other payables, 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 trade and other payables was mainly due to the payment of construction costs and accrued interest expenses. The decrease in interest-bearing loans and borrowings was mainly due to the (i) full repayment of *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.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	FY 2018 S\$'000	FY 2017 S\$'000
Operating activities		
Profit/(loss) before tax	35,829	(9,654)
<u>Adjustments for:</u>		
Depreciation of plant and equipment	123	61
Interest income	(4,839)	(590)
Interest expense	2,181	528
Listing expenses	-	1,707
Net fair value gain on derivatives	(1,479)	-
Unrealised foreign exchange loss/(gain)	10,022	(1,716)
Allowance for write-down of development properties and properties held for sale	-	1,326
Net fair value gain on investment properties	(77)	(38)
Operating cash flows before changes in working capital	41,760	(8,376)
<u>Changes in working capital</u>		
Decrease/(increase) in development and investment properties	106,017	(255,159)
(Increase)/decrease in trade and other receivables	(1,491)	11,551
Decrease/(increase) in prepayments	26	(242)
(Decrease)/increase in trade and other payables	(6,069)	13,064
Cash flows generated from/(used in) operations	140,243	(239,162)
Interest received	4,839	590
Interest paid	(38,644)	(27,370)
Income taxes paid	(115)	(2,817)
Net cash flows generated from/(used in) operating activities	106,323	(268,759)
Investing activity		
Purchase of plant and equipment	(380)	(129)
Net cash flows used in investing activity	(380)	(129)
Financing activities		
Proceeds from issuance of ordinary shares	-	28,645
Proceeds from issuance of shares to non-controlling interests of subsidiary	33	-
Proceeds from interest-bearing loans and borrowings	154,085	220,540
Repayment of interest-bearing loans and borrowings	(244,689)	(3,877)
(Decrease)/increase in amounts due to immediate holding company (non-trade)	(64,079)	11,223
Increase/(decrease) in amounts due to fellow subsidiaries (non-trade)	53,832	(1,640)
Listing expenses paid	-	(2,851)
Net cash flows (used in)/generated from financing activities	(100,818)	252,040
Net increase/(decrease) in cash and cash equivalents	5,125	(16,848)
Effect of exchange rate changes on cash and cash equivalents	(661)	64
Cash and cash equivalents at beginning of year	12,506	29,290
Cash and cash equivalents at end of year	16,970	12,506

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 2018 S\$'000	FY 2017 S\$'000
Cash at banks and on hand	14,290	4,673
Fixed deposits	2,680	7,833
Cash and cash equivalents	16,970	12,506

3a. Cash Flows Analysis

FY 2018

Net cash generated from operating activities for FY 2018 was S\$106.3 million as compared to net cash used in operating activities of S\$268.8 million in FY 2017. This was mainly from the decrease in development and investment properties of S\$106.0 million, as well as interest received of S\$4.8 million, partially offset by the decrease in trade and other payables of S\$6.1 million and interest expenses paid of S\$38.6 million.

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

Net cash used in financing activities for FY 2018 was S\$100.8 million as compared to net cash generated from financing activities of S\$252.0 million in FY 2017. This was mainly due to (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\$17.0 million as at 31 December 2018, from S\$12.5 million as at 31 December 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
Group						
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
<u>Other comprehensive income</u>						
Foreign currency translation	-	(15,679)	-	(15,679)	(730)	(16,409)
Total comprehensive income for the year	-	(15,679)	23,160	7,481	(1,288)	6,193
<u>Contributions by and distributions to owners</u>						
Capital contribution from non-controlling interests	-	-	-	-	33	33
Total transactions with owners in their capacity as owners	-	-	-	-	33	33
At 31 December 2018	142,556	(19,508)	(17,442)	105,606	7,768	113,374
At 1 January 2017						
At 1 January 2017	115,000	(4,235)	(31,568)	79,197	9,241	88,438
Loss for the year	-	-	(9,034)	(9,034)	(240)	(9,274)
<u>Other comprehensive income</u>						
Foreign currency translation	-	406	-	406	22	428
Total comprehensive income for the year	-	406	(9,034)	(8,628)	(218)	(8,846)
<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 31 December 2017	142,556	(3,829)	(40,602)	98,125	9,023	107,148

	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
Company						
At 1 January 2018	142,556	-	(16,523)	126,033	-	126,033
Loss for the year	-	-	(18,054)	(18,054)	-	(18,054)
At 31 December 2018	142,556	-	(34,577)	107,979	-	107,979
At 1 January 2017						
At 1 January 2017	115,000	-	(17,947)	97,053	-	97,053
Profit for the year	-	-	1,424	1,424	-	1,424
<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 31 December 2017	142,556	-	(16,523)	126,033	-	126,033

**5. CHANGES IN SHARE CAPITAL**

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

The Company does not have any treasury shares, subsidiary holdings or convertible instruments as at 31 December 2018 and 31 December 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 31-Dec-18		As at 31-Dec-17	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
130,342	- (1)	216,550	- (1)

Amount repayable after one year

As at 31-Dec-18		As at 31-Dec-17	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
51,775	-	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 31 December 2018, an aggregate amount of S\$355.9 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 outstanding amount of S\$355.9 million consists of (i) S\$100.0 million (31 December 2017: nil) under a fixed loan of up to an aggregate principal sum of S\$100.0 million; and (ii) S\$255.9 million (31 December 2017: S\$356.4 million) under a revolving credit facility of up to an aggregate principal sum of S\$400.0 million. The fixed loan and the revolving credit facility are interest-bearing and unsecured, and 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 year ended 31 December 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	
	FY 2018	FY 2017
i) Basic earnings/(loss) per share (cents)	2.53	(1.04)
ii) Diluted earnings/(loss) per share (cents)	2.53	(1.04)
- Weighted average number of ordinary shares ('000)	915,875	864,805

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) 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/(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 years.

12. NET ASSET VALUE PER SHARE

	Group		Company	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Net asset value per ordinary share (cents)	11.53	10.71	11.79	13.76
Number of ordinary shares in issue ('000)	915,875	915,875	915,875	915,875

13. VARIANCE FROM FORECAST STATEMENT

The unaudited financial results for FY 2018 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 result announcement for the third quarter ended 30 September 2018 released on 5 November 2018, where it was mentioned that the Group was expected to be profitable for FY 2018.

14. REVIEW OF CORPORATE PERFORMANCE

In FY 2018, the Group recorded a profit before tax of S\$35.8 million, as compared to a loss before tax of S\$9.7 million in FY 2017. This was mainly due to the recognition of revenue of S\$442.0 million from the settlement by the purchasers of *AVANT* and *Australia 108* in FY 2018, increase in interest income and rental income from properties held for sale and investment properties, partially offset by net foreign exchange loss, an increase in sales commission and employee benefits.

Excluding net foreign exchange loss, the Group would have recorded profit before tax of S\$49.8 million in FY 2018.

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 ¹
Australia 108 (Melbourne)	Residential	1,103	4Q2014	1,103	89
Nova City Tower 1 (Cairns)	Mixed use development	187	4Q2016	101	61

The Group has completed the *AVANT* project and piling works for the *Nova City* project in FY2018, 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 70 out of 101 levels. According to the latest construction schedule, the Group expects to complete 3 out of the remaining 4 main stages by the end of 2019.

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 (comprising 26 keys with a total of 36 rooms) by March 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 2019 to FY 2020 due to the following reasons:

- (i) the Group has locked in about S\$610 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 2019 to 2020.

Barring unforeseen unfavorable changes in Australian and Malaysian currencies, the Group expects to be profitable in 2019.

¹ Computed based on the number of sale and purchase agreements that have been entered into and still subsisting (less any sale and purchase agreements for those completed units that have been rescinded) or fully settled as at the date of this announcement.

16. SEGMENT INFORMATION

Geographical segments	Malaysia S\$ '000	Australia S\$ '000	Others S\$ '000	Eliminations S\$ '000	Group S\$ '000
<u>FY 2018</u>					
Revenue	-	442,032	-	-	442,032
Results					
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
<u>FY 2017</u>					
Revenue	-	-	-	-	-
Results					
Segment results	(3,045)	(5,853)	(780)	(38)	(9,716)
Interest income	48	542	24,820	(24,820)	590
Finance costs	(3,772)	(19,455)	-	22,699	(528)
(Loss)/profit before tax from operations	(6,769)	(24,766)	24,040	(2,159)	(9,654)
Segment assets, representing total assets	136,455	674,652	506,769	(507,882)	809,994
Segment liabilities, representing total liabilities	144,562	447,262	380,736	(269,714)	702,846

17. BREAKDOWN OF REVENUE AND RESULTS

	Group		
	FY 2018 S\$ '000	FY 2017 S\$ '000	Change %
Revenue reported for first half year	160,751	-	n.m
Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	1,539	(2,982)	n.m
Revenue reported for second half year	281,281	-	n.m
Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	21,063	(6,292)	n.m

n.m - Not meaningful

18. 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.

19. 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 Group has just turned profitable in FY 2018 and the Board of Directors deemed it more appropriate to retain the cash in the Group for its future growth.

20. 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.

21. 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.

22. 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 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 31 December 2018 of A\$1.00 : S\$0.9614). 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\$514.3 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\$514.3 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 2019

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\$266 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\$266 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\$266 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\$266 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 interest² 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\$266 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.