



WORLD CLASS GLOBAL

ANNUAL
REPORT
2018

Avant, Melbourne
Artist Impression

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Australia 108, Melbourne
Artist Impression

This annual report 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 Catalyst. The Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

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

ABOUT US



World Class Global Limited is a real estate company that undertakes property development and property investment in major cities in Australia and Malaysia. Our development projects in Australia include *AVANT* in Melbourne, which was completed in 2018, and *Australia 108* in Melbourne and *Nova City* in Cairns, which we have launched.

We also hold various land parcels in Penang, Malaysia, which comprise mainly shophouses. We plan to develop the land, and in some cases, we have completed the refurbishment, upgrading and building works of the existing properties on some of these land parcels. We currently have six hotels (comprising 46 keys with a total of 85 rooms) in operation. We will continue with the construction of some of the remaining properties.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

2018 was a very eventful year. Most importantly, it marked an inflection point in the Company's history.

The Group swung into profitability by recording a profit before tax of S\$35.8 million for the financial year ended 31 December 2018 ("FY2018"), as compared to a loss before tax of S\$9.7 million for the previous financial year. The turnaround was largely due to the recognition of S\$442.0 million in revenue from the settlements by the purchasers of *AVANT* and *Australia 108*.

Indeed, FY2018 was a year where the Group achieved several momentous milestones. We witnessed the full completion of *AVANT*, a 56-storey residential skyscraper located in the heart of Melbourne's central business district ("CBD") ahead of schedule in July 2018.

Additionally, we made significant progress with the construction of our other mega-residential project in Melbourne's CBD – *Australia 108* – a freehold 101-storey tower, which will be one of the tallest residences in the Southern Hemisphere upon completion. As at the end of February 2019, the construction of *Australia 108* has progressed to level 70 out of 101 levels and three out of the remaining four main stages of the development is expected to be completed by end of 2019.

We firmly believe that both the *Australia 108* and *AVANT* projects are iconic developments with design elements which will lend added appeal to Melbourne's CBD skyline. These towers are distinctive architectural landmarks which will go a long way in cementing the Group's standing as a high-quality and innovative real estate developer.

Outside of Melbourne, piling works for the Group's *Nova City* project in Cairns were also completed in FY2018, and sales of the residential units for *Nova City* are expected to continue in the next 12 months.

Closer to home, the Group has also made solid progress in Penang, Malaysia, where we currently own and operate six hotels, with a total of 85 rooms, in Georgetown. Plans are underway for our seventh hotel, with a total of 36 rooms, to be operational by first half of 2019. Our portfolio of hotels has seen encouraging occupancy rates, underpinned by Penang's status as a UNESCO World Heritage Site and strong tourist arrivals.

In the course of FY2018, we have also made significant headway in improving our debt profile. Project-related debts totalling A\$215.0 million have been repaid for *AVANT* and *Australia 108*. These were made possible via proceeds from settlements for both projects. After accounting for project-related debts, the Group recorded a net cash inflow of A\$222.9 million in FY2018.

Looking ahead, the Group expects to realise significant revenue and profit contribution from its *Australia 108* project for the financial years ending 31 December 2019 and 2020 for several reasons. These include unbilled contracts worth approximately S\$610 million, higher profit margin from the later stages of the development given the higher average sale prices per square metre for the residential units located on higher floors, and the progressive completion of the remaining stages of the development from 2019 to 2020.

2018 was indeed an incredible year. We intend to build on this and stay focused in delivering on our capital return objectives while creating sustainable long-term value for our shareholders. I am confident that we are on that path and wish to thank you for joining us in this journey.

Having the right team is key to the success of our business. We wish to thank our board of directors, management and staff for their commitment and dedication. We would also like to take this opportunity to extend our appreciation to you, our shareholders, for your continued support and confidence in World Class Global.

We look forward to meeting you at the upcoming Annual General Meeting.

KOH WEE SENG

Non-Executive Chairman



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Australia 108, Melbourne
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OPERATING AND FINANCIAL REVIEW

The Group recorded revenue of S\$442.0 million for the financial year ended 31 December 2018 (“FY2018”) mainly due to the settlements by purchasers of *AVANT* and *Australia 108*. During the year, the Group achieved a significant milestone with the full completion of *AVANT*, the Group’s skyscraper development project in Melbourne’s central business district (“CBD”), which also marked the first complete handover among the Group’s property development projects in Australia.

The Group recorded cost of sales of S\$360.3 million, comprising mainly costs directly associated with the acquisition and development of *AVANT* and *Australia 108* upon settlement by purchasers.



In FY2018, the Group recorded a net foreign exchange loss of S\$14.0 million mainly due to the weakening of Australian Dollar against Singapore Dollar, as compared to a net foreign exchange gain of S\$1.7 million in the previous financial year ended 31 December 2017 (“FY2017”). In line with the higher revenue recognised, other operating expenses increased to S\$32.5 million in FY2018 from S\$8.5 million in FY2017, 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. Employee benefits expenses increased to S\$5.1 million in FY2018 from S\$3.5 million in FY2017, mainly due to the increase in number of employees and higher provision for performance bonus. Interest income increased to S\$4.8 million in FY2018 from S\$0.6 million in FY2017, 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.

Other income increased from S\$0.1 million in FY2017 to S\$2.1 million in FY2018 mainly due to a net fair value gain on derivatives and the hotel room revenue contributed by the Group’s hotels in Georgetown, Penang.

In view of the recognition of revenue in FY2018, the Group recorded a profit before tax of S\$35.8 million in FY2018, as compared to a loss before tax of S\$9.7 million in FY2017. Correspondingly, the Group achieved a net profit attributable to shareholders of S\$23.2 million in FY2018, from a net loss attributable to shareholders of S\$9.0 million in FY2017.

In FY2018, the Group recorded earnings per share (basic and diluted) of 2.53 cents per share. As at 31 December 2018, the Group recorded positive working capital of S\$147.8 million and net asset value stood at 11.53 cents per share. The Group expects its financial position to be significantly strengthened in the year ahead, following the completion and handover of the residential units of *Australia 108*.

In FY2018, the Group generated net cash from operating activities of S\$106.3 million mainly due to the decrease in development and investment properties, and interest received. Net cash used in investing activity was insignificant in FY2018, while net cash used in financing activities in FY2018 of S\$100.8 million was mainly due to repayment of loans and borrowings as well as advances. As a result of the above, cash and cash equivalents balance of the Group increased to S\$17.0 million as at 31 December 2018, from S\$12.5 million as at 31 December 2017.

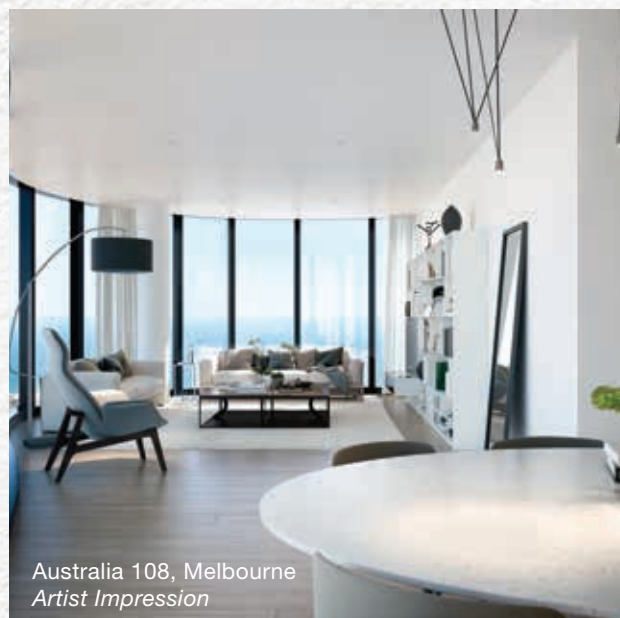
The Group continues to make good progress for its ongoing projects in Australia. Construction of *Australia 108*,

OPERATING AND FINANCIAL REVIEW

a freehold 101-storey tower that is also located in Melbourne's CBD, has progressed to level 70 out of 101 levels. According to the latest construction schedule, three out of the remaining four main stages of the development are expected to be completed by end of 2019.

Over at Cairns, piling works for the *Nova City* project had been completed and sales of the residential units for *Nova City* are expected to continue.

As at the end of February 2019, the Group has locked in about S\$610 million of unbilled contracts from the *Australia 108* project. Going forward, part of the sales proceeds will be utilised to pare down outstanding loans, as well as to fund the remaining construction and development costs associated with the Group's ongoing projects.



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

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 end of February 2019.

In accordance with the different accounting method applied to property development projects in Australia, revenue from the sale of developments projects will only be realised when the development units are completed and handed over to the purchasers. The Group expects to book revenue and profit from the *Australia 108* project progressively as the construction completes progressively from 2019 to 2020.



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BUILDING ASPIRATIONS, BROADENING HORIZONS



At World Class Global, our practices are constantly developed and perfected to heighten quality and sustainability, enabling us to build on our strengths and create value.

Over the years, we have exhibited resilience, prudence and foresight in our march forward, which have allowed us to capitalise on development prospects. By actively seeking new investment opportunities, we are able to continuously enhance our presence and pursue endeavours to synergise greater growth.

BOARD OF DIRECTORS

MR. KOH WEE SENG | Non-Executive Chairman

Mr. Koh is our Non-Executive Chairman and was appointed to the Board on 29 October 2013. Mr. Koh is the chief executive officer and executive director of Aspial Corporation Limited ("**Aspial**"), which is listed on the SGX-ST, and is responsible for the strategic planning, overall management and business development of Aspial and its subsidiaries (excluding our Group) (the "**Aspial Group**").

Since late 1994, when the new management team, led by Mr. Koh, took over the reins, the Aspial Group has overcome the challenges posed by changing consumer demand by implementing wide-ranging and fundamental changes in its jewellery business. Mr. Koh has also successfully led the Aspial Group's diversification into the property sector (in Singapore and other countries) and the financial services sector. Mr. Koh is also the non-executive chairman of Maxi-Cash Financial Services Corporation Ltd ("**Maxi-Cash**") and AF Global Limited, both of which are listed on the SGX-ST.

Mr. Koh holds a Bachelor's degree in Business Administration from the National University of Singapore.

MS. KOH LEE HWEE | Non-Executive Director

Ms. Koh is our Non-Executive Director and was appointed to the Board on 29 October 2013. Ms. Koh is an executive director of Aspial and a non-executive director of Maxi-Cash. As an executive director of Aspial, Ms. Koh has executive responsibilities over the Singapore property business of Aspial, and assists in the jewellery business of the Aspial Group.

Ms. Koh was previously the chief executive officer of Maxi-Cash and was responsible for the strategic planning, overall management and business development of the Maxi-Cash group of companies. Prior to her appointment as the chief executive officer of Maxi-Cash, Ms. Koh was the vice president (manufacturing) of the Aspial Group, where she oversaw and spearheaded the growth of the manufacturing division and was responsible for the overall production plans, technology, management and development. Ms. Koh has more than 20 years of experience in the jewellery industry.

Ms. Koh holds a Bachelor of Arts degree from the National University of Singapore.

MR. NG SHENG TIONG | Executive Director and Chief Executive Officer

Mr. Ng is our Executive Director and Chief Executive Officer and was appointed to the Board on 29 October 2013. Mr. Ng is responsible for overseeing the overall management and development of our property development and property investment business.

Prior to his appointment as Chief Executive Officer of our Company, Mr. Ng was the vice president of the Aspial Group, where he headed the Aspial Group's property business, overseeing the strategic planning, overall management and business development of the property business. Mr. Ng has more than nine years of experience in the property industry. Before heading the property development business, Mr. Ng was the Aspial Group's information technology director.

Mr. Ng holds a Master of Business in Information Technology from the Royal Melbourne Institute of Technology.

BOARD OF DIRECTORS

MR. ONG TUEN SUAN | Lead Independent Director

Mr. Ong is our Lead Independent Director and was appointed to the Board on 1 June 2017. Mr. Ong has more than 20 years of working experience in finance and accounting.

Mr. Ong joined Neptune Orient Lines Limited ("**NOL**"), a company which was previously listed on the SGX-ST, in 1991 as an accountant and subsequently took on various finance and commercial leadership positions progressively within NOL. Over a 23-year career with NOL, Mr. Ong had been based in Singapore, United Arab Emirates and the United States of America, covering finance, compliance and control, financial planning and analysis, as well as commercial and operational activities. His last appointment in NOL was as the regional financial officer for the Americas, where he was responsible for, among others, the financial reporting, compliance and control, investment and divestment management and special projects support activities for the company's operations in the Americas. Mr. Ong left NOL in 2015 and is currently managing a consultancy practice covering management advisory services primarily for small and medium-sized enterprises in Singapore.

Mr. Ong graduated from Monash University with a Bachelor of Economics and is a Fellow of CPA Australia.

MR. YEOH SENG HUAT GEOFFREY | Independent Director

Mr. Yeoh is our Independent Director and was appointed to the Board on 1 June 2017. Mr. Yeoh has more than 30 years of working experience in finance.

Mr. Yeoh was working in the banking industry for 16 years until 1996; after which he took on senior management positions in certain companies which are listed on the SGX-ST until 2014. Mr. Yeoh is an independent director of Hoe Leong Corporation Limited and Global Testing Corporation Limited, both of which are listed on the SGX-ST.

Mr. Yeoh holds a Bachelor of Science (Economics) (First Class Honours) from the London School of Economics and Political Science and is a Fellow of the Association of Chartered Certified Accountants, United Kingdom.

MR. TAN SENG CHUAN | Independent Director

Mr. Tan is our Independent Director and was appointed to our Board on 1 June 2017. Mr. Tan has more than 35 years of working experience in civil, structural and environmental engineering. Mr. Tan is currently the managing director of TEMBUSU Asia Consulting Pte Ltd ("**TAC**"), where he is responsible for the TAC group's business strategy and development.

Prior to joining TAC in 2018, Mr. Tan was with Ramboll Environ Singapore Pte Ltd from 2015 to 2017 holding the position of regional managing director (Asia Pacific) and CH2M HILL Singapore from 2000 to 2015. His last position with CH2M HILL Singapore was as regional director (Asia Pacific) of the environmental services business group for CH2M HILL Singapore Consulting Pte. Ltd., where he was responsible for the development and operation of the business in the Asia Pacific region. From 1988 to 2000, Mr. Tan was with Jurong Engineering Ltd, where he undertook several positions, including as assistant general manager of the design department, overseeing the operations, project execution and management. From 1983 to 1988, Mr. Tan was with Hock Chuan Ann Construction Pte Ltd, where he undertook several responsibilities including, amongst other things, project management.

Mr. Tan graduated with a Bachelor in Engineering (Civil) from the National University of Singapore and holds a Diploma in Building Science and a Master in Science (Building Science), both from the National University of Singapore. Mr. Tan is a Professional Engineer registered with the Professional Engineers Board, Singapore, an Honorary Fellow of the Institution of Engineers, Singapore and an Honorary Fellow of the Institution of Engineers, Australia.

KEY MANAGEMENT

MR. NG SHENG TIONG | Executive Director and Chief Executive Officer

Mr. Ng is our Executive Director and Chief Executive Officer and was appointed to the Board on 29 October 2013. Mr. Ng is responsible for overseeing the overall management and development of our property development and property investment business.

Please refer to the profile of Mr. Ng set out in the section entitled “Board of Directors” of this Annual Report for more information.

MR. YIP CHEE KWANG | Chief Financial Officer and Joint Company Secretary

Mr. Yip is the Chief Financial Officer of our Group. He is responsible for the overall accounting and finance functions of our Group.

Prior to his appointment as Chief Financial Officer, Mr. Yip was the finance director of the property development business of the Aspial Group and was responsible for the overall accounting and finance functions of the Aspial Group’s property development business. Before joining the Aspial Group in 2007, Mr. Yip was a finance manager with Libra 2002 Pte Ltd. From 2004 to 2005, Mr. Yip was a manager (corporate accounting) with YHI Corporation Pte Ltd and from 2001 to 2004, he was an accountant with Matex International Limited. Prior to this, Mr. Yip was an audit senior and audit assistant with P G Wee Partnership LLP (formerly known as PG Wee & Partners), Singapore and Chew & Associates, Malaysia, respectively.

Mr. Yip holds a ACCA qualification from the Association of Chartered Certified Accountants, and is a non-practising member of the Institute of Singapore Chartered Accountants.

MR. CHOW KIM GHEE | Senior Project Director

Mr. Chow Kim Ghee is the Senior Project Director of our Group. He is responsible for managing and overseeing the development works of our projects.

Prior to his appointment as Senior Project Director of our Group, Mr. Chow was the senior project director of the property development business of the Aspial Group and was responsible for managing and overseeing development works of the Aspial Group’s projects, assisting in execution of sales and marketing activities as well as contract negotiation and construction management. Before joining the Aspial Group in 2006, Mr. Chow was a partner with Quadfort Design and Construction Pte. Ltd. from 2004 to 2006 and a project manager with SLF Management Services Pte Ltd from 2000 to 2004. From 1997 to 1999, Mr. Chow was a project executive with C.J. Management and Development Pte Ltd.

Mr. Chow holds a Bachelor of Applied Science (Construction Management) with Honours from the Royal Melbourne Institute of Technology and a Master of Business Administration from Queen Margaret University.

BUILDING SUSTAINABLE DEVELOPMENTS

Moving forward, we strive to further grow our extensive portfolio of property investment and development projects, bringing long-term sustainable value to our shareholders. With our established track record and commitment to excellence, we continually challenge ourselves to reach higher aspirations.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Koh Wee Seng
(Non-Executive Chairman)

Ms. Koh Lee Hwee
(Non-Executive Director)

Mr. Ng Sheng Tiong
(Executive Director and Chief Executive Officer)

Mr. Ong Tuen Suan
(Lead Independent Director)

Mr. Yeoh Seng Huat Geoffrey
(Independent Director)

Mr. Tan Seng Chuan
(Independent Director)

COMPANY SECRETARIES

Mr. Lim Swee Ann (CPA, ACIS)
Mr. Yip Chee Kwang (CA)

REGISTERED OFFICE

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Fax: +65 6841 7905
Email: investors@wcg.com.sg
Website: <https://wcg.com.sg>

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

SPONSOR

ZICO Capital Pte. Ltd.
8 Robinson Road
#09-00 ASO Building
Singapore 048544

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner-in-charge: Mr. Max Loh Khum Whai
(Chartered Accountant, a member of
the Institute of Singapore Chartered Accountants)
(Since the financial year ended 31 December 2017)

PRINCIPAL BANKERS

United Overseas Bank Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited

CORPORATE GOVERNANCE REPORT

The board of directors (the “**Board**” or the “**Directors**”) of World Class Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to observing and maintaining high standards of corporate governance within the Company and the Group by complying with the principles and guidelines as set out in the Code of Corporate Governance 2012 (the “**Code**”). This Corporate Governance Report describes the Group’s corporate governance practices for the financial year ended 31 December 2018 (“**FY2018**”) with specific reference to the principles of the Code pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).

The new Singapore Code of Corporate Governance 2018 (the “**2018 Code**”), which was issued on 6 August 2018, will only take effect for annual reports covering financial years commencing from 1 January 2019. As such, the 2018 Code will not affect the Group for FY2018.

The Board is pleased to report that the Company has complied with the Code for FY2018, except where otherwise explained. In areas where there are deviations from the Code, appropriate explanations are provided and the Company will continue to assess its needs and implement appropriate measures accordingly.

BOARD MATTERS (Principles 1, 2 and 3)

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board’s decision making.

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company’s business. No one individual should represent a considerable concentration of power.

THE BOARD’S CONDUCT OF ITS AFFAIRS

The Board’s role is to:

- provide entrepreneurial leadership, set strategic directions, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed;
- review the performance of the management of the Company (the “**Management**”); and
- set the Group’s corporate values and ensure that obligations to shareholders of the Company (the “**Shareholders**”) and other stakeholders are understood and met.

The Company has adopted internal guidelines setting forth matters that require the Board’s approval and clear directions have also been given to the Management that the following matters, amongst others, must be approved by the Board under such guidelines:

- Quarterly and full year results announcements;
- Annual reports (including Directors’ statements) and financial statements for each financial year;
- Declaration of interim dividends and proposal for final dividends;
- Convening of Shareholders’ meetings;

CORPORATE GOVERNANCE REPORT

THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

- Appointment and remuneration packages, as well as cessation of Directors and key management personnel;
- Authorisation of fund-raising activities;
- Authorisation of merger and acquisition transactions; and
- Authorisation of major transactions.

While matters relating to the Group's strategies and policies require the Board's direction and approval, the Management is responsible for the day-to-day operations and administration of the Group.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board has, without abdicating its responsibilities, delegated certain matters to specialised committees of the Board. These committees include the Audit Committee (the "AC"), the Nominating Committee (the "NC"), the Conflicts Resolution Committee (the "CRC") and the Remuneration Committee (the "RC") (collectively, the "Board Committees"). The Board Committees assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. The majority of the members of the Board Committees, including the respective Chairmen, are independent. The Board Committees function within clearly defined terms of references and operating procedures. The effectiveness of the Board is also reviewed by the Board on an annual basis.

The Board will meet on a quarterly basis as warranted. Ad hoc meetings may also be convened to discuss and deliberate on urgent substantive matters or issues, as and when necessary. The Constitution of the Company provides for the Board and the Board Committees to convene meetings via telephone conferencing and video conferencing. The details of the number of Board and Board Committees meetings held in FY2018 and the attendance of each Director at those meetings are disclosed below:

Name of Director	Board		Audit Committee		Nominating Committee		Conflicts Resolution Committee		Remuneration Committee	
	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended
Koh Wee Seng	4	4	5	4*	1	1	1	1*	1	1
Ng Sheng Tiong	4	4	5	4*	1	1*	1	1*	1	1*
Koh Lee Hwee	4	4	5	5	1	1*	1	1*	1	1*
Ong Tuen Suan	4	4	5	5	1	1	1	1	1	1
Yeoh Seng Huat Geoffrey	4	4	5	5	1	1	1	1	1	1
Tan Seng Chuan	4	4	5	5	1	1	1	1	1	1

* By invitation

While the Board considers Directors' attendance at Board meetings important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms, including periodical reviews and the provision of guidance and advice on various matters relating to the Group.

Upon appointment of a new Director, the Company will provide a formal letter to the Director setting out, amongst others, his duties and obligations. Newly appointed Directors will be briefed on the Group's business, its strategic directions and corporate governance policies. Familiarisation visits can be organised, if necessary, to facilitate a better understanding of the Group's business operations. For new appointed Directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties, and such training will be funded by the Company. During FY2018, no new Director was appointed to the Board.

CORPORATE GOVERNANCE REPORT

THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

Regular training, particularly on risk management, corporate governance and key changes in the relevant regulatory requirements and financial reporting standards, will be arranged and funded by the Company for all Directors, from time to time. During FY2018, Directors are provided with briefings and updates on (i) the developments in financial reporting and governance standards by the Company's external auditors, Ernst & Young LLP; and (ii) changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board Committee meetings, so as to enable them to make well-informed decisions and to properly discharge their duties as Board or Board Committee members.

As at 31 December 2018, the composition of the Board is as follows:

Name of Director	Appointment Position	First Appointment Date	Last Re-appointment Date	Length of Service	Board Committee(s) served on	Directorships or chairmanships both present and past held over the last three (3) years in other listed companies	Academic and professional qualifications/ experience
Koh Wee Seng ⁽¹⁾	Non-Executive Chairman	29 October 2013	-	5 years 5 months	- Nominating Committee - Remuneration Committee	- Aspial Corporation Limited - AF Global Limited - Maxi-Cash Financial Services Corporation Ltd	Bachelor of Business Administration, National University of Singapore
Ng Sheng Tiong ⁽¹⁾	Executive Director and CEO	29 October 2013	-	5 years 5 months	Nil	Nil	Master of Business in Information Technology, Royal Melbourne Institute of Technology
Koh Lee Hwee ⁽¹⁾	Non-Executive Director	29 October 2013	-	5 years 5 months	Audit Committee	- Aspial Corporation Limited - Maxi-Cash Financial Services Corporation Ltd	Bachelor of Arts, National University of Singapore
Ong Tuen Suan	Lead Independent Director	1 June 2017	25 April 2018	1 year 10 months	- Audit Committee - Nominating Committee - Remuneration Committee - Conflicts Resolution Committee	- AF Global Limited	- Bachelor of Economics, Monash University - Fellow, CPA Australia

CORPORATE GOVERNANCE REPORT

THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

Name of Director	Appointment Position	First Appointment Date	Last Re-appointment Date	Length of Service	Board Committee(s) served on	Directorships or chairmanships both present and past held over the last three (3) years in other listed companies	Academic and professional qualifications/ experience
Yeoh Seng Huat Geoffrey	Independent Director	1 June 2017	25 April 2018	1 year 10 months	<ul style="list-style-type: none"> - Audit Committee - Nominating Committee - Remuneration Committee - Conflicts Resolution Committee 	<ul style="list-style-type: none"> - Hoe Leong Corporation Limited - Global Testing Corporation Limited 	<ul style="list-style-type: none"> - Bachelor of Science (Economics), London School of Economics and Political Science - Fellow, Association of Chartered Certified Accountants, United Kingdom
Tan Seng Chuan	Independent Director	1 June 2017	25 April 2018	1 year 10 months	<ul style="list-style-type: none"> - Audit Committee - Nominating Committee - Remuneration Committee - Conflicts Resolution Committee 	Nil	<ul style="list-style-type: none"> - Bachelor in Engineering (Civil), National University of Singapore - Master in Science (Building Science), National University of Singapore - Honorary Fellow, Institution of Engineers, Australia and Singapore

Note:

- (1) Mr Koh Wee Seng and Ms Koh Lee Hwee are siblings. Mr Ng Sheng Tiong is the husband of Ms Koh Lee Hwee and the brother-in-law of Mr Koh Wee Seng.

The Board has considered the present Board size of six (6) members and is satisfied that the current size facilitates effective decision-making, after taking into account the nature and scope of the Group's operations, as well as the wide spectrum of skills and knowledge of the Directors.

In identifying the need for any new Director, the Board's primary consideration is to ensure that the Board consists of an appropriate mix of members with complementary skills, core competencies and experience that could contribute effectively to the Group, regardless of gender.

To maintain or enhance the balance and diversity of the Board, the Board's composition is reviewed by the NC to ensure that the Board has the appropriate mix of expertise and experience. The NC is of the view that the current Board comprises persons who as a group provides an appropriate balance and diversity of skills, experience and knowledge to the Company, as well as provides a diversity of gender with one (1) female Director who is a Non-Executive Director. The Board members collectively possess the necessary core competencies such as accounting, finance, investment, business and management experience, corporate governance, industry knowledge and strategic planning experience for the effective functioning of the Board and an informed decision-making process.

CORPORATE GOVERNANCE REPORT

THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

The roles of the Chairman and the Chief Executive Officer ("CEO") are separate and distinct, each having their own areas of responsibilities.

The responsibilities of the Chairman include:

- leading the Board to ensure its effectiveness;
- setting agenda for Board meetings and ensuring adequate time for discussion;
- promoting openness and discussion during Board meetings;
- ensuring that Directors receive complete, adequate and timely information;
- ensuring effective communication with Shareholders;
- encouraging constructive relations within the Board and between the Board and the Management;
- facilitating effective contributions of the Non-Executive Directors; and
- promoting high standards of corporate governance.

The Company believes that a distinctive separation of responsibilities between the Chairman and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity for the Board to exercise independent decision-making. For FY2018, the positions of the Chairman and the CEO are held by Mr Koh Wee Seng and Mr Ng Sheng Tiong respectively. Mr Ng Sheng Tiong is the brother-in-law of Mr Koh Wee Seng.

Notwithstanding that the Chairman and the CEO are related to each other, as the Independent Directors make up half of the Board and the majority of each of the Board Committees, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or small group of individuals exercising any considerable concentration of power or influence.

Lead Independent Director

For good corporate governance, the Board has appointed Mr Ong Tuen Suan as the Lead Independent Director of the Company to address the concerns of Shareholders and employees in the event that interactions with the Non-Executive Chairman, CEO or Chief Financial Officer ("CFO") cannot satisfactorily resolve their concerns or where such channel of communications is considered inappropriate. The Lead Independent Director also assists the Board in ensuring effective corporate governance in managing the affairs of the Board and the Company. Where necessary, the Lead Independent Director, together with the other Independent Directors, will meet without the presence of the other non-Independent Directors, and the Lead Independent Director will provide feedback to the Chairman, if it is necessary.

The Independent Directors have the necessary experience and expertise to assist the Board in decision-making and provide greater balance to the Board as they do not participate in the day-to-day running of the Group. The Non-Executive Directors may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management. Non-Executive Directors have been actively participating in discussions and decision-making at the Board and the Board Committees meetings, and had open discussions with the Management. Where necessary, the Non-Executive Directors meet and discuss on the Group's affairs without the presence of the Management.

There is a strong and independent element on the Board. The Board currently comprises six (6) Directors, three (3) of whom are Independent Directors. Accordingly, the Board has satisfied the requirement for Independent Directors to make up at least half of the Board where the Chairman is not an Independent Director (Guideline 2.2 of the Code). There is no alternate Director on the Board.

The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its 10% Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. None of the Independent Directors has served on the Board beyond nine (9) years from the date of his first appointment.

CORPORATE GOVERNANCE REPORT

THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

The independence of each Director will be reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an Independent Director in its review and determines whether the Director falls under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The NC has reviewed and determines that Mr Ong Tuen Suan, Mr Yeoh Seng Huat Geoffrey, and Mr Tan Seng Chuan are independent.

BOARD MEMBERSHIP & PERFORMANCE (PRINCIPLES 4 AND 5)

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees, and the contribution by each director to the effectiveness of the Board.

NOMINATING COMMITTEE

The NC comprises four (4) Directors, all of whom are Non-Executive Directors, and a majority of whom, including the NC Chairman, are independent. The members of the NC are as follows:

Ong Tuen Suan	Chairman	Lead Independent Director
Yeoh Seng Huat Geoffrey	Member	Independent Director
Tan Seng Chuan	Member	Independent Director
Koh Wee Seng	Member	Non-Executive Director

The NC will meet at least once a year. In FY2018, the NC has met once.

The NC carries out its duties in accordance with a set of terms of reference which includes, mainly, the following:

- recommending to the Board on Board appointments, including re-nominations of existing Directors for re-election in accordance with the Constitution of the Company, taking into account the Director's contribution and performance;
- reviewing the board succession plans for Directors, in particular, for the Chairman of the Board and the CEO;
- reviewing and approving any new employment of persons related to the Directors and/or controlling Shareholder and proposed terms of their employment;
- determining on an annual basis whether or not a Director of the Company is independent;
- in respect of a Director who has multiple board representations on various companies, if any, reviewing and deciding whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- reviewing of potential conflicts of interests arising from multiple board representations of a Director;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a director;
- developing a process for evaluation of the performance of the Board, the Board Committees and the Directors and proposing objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addressing how the Board has enhanced long-term Shareholders' value;
- assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board; and
- reviewing the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise and make recommendations to the Board with regard to any changes.

CORPORATE GOVERNANCE REPORT

NOMINATING COMMITTEE (CONT'D)

In its selection of new Directors, the NC reviews the composition of the Board and identifies the skill sets which will enhance the Board's overall effectiveness. Potential candidates are identified from various sources. The Board conducts an initial assessment to review the candidate's qualifications, attributes and past experience followed by interviewing short-listed candidates. The proposed candidate's independence, expertise, background and right skills will be considered before the Board makes its final decision on the appointment. For re-appointment of existing Directors to the Board, the Board will take into consideration, amongst others, the Director's integrity, competencies, independence, commitment, contribution and performance (such as attendance, participation, preparedness and candour).

The NC determines the criteria on which Board performance is to be evaluated and, subject to the approval of the Board, proposes objective performance criteria which address how the Board has enhanced long-term Shareholders' value.

The Board has implemented a formal annual process to be carried out by the NC to assess the performance and effectiveness of the Board as a whole and its Board Committees, as well as the performance and contribution of each individual Director to the effectiveness of the Board. For FY2018, the Directors participated in the evaluation by providing feedback to the NC in the form of completing (i) a Board Performance Evaluation checklist which covers several parameters such as Board composition, conduct of meetings, Board process, Board accountability, risk management and internal control, measuring and monitoring performance as well as communication with Shareholders; and (ii) an Individual Director Performance Evaluation checklist which covers several parameters such as the Director's interactive skills, industry knowledge, contribution and workload requirements, sense of independence and preparation at the Board and Board Committees meetings. To ensure confidentiality, the evaluation checklists completed by the Directors were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the performance and the effectiveness of the Board as a whole and its Board Committees, as well as the performance and contribution of each individual Director to the effectiveness of the Board for the financial year. The NC has reviewed the overall performance and effectiveness of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance and effectiveness of the Board as a whole has been satisfactory. The NC is also of the view that, based on the results collated from the evaluation checklists, (i) the Board Committees have consistently performed well and effectively; and (ii) each individual Director has discharged his or her roles and responsibilities effectively and has contributed towards the effectiveness of the Board for the financial year.

Directors' Time Commitments and Multiple Board Representations

As the ability to commit time and attention to the Group's affairs is essential for the individual Director's contribution and performance, the Board has considered the number of listed directorship each of its Directors can hold after taking into considerations factors such as the expected and/or competing time commitments of the Directors, the size and composition of the Board as well as the nature and scope of the Group's operations and size. As a guide, Directors should not have more than six (6) listed company board representations.

The NC has reviewed and is satisfied that in FY2018, where Directors had other listed company board representations, each of these Directors does not have more than six (6) listed company board representations and these Directors have been able to devote sufficient time and attention to the affairs of the Company to adequately carry out their duties as Directors of the Company.

The NC will continue to review formal assessment processes for evaluating the performance and effectiveness of the Board as a whole and its Board Committees, as well as the performance and contribution of each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

Re-election of Directors

In accordance with Rule 720(4) of the Catalist Rules, all Directors need to submit themselves for re-nomination and re-appointment at least once every three (3) years. Article 97 of the Company's Constitution provides that at least one-third of its Directors shall retire from office and are subject to re-election at every Annual General Meeting of the Company ("AGM"). In addition, Article 103 of the Company's Constitution provides that a newly appointed Director must retire and submit himself for re-election at the next AGM following his appointment. This will enable all Shareholders to exercise their rights in selecting all the Board members of the Company.

CORPORATE GOVERNANCE REPORT

NOMINATING COMMITTEE (CONT'D)

The NC has recommended to the Board that the following Directors be nominated for re-election as Directors, at the forthcoming AGM:

- (1) Mr Koh Wee Seng who is retiring pursuant to Article 97 of the Company's Constitution; and
- (2) Ms Koh Lee Hwee who is retiring pursuant to Article 97 of the Company's Constitution.

Please refer to the section entitled "Additional Information on Directors Nominated for Re-election – Appendix 7F to the Catalist Rules" of this report as well as page 9 of this Annual Report for more information on the abovementioned Directors. The NC has reviewed and is satisfied that both Mr Koh Wee Seng and Ms Koh Lee Hwee, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, are properly qualified for re-election by virtue of their skills, experience and contributions.

The Board has accepted the NC's recommendation and the re-election of the abovementioned Directors shall be subject to Shareholders' approval at the forthcoming AGM.

The NC also determines, on an annual basis, the independence of Directors. For FY2018, the NC has assessed and affirmed the status of each Director as follows:

Koh Wee Seng	Non-Independent
Ng Sheng Tiong	Non-Independent
Koh Lee Hwee	Non-Independent
Ong Tuen Suan	Independent
Yeoh Seng Huat Geoffrey	Independent
Tan Seng Chuan	Independent

The key information of the Directors, including their academic and professional qualifications, shareholding interests in the Group, Board Committees served on, first appointment dates, last re-appointment dates, directorships or chairmanships both present and those held over the past three (3) years in other listed companies, and their principal commitments, are set out on pages 9, 10, 16 and 17 of this Annual Report.

ACCESS TO INFORMATION (PRINCIPLE 6)

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To enable the Board to fulfill its responsibilities, the Management provides the Board with management reports on a regular and timely basis, with relevant and adequate information prior to the Board meetings. Prior to each Board meeting, the Board is provided with the relevant background or explanatory information relating to the business of the meeting and information on major operational, financial and corporate issues. During each Board meeting, progress reports of the Group's business operations are also presented to the Board by the Management. The Board also has separate and independent access to the Company Secretary and the Management.

The Company Secretary attends all Board meetings and ensures that Board procedures are followed. The Company Secretary also ensures that the requirements under the Companies Act (Chapter 50 of Singapore) and all regulations of the SGX-ST are complied with.

The appointment and removal of the Company Secretary is a matter for consideration for the Board as a whole.

In the furtherance of their duties, the Directors, whether individually or as a group, may obtain professional advice and assistance from the Company Secretary or independent professionals, if necessary, and the cost of such advice and assistance will be borne by the Company.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS (PRINCIPLES 7, 8 AND 9)

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

REMUNERATION COMMITTEE

The RC comprises four (4) Directors, all of whom are Non-Executive Directors, and a majority of whom, including the RC Chairman, are independent. The members of the RC are as follows:

Tan Seng Chuan	Chairman	Independent Director
Ong Tuen Suan	Member	Lead Independent Director
Yeoh Seng Huat Geoffrey	Member	Independent Director
Koh Wee Seng	Member	Non-Executive Director

The RC will meet at least once a year. In FY2018, the RC has met once.

The RC carries out its duties in accordance with a set of terms of reference which includes, mainly, the following:

- reviewing and recommending to the Board a framework of remuneration policies to determine the specific remuneration packages and terms of employment for each of the Directors (including the CEO), key management personnel and any other employees related to the Directors and controlling Shareholders;
- ensuring all aspects of remuneration including, but not limited to, Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered;
- ensuring proper disclosure of the Company's remuneration policies, level and mix of remuneration and the procedure for setting remuneration, in the Company's annual report; and
- reviewing and determining the contents of any service agreement for any Directors or key management personnel.

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits-in-kind are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. Each member of the RC and the Board abstains from voting on any resolutions in respect of his remuneration package.

The remuneration of related employees will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of the RC. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE (CONT'D)

No remuneration consultants were engaged by the Company in FY2018. The RC will engage professional advice in relation to remuneration matters as and when the need arises. The RC will ensure that existing relationships between the Company and its appointed remuneration consultants, if any, will not affect the independence and objectivity of the remuneration consultants. Where remuneration consultants are appointed, the Company will disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the Company.

The Company's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel of the required experience and expertise.

The Executive Director does not receive Directors' fees but is remunerated as a member of the Management. The remuneration package of each of the Executive Director and the key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. The performance-related component of the remuneration package is designed to align the interests of the Executive Director and the key management personnel with those of Shareholders and link rewards to the Group's financial performance. Service agreements for the Executive Director and the key management personnel are for a fixed appointment period and do not contain onerous removal clauses. The RC reviews the fairness and reasonableness of the termination clauses contained in the service agreements of the Executive Director and the key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

There were no termination or retirement benefits and post-employment benefits that are granted to the Executive Director and key management personnel in FY2018. The Company does not intend to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the Executive Director in the event of such breach of fiduciary duties.

The Independent Directors and the Non-Executive Directors do not have any service agreement with the Company. They are paid fixed Directors' fees appropriate to their level of contribution, taking into account factors such as effort and time spent, and their responsibilities on the Board and Board Committees. They do not receive any other form of remuneration from the Company. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

Directors' fees are endorsed by the RC and recommended by the Board for Shareholders' approval at the AGM. At the forthcoming AGM, Shareholders' approval will be sought for the payment of Directors' fees of S\$240,000 for FY2018 (FY2017: S\$240,000).

Service Agreement

The Company has entered into a service agreement ("**Agreement**") with Mr Ng Sheng Tiong on 1 March 2017 ("**Commencement Date**") in regard to his employment as an Executive Director and CEO of the Company. The Agreement is for a term of two (2) years from the Commencement Date, and is thereafter renewable automatically for a period of two (2) years (or such shorter periods as Mr Ng Sheng Tiong and the Company may agree) for each subsequent term on such terms which shall be subject to the review by the Board and the RC, such renewal being subject to the confirmation of the Board at least three (3) months before the renewal date. Under the terms of the Agreement, either party may terminate the Agreement by giving to the other party not less than six (6) months' written notice, or in lieu of such notice an amount equal to six (6) months' salary.

The Company has not adopted any employees' share option scheme or performance share plan.

The Board has not included a separate annual remuneration report to Shareholders in this Annual Report on the remuneration of the Directors and the key management personnel (who are not Directors or the CEO) as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Annual Report and in the financial statements of the Company.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE (CONT'D)

The Board has reviewed the disclosure of the remuneration of the Directors and the key management personnel (who are not Directors or the CEO) and has decided not to fully disclose their remuneration, as well as the names of the key management personnel (who are not Directors or the CEO) as the Board believes that such disclosure may be prejudicial to its businesses given the competitive business environment and the disadvantages that it may bring.

Remuneration of Directors

A breakdown showing the level and mix of the remuneration of each individual Director for FY2018 is set out below:

Remuneration bands	Director	Salary ⁽¹⁾ (%)	Bonus, performance bonus (%)	Directors' fees ⁽²⁾ (%)
<u>Between S\$2,250,000 and S\$2,500,000</u>	Ng Sheng Tiong	12.53	87.47	–
<u>S\$250,000 and below</u>	Koh Wee Seng	–	–	100.00
	Koh Lee Hwee	–	–	100.00
	Ong Tuen Suan	–	–	100.00
	Yeoh Seng Huat Geoffrey	–	–	100.00
	Tan Seng Chuan	–	–	100.00

Notes:

- (1) Inclusive of salary, allowances and Central Provident Fund contributions.
- (2) Directors' fees are subject to the approval of Shareholders at the forthcoming AGM.

Remuneration of Key Management Personnel (who are not Directors or the CEO)

The Group has only three (3) key management personnel (who are not Directors or the CEO) during FY2018. The remuneration of the three (3) key management personnel comprises fixed component and variable component. Fixed component is in the form of fixed salary whereas variable component is linked to the performance of the Group's business and individual performance.

The number of key management personnel in each of the remuneration bands for FY2018 is as follows:

Between S\$250,000 and S\$500,000	:	2
S\$250,000 and below	:	1

The total remuneration paid to the aforesaid three (3) key management personnel (who are not Directors or the CEO) for FY2018 was approximately S\$750,000. As at the date of this Annual Report, there are only two (2) key management personnel in the Group, as one had resigned with effect from 17 January 2019.

Remuneration of Employees who are Immediate Family Members of a Director or the CEO

Save for Mr Koh Wee Seng (Non-Executive Chairman) and Ms Koh Lee Hwee (Non-Executive Director) who are siblings, as well as Mr Ng Sheng Tiong (Executive Director and CEO), who is the husband of Ms Koh Lee Hwee and brother-in-law of Mr Koh Wee Seng, there is no employee of the Group who is an immediate family member of a Director or the CEO and was paid more than S\$50,000 during FY2018.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS (PRINCIPLE 11)

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the governance of risk and ensures that the Management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Company's internal control systems serve as the key in identifying and managing risks that are significant to the achievement of its business objectives. The process of risk management has been integrated into the Group's business planning and monitoring process. The Company regularly reviews the Group's business and operational activities to identify areas of significant business risks. Appropriate measures are taken to assess, control and mitigate these risks.

The internal audit function of the Group performs risk assessment and conducts review on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews and endorses the internal audit plan and internal audit reports of the Group.

The internal control systems maintained by the Management throughout the year and up to the date of this report, provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. The adequacy and effectiveness of the Group's risk management and internal control systems and procedures will be reviewed by the AC annually.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective as at 31 December 2018.

The Board has also received assurance from the CEO and the CFO that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) they have evaluated the effectiveness of the Group's risk management and internal control systems and assessed the internal auditors' reports on the Group's operations and external auditors' report on the financial statements and management letter of the Group, and noted that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarise or report financial information.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (PRINCIPLE 12)

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises four (4) Directors, all of whom are Non-Executive Directors, and a majority of whom, including the AC Chairman, are independent and have accounting related or financial management experience. The members of the AC are as follows:

Yeoh Seng Huat Geoffrey	Chairman	Independent Director
Ong Tuen Suan	Member	Lead Independent Director
Tan Seng Chuan	Member	Independent Director
Koh Lee Hwee	Member	Non-Executive Director

The AC will meet on a quarterly basis during the year. In FY2018, the AC has met five (5) times.

The AC carries out its duties in accordance with a set of terms of reference which includes, mainly, the following:

- assisting the Board in the discharge of its responsibilities on financial and reporting matters;
- reviewing, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the Management's response, and results of the audits compiled by the internal and external auditors;
- reviewing the quarterly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;
- reviewing the effectiveness and adequacy of the Group's internal control and procedures addressing financial, operational, compliance and information technology risks, and ensure coordination between the internal and external auditors, and the Management, reviewing the assistance given by the Management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss (in the absence of the Management where necessary);
- reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
- reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- making recommendations to the Board on the proposals to Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing significant financial reporting issues and judgements with the CFO and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls with the CFO and the internal and external auditors, including the financial, operational, compliance and information technology controls as well as the risk management systems via reviews carried out by the internal auditors;

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (PRINCIPLE 12) (CONT'D)

- reviewing and approving transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- reviewing reports prepared by the internal auditors on compliance with the guidelines and procedures for interested person transactions;
- based on the computation prepared by the CFO on a quarterly basis for (i) the ratio of the sum of the values of the Company's Australian land assets and of each of its subsidiaries against the sum of the values of the total assets of the Group on a quarterly basis (the "**Ratio**"); (ii) the value of the Group's gross Australian assets to determine if the Group is a Offshore Corporation (as defined in this Annual Report under the section entitled "Notice to Shareholders") (the "**OC Value**"); and (iii) the value of each of the Group's Australian subsidiaries' gross Australian assets to determine if each of the Group's Australian subsidiaries is a Prescribed Australian Entity (as defined in this Annual Report under the section entitled "Notice to Shareholders") (the "**PAE Value**"), (a) review the Ratio, the OC Value and the PAE Value; (b) ensure that the Group will disclose whether the Group is an Australian Land Corporation (as defined in this Annual Report under the section entitled "Notice to Shareholders") and/or a Offshore Corporation and/or each of the Group's Australian subsidiaries is a Prescribed Australian Entity when the Group releases periodic announcements of the Group's financial statements and to include in the Group's annual reports, a statement of whether the Group is an Australian Land Corporation and/or a Offshore Corporation and/or each of the Group's Australian subsidiaries is a Prescribed Australian Entity, based on the Group's Australian land assets or gross Australian assets (as the case may be) at the end of the relevant financial year; and (c) review the relevant requirements of the Foreign Investment Review Board and applicable laws under the FATA (as defined in this Annual Report under the section entitled "Notice to Shareholders") that are relevant to the Company;
- reviewing (where necessary and appropriate) any potential conflicts of interest and set out a framework to resolve or mitigate any potential conflicts of interests (if any), and to propose additional measures where appropriate;
- reviewing on a periodic basis the framework and processes established by the Group for entry into joint ventures with the Aspiat Group on projects outside Australia, Indonesia, Malaysia, New Zealand and the Philippines;
- reviewing and approving, with input from the Management, whether the Company is in a position to make any repayments under the Fixed Loan Agreement (as defined in the Company's initial public offering (the "**IPO**") offer document dated 6 June 2017) prior to the Maturity Date (as defined in the Company's IPO offer document dated 6 June 2017);
- reviewing all hedging policies and instruments (if any) to be implemented by the Group for approval by the Board;
- undertaking such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, amongst others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and
- generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC has explicit authority to investigate any matter within its terms of reference and has been given full access to and co-operation by the Management and reasonable resources to enable it to discharge its function properly. The AC has full discretion to invite any Director or key management personnel to attend its meetings.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (PRINCIPLE 12) (CONT'D)

The AC is guided by its terms of reference which stipulate its principal functions. In performing its functions, the AC meets regularly with the Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the internal audit function of the Group to ensure that an effective system of control is maintained in the Group. The AC has full access to the external auditors and the internal auditors and has met with them at least once in FY2018 without the presence of the Management. On a quarterly basis, the AC also reviews the interested person transactions and the financial results announcements before their submission to the Board for approval. The AC is kept abreast by the Management and the external auditors of changes to accounting standards, the Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

In FY2018, the AC carried out its duties that include, amongst others, the following:

- reviewed the quarterly and full year financial statements announcements of the Group, and recommended to the Board for approval and release via the SGXNet;
- reviewed interested persons transactions of the Group;
- reviewed the internal and external audit plans, including the nature and scope of work before commencement of these audits;
- met up with the Group's internal and external auditors without the presence of the Management to discuss their findings set out in their respective reports to the AC. Both the internal and external auditors had confirmed that they had access to and received full cooperation and assistance from the Management and no restrictions were placed on the respective scope of work of the internal and external auditors;
- reviewed and approved the consolidated statement of comprehensive income, statements of financial position, statements of changes in equity, consolidated cash flows and auditors' reports;
- reviewed the Ratio, the OC Value and the PAE Value on a quarterly basis;
- reviewed the independence, adequacy and effectiveness of the Group's internal audit function;
- reviewed the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems; and
- conducted a review of the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors as well as the cost effectiveness of the audit before confirming their re-nomination.

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following key audit matter impacting the financial statements was discussed with the Management and the external auditors, and was reviewed by the AC:

Key Audit Matter considered	How the AC reviewed this matter and what decision were made
Carrying values of development properties and properties held for sale	<p>The AC considered the suitability of the external valuers that were engaged and reviewed the outcomes of the valuation process.</p> <p>The AC considered the findings of the external auditors, including their assessment of the appropriateness of valuation method and certain key assumptions used in the valuation.</p>

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (PRINCIPLE 12) (CONT'D)

External Auditors

The Company has engaged Ernst & Young LLP as its external auditors, to audit the accounts of the Company. The report of the external auditors is set out in the Independent Auditor's Report section of this Annual Report.

The AC has undertaken a review of all the non-audit services provided by the external auditors for FY2018, which related to tax returns compliance services, and they would not, in the AC's opinion, affect the independence and objectivity of the external auditors. The external auditors have also confirmed their independence in this respect, and that they are registered with the Accounting and Corporate Regulatory Authority.

The total fees of S\$205,000 paid/payable to the external auditors for FY2018 were approved by the Board and it comprises:

Audit fees	S\$200,000
Non-audit fees	S\$5,000

After considering the adequacy of the resources and experience of the external auditors' firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the particular audit, the AC has recommended to the Board the nomination and re-appointment of Ernst & Young LLP as the external auditors for the Company's audit obligations for the financial year ending 31 December 2019, at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the audit firms for the Group. No former partner or director of the Company's existing audit firm is a member of the AC.

The Company has adopted a whistle blowing policy, endorsed by the AC, where employees of the Group may in confidence, raise concerns about wrongdoing or malpractice within the Group and ensure arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. No such whistle-blowing letter was received in FY2018.

INTERNAL AUDIT (PRINCIPLE 13)

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function of the Group is conducted by the internal audit team of the Company. The internal audit team performs risk assessment and conducts the review of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The internal auditors report primarily to the AC on internal audit matters and the AC is empowered to review any of the accounting, auditing and financial practices of the Company and the Group. The internal auditors assist the AC in ensuring that the Company maintains a sound system of internal controls, including financial, operational, compliance and information technology controls, and risk management through regular monitoring of key controls and procedures and ensuring their adequacy and effectiveness, undertaking investigations as directed by the AC, and conducting regular audits of high-risk areas. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including unrestricted direct access to the AC on internal audit matters. The AC reviews and endorses the internal audit plan and internal audit reports of the Group. Any material non-compliance or failures in the internal audit function and recommendations for improvements are reported to the AC.

The internal audit function is independent of the activities it audits and carries out its activities in compliance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

CORPORATE GOVERNANCE REPORT

INTERNAL AUDIT (PRINCIPLE 13) (CONT'D)

The Board and the AC are of the opinion that the internal audit function is independent, effective and adequately resourced and internal audits are performed by competent professional staff with the relevant qualifications and experience. The AC will review annually the independence, adequacy and effectiveness of the internal audit function. The AC will also approve the appointment, removal, evaluation and compensation of the head of the internal audit function.

ACCOUNTING AND COMMUNICATION WITH SHAREHOLDERS (PRINCIPLES 10, 14 AND 15)

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Board is mindful of the obligation to provide timely and fair disclosure of material information. The Board is accountable to Shareholders while the Management is accountable to the Board. The Management currently provides the Board with management accounts of the Group's position, performance and prospects on a quarterly basis and as and when deemed necessary, and the Board provides Shareholders with an assessment of the Company's performance, position and prospects on a quarterly basis via quarterly announcements of results and other ad-hoc announcements as required by the SGX-ST.

The Board reviews legislative and regulatory compliance reports from the Management to ensure that the Group complies with the relevant requirements. In line with the Catalist Rules, the Board provides a negative assurance statement in its quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. All the Directors and key management personnel of the Group have also signed a letter of undertaking pursuant to Rule 720(1) of the Catalist Rules.

Results and other material information are released through SGXNet on a timely basis for the dissemination to Shareholders and the public in accordance with the requirements of the SGX-ST.

The Board welcomes the views of Shareholders on matters affecting the Company, whether at the general meetings of Shareholders or on an ad hoc basis. Shareholders are informed of the general meetings through notices published in the newspapers and reports or circulars sent to all Shareholders. At the general meetings, Shareholders will be given the opportunity to express their views and ask Directors or the Management questions regarding the Company and the Group. The external auditors will also be present to address Shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

The Company does not have a dedicated investor relations team. The CFO is responsible for the Company's communication with Shareholders. The public can provide feedback to the Company Secretary via electronic mail or registered address.

Shareholders who are not relevant intermediaries can vote in person or appoint not more than two (2) proxies (or in the case of Shareholders who are relevant intermediaries, more than two (2) proxies) to attend, speak and vote on their behalf at the general meetings. There is no provision in the Company's Constitution that limits the number of proxies for nominee companies.

CORPORATE GOVERNANCE REPORT

ACCOUNTING AND COMMUNICATION WITH SHAREHOLDERS (PRINCIPLES 10, 14 AND 15) (CONT'D)

The Company currently does not have a fixed dividend policy. The form, frequency and amount of declaration and payment of future dividends on the Company's shares that the Directors may recommend or declare in respect of any particular financial year or period will take into consideration the Group's retained earnings and expected future earnings, operations, cash flow, capital requirements and general financing condition, as well as general business conditions and other factors which the Directors may deem appropriate (the "**Dividend Factors**"). As the Group has just turned profitable in FY2018 and the Board deemed it more appropriate to retain the cash in the Group for its future growth, no dividend has been declared or recommended by the Board for FY2018. As set out in the section entitled "Dividend Policy" of the Company's IPO offer document dated 6 June 2017, subject to the Dividend Factors, the Group intends to declare an annual dividend of up to 50% of the Group's net profits attributable to Shareholders in respect of the financial year ending 31 December 2019 and thereafter (unless otherwise determined by the Board at its sole discretion).

The Company may declare dividends by way of an ordinary resolution of Shareholders at a general meeting, but may not pay dividends in excess of the amount recommended by the Directors. The declaration and payment of dividends will be determined at the sole discretion of the Directors, subject to the approval of Shareholders. The Directors may also declare an interim dividend without the approval of Shareholders.

CONDUCT OF SHAREHOLDER MEETINGS (PRINCIPLE 16)

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

All Shareholders receive reports or circulars of the Company which include notice of general meeting by post within the mandatory period. Notice of general meeting is released through SGXNet and published in the newspapers within the same period. The results of the general meetings are also released on SGXNet on the same day.

All registered Shareholders are encouraged to participate during the general meetings. Matters which require Shareholders' approval were presented and proposed as a separate resolution. The Company practises having separate resolutions at general meetings for each distinct issue. Each item of special business in the notice of general meeting is accompanied by an explanatory note, where appropriate. Proxy form is also sent with the notice of general meeting to all Shareholders.

If Shareholders are unable to attend the general meetings, a Shareholder who is not a relevant intermediary may appoint not more than two (2) proxies (or in the case of a Shareholder who is a relevant intermediary, more than two (2) proxies) to attend and vote on their behalf at the general meetings. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of Shareholders through the web is not compromised.

All Directors, Management, Company Secretary, external auditors, Continuing Sponsor and legal advisors (if necessary) attend the general meetings. The procedures of the general meetings provide Shareholders the opportunity to ask questions relating to each resolution tabled for approval. Shareholders are encouraged to provide their views on matters relating to the Company.

The Company Secretary prepares minutes of the general meetings which include substantial and relevant comments or queries from Shareholders relating to the agendas of the meetings, and responses from the Board and the Management. These minutes are subsequently approved by the Board and are available on request to Shareholders during office hours at the registered office.

For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

CORPORATE GOVERNANCE REPORT

OTHER CORPORATE GOVERNANCE MATTERS

CONFLICTS RESOLUTION COMMITTEE

The CRC comprises three (3) Directors, all of whom are Independent Directors. The members of the CRC are as follows:

Ong Tuen Suan	Chairman	Lead Independent Director
Yeoh Seng Huat Geoffrey	Member	Independent Director
Tan Seng Chuan	Member	Independent Director

The CRC will meet at least once a year. In FY2018, the CRC has met once.

The CRC shall be responsible for reviewing all conflicts (whether potential, actual or perceived), that may arise from time to time in the course of the Group's business between the Group and any of the Director, controlling Shareholder, CEO and/or any of their respective associates.

The CRC carries out its duties in accordance with a set of terms of reference which includes, mainly, the following:

- reviewing on an annual basis, the protocols established to resolve conflicts of interest (whether potential, perceived or actual) to ascertain that the guidelines provided in such protocols are adequate and/or stay relevant to the business and affairs of the Group, and recommending to the Board such modifications as may be expedient or necessary, including such modifications that are necessary to ensure that the conduct of ordinary business by the Group is not unduly impeded or restricted in any way, taking into consideration the experience and issues, if any, arising from past transactions. In so doing, and if deemed necessary by the CRC, the advice and assistance from legal counsel or other professional advisers may be sought;
- reviewing the scope of relevant associates to ensure that any potential conflicts of interests will be sufficiently mitigated;
- reviewing the specific conflicts of interest (whether potential, actual or perceived) that may arise from time to time in the course of business conducted or carried on by the Group; in particular, in respect of any transaction of the Group where any Director, controlling Shareholder, CEO (if not a Director) and/or any of their relevant associates is involved as a competitor or potential competitor (or one of the competitors or potential competitors), and ensure that if a conflict arises, such conflict is dealt with and adequately resolved; and
- reviewing any transaction brought to it for its approval where any of the Directors or CEO and their relevant associates intends to:
 - a) undertake passive investment in any real estate, either in their individual capacities or through special purpose vehicles, within the specified region (i.e. Australia, Indonesia, Malaysia, New Zealand and the Philippines), and the amount to be invested in a single investment or development project exceeds 5% of the Group's net asset value based on its latest audited financial statements; or
 - b) invest, either in their individual capacities or through special purpose vehicles, in securities of any listed company or listed real estate investment trust as well as private real estate funds which has more than 50% of its assets comprising interests in real estate located in the specified region ("**Investee Companies**"), and such investment will result in the person holding 5% or more of the voting rights or share capital in the Investee Companies.

The CRC has put in place mitigation procedures when the Group identifies a potential property development project and/or acquisition of a land bank and/or property for development or investment purposes and the Board will be notified of its intention to pursue the transaction.

CORPORATE GOVERNANCE REPORT

DEALING IN SECURITIES

The Company has adopted an internal securities code of compliance to provide guidance to the Directors, officers and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules. During FY2018, the Company issues quarterly circulars to its Directors, officers and employees of the Group prohibiting dealing in its shares during the period commencing two (2) weeks before the announcement of the Company's quarterly financial results and one (1) month before the announcement of the Company's full year financial results, and ending on the date of announcement of the relevant results. Directors, officers and employees of the Group are also advised against dealing in the Company's securities when they are in possession of any unpublished price-sensitive information of the Group at all times. In addition, the Company discourages the Directors, officers and employees of the Group from dealing in the Company's securities on short-term considerations. The Directors, officers and employees of the Group are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period. The Group confirms that it has adhered to its internal securities code of compliance for FY2018.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions ("IPTs"). All IPTs are reported in a timely manner to the AC and are subject to the review of the AC when a potential conflict of interest arises. The IPTs are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The Director(s) concerned does not participate in discussions and refrains from exercising any influence over other members of the Board. In FY2018, the Company did not enter into any IPTs which require Shareholders' approval under the Catalist Rules.

The Group does not have a general mandate from Shareholders for IPTs pursuant to Rule 920(1)(a)(i) of the Catalist Rules. Notwithstanding this, the Group had entered into and will continue to enter into certain IPTs, details of which were duly disclosed in the Company's IPO offer document dated 6 June 2017, in the section entitled "Interested Person Transactions and Potential Conflicts of Interests – Present and On-going Interested Person Transactions". The aggregate value of the IPTs above S\$100,000 entered into during FY2018 is as follows:

Name of interested person	Aggregate value of all interested person transactions during FY2018 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$'000)
Corporate charges		
Aspial Corporation Limited	780	–
Loan interest		
Aspial Corporation Limited ⁽¹⁾	11,102	–
Aspial Treasury Pte. Ltd. ⁽²⁾	10,486	–
Guarantee fees		
Aspial Corporation Limited	1,469	–
Project management fee income		
WCL (QLD) Margaret St Pty. Ltd.	145	–

Notes:

- (1) Aspial Corporation Limited ("Aspial") is a controlling Shareholder. An amount of S\$171,403,000 due to Aspial from the Group as at 31 December 2018 is interest-bearing at 5.75% to 6.67% per annum, unsecured, with varying maturities of between one (1) and twelve (12) months and is to be settled in cash.
- (2) Aspial Treasury Pte. Ltd. is a wholly-owned subsidiary of Aspial, a controlling Shareholder. An amount of S\$184,456,000 due to Aspial Treasury Pte. Ltd. from the Group as at 31 December 2018 is interest-bearing at 6.37% to 6.77% per annum, unsecured, with varying maturities of between one (1) and twelve (12) months and is to be settled in cash.

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

Save as disclosed above in the section entitled “Interested Person Transactions” and the service agreement entered into between the Executive Director and the Company, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling Shareholder which are either still subsisting as at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2017.

NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees payable or paid to the Company’s sponsor, ZICO Capital Pte. Ltd., in FY2018.

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Mr Koh Wee Seng and Ms Koh Lee Hwee, being the Directors who are retiring in accordance with the Company’s Constitution at the forthcoming AGM, is set out below:

Name of Director	Mr Koh Wee Seng	Ms Koh Lee Hwee
Date of first appointment	29 October 2013	29 October 2013
Date of last re-appointment (if applicable)	Not applicable	Not applicable
Age	50	52
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Koh Wee Seng as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Koh Wee Seng’s qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Koh Lee Hwee as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms Koh Lee Hwee’s qualifications, skills, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	No
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Non-Executive Chairman and a member of the NC and the RC	Non-Executive Director and a member of the AC
Professional qualifications	Bachelor of Business Administration, National University of Singapore	Bachelor of Arts, National University of Singapore
Working experience and occupation(s) during the past 10 years	July 1993 to present: Aspial Corporation Limited – Chief Executive Officer	August 2015 to present: Aspial Corporation Limited – Executive Director January 2015 to August 2015: Maxi-Cash Financial Services Corporation Ltd. – Executive Director November 2011 to January 2015: Maxi-Cash Financial Services Corporation Ltd. – Chief Executive Officer and Executive Director January 2005 to October 2011: Aspial Corporation Limited – Executive Director and Vice President (Manufacturing)

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES (CONT'D)

Name of Director	Mr Koh Wee Seng	Ms Koh Lee Hwee
Shareholding interest in the listed issuer and its subsidiaries	As at 15 March 2019, Mr Koh Wee Seng holds direct interest in 22,250,000 shares of the Company (“Shares”) held in his own name and 500,000 Shares held in the name of nominee accounts. In addition, Mr Koh Wee Seng is deemed to be interested in the 742,828,700 Shares (representing 81.11% of the issued share capital of the Company) held by Aspial Corporation Limited (“Aspial”) by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore (“SFA”). As at 15 March 2019, Mr Koh Wee Seng has an interest, directly and indirectly, in approximately 78.31% of the shares in Aspial.	As at 15 March 2019, Ms Koh Lee Hwee is deemed to be interested in the 742,828,700 Shares (representing 81.11% of the issued share capital of the Company) held by Aspial by virtue of Section 4 of the SFA. As at 15 March 2019, Ms Koh Lee Hwee has an interest, directly and indirectly, in approximately 61.35% of the shares in Aspial.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	<p>Mr Koh Wee Seng and Ms Koh Lee Hwee (Non-Executive Director of the Company) are siblings. Mr Ng Sheng Tiong (Executive Director and CEO of the Company) is the husband of Ms Koh Lee Hwee and the brother-in-law of Mr Koh Wee Seng.</p> <p>As at 15 March 2019, Mr Koh Wee Seng is a substantial shareholder of the Company, holding an aggregate shareholding interest (direct and deemed) in 83.59% of the issued share capital of the Company. Mr Koh Wee Seng is also related to the other substantial shareholders of the Company, namely, Aspial, Ms Koh Lee Hwee, Ms Ko Lee Meng and MLHS Holdings Pte Ltd. Please refer to the section entitled “Statistics of Shareholdings” of this Annual Report for more information.</p> <p>As at the date of this Annual Report, Mr Koh Wee Seng is a director on each of the boards of all the subsidiaries of the Company.</p>	<p>Ms Koh Lee Hwee and Mr Koh Wee Seng (Non-Executive Chairman of the Company) are siblings. Mr Ng Sheng Tiong (Executive Director and CEO of the Company) is the husband of Ms Koh Lee Hwee and the brother-in-law of Mr Koh Wee Seng.</p> <p>As at 15 March 2019, Ms Koh Lee Hwee is a substantial shareholder of the Company, holding an aggregate shareholding interest (direct and deemed) in 81.11% of the issued share capital of the Company. Ms Koh Lee Hwee is also related to the other substantial shareholders of the Company, namely, Aspial, Mr Koh Wee Seng, Ms Ko Lee Meng and MLHS Holdings Pte Ltd. Please refer to the section entitled “Statistics of Shareholdings” of this Annual Report for more information.</p> <p>As at the date of this Annual Report, Ms Koh Lee Hwee is a director on each of the boards of all the subsidiaries of the Company.</p>
Conflict of interest (including any competing business)	Please refer to the section entitled “Interested Person Transactions and Potential Conflicts of Interests – Potential Conflicts of Interests” of the Company’s IPO offer document dated 6 June 2017.	Please refer to the section entitled “Interested Person Transactions and Potential Conflicts of Interests – Potential Conflicts of Interests” of the Company’s IPO offer document dated 6 June 2017.
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES (CONT'D)

Name of Director	Mr Koh Wee Seng	Ms Koh Lee Hwee
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)		
Past (for the last 5 years)	Past Directorships: <u>Group Companies</u> ¹ – WCL-King (VIC) Pty Ltd <u>Other Companies</u> – Bayfront Land Pte. Ltd. – Belgium-Singapore Diamond Corporation Pte. Ltd. – Corpus Five Sdn. Bhd. – World Class Capital (LN) Pte. Ltd. – World Class Capital Pte. Ltd. – World Class Property (Central) Pte. Ltd. – World Class Property (Dunearn) Pte. Ltd. – World Class Property (Eastcoast) Pte. Ltd. – World Class Property (North) Pte. Ltd. – Zone X Leisure Pte Ltd	Past Directorships: <u>Group Companies</u> ¹ – WCL-King (VIC) Pty Ltd <u>Other Companies</u> – AF Corporation Pte. Ltd. – Belgium-Singapore Diamond Corporation Pte. Ltd. – World Class Capital (LN) Pte. Ltd. – World Class Capital Pte. Ltd. – World Class Property (Central) Pte. Ltd. – World Class Property (Dunearn) Pte. Ltd. – World Class Property (Eastcoast) Pte. Ltd. – World Class Property (North) Pte. Ltd.
Present	Present Directorships: <u>Group Companies</u> ¹ – Dynamic Ideas Pty Ltd – Penang Parade Hotels Sdn. Bhd. – PHC Hotels Sdn. Bhd. – WCL (Bertam L) Sdn. Bhd. – WCL (Bertam R) Sdn. Bhd. – WCL (CNS) CBD Pty Ltd – WCL (Macallum) Sdn. Bhd. – WCL (Magazine) Sdn. Bhd. – WCL (Noordin St) Sdn. Bhd. – WCL (QLD) Albert St Pty Ltd – WCL (QLD) Holdings Pty Ltd – WCL (QLD) Margaret St Pty Ltd – WCL-A Beckett (VIC) Pty Ltd – WCL-Cairns (QLD) Pty Ltd – WCL-Central Park (QLD) Pty Ltd – WCL-Southbank (VIC) Pty Ltd – World Class Global Limited – World Class Land (Australia) Pty Ltd – World Class Land (Georgetown) Holdings Sdn. Bhd. – World Class Land (Georgetown) Sdn. Bhd. – World Class Land (Malaysia) Sdn. Bhd. – World Class Land (Penang) Sdn. Bhd.	Present Directorships: <u>Group Companies</u> ¹ – Dynamic Ideas Pty Ltd – Penang Parade Hotels Sdn. Bhd. – PHC Hotels Sdn. Bhd. – WCL (Bertam L) Sdn. Bhd. – WCL (Bertam R) Sdn. Bhd. – WCL (CNS) CBD Pty Ltd – WCL (Macallum) Sdn. Bhd. – WCL (Magazine) Sdn. Bhd. – WCL (Noordin St) Sdn. Bhd. – WCL (QLD) Albert St Pty Ltd – WCL (QLD) Holdings Pty Ltd – WCL (QLD) Margaret St Pty Ltd – WCL-A Beckett (VIC) Pty Ltd – WCL-Cairns (QLD) Pty Ltd – WCL-Central Park (QLD) Pty Ltd – WCL-Southbank (VIC) Pty Ltd – World Class Global Limited – World Class Land (Australia) Pty Ltd – World Class Land (Georgetown) Holdings Sdn. Bhd. – World Class Land (Georgetown) Sdn. Bhd. – World Class Land (Malaysia) Sdn. Bhd. – World Class Land (Penang) Sdn. Bhd.

¹ Any of (i) the Company or (ii) any subsidiary of the Company as at the date of this Annual Report.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES (CONT'D)

Name of Director	Mr Koh Wee Seng	Ms Koh Lee Hwee
	<p>Other Companies</p> <ul style="list-style-type: none"> - 8G Investment Australia Pty. Ltd. - ACL International Services Sdn. Bhd. - Advance Property Pte. Ltd. - AF Corporation Pte. Ltd. - AF Global (London) Ltd. - AF Global (Phuket) Limited - AF Global (Thailand) Limited - AF Global Investment Holding Pte. Ltd. - AF Global Limited - AF Phuket Hotels Pte. Ltd. - AF Rawai Hotels Pte. Ltd. - Aspial Capital (Ubi) Pte. Ltd. - Aspial Capital Investment Pte. Ltd. - Aspial Corporation Limited - Aspial International Pte. Ltd. - Aspial Investment Holding Pte. Ltd. - Aspial-Lee Hwa Jewellery Pte. Ltd. - Aspial-Lee Hwa Jewellery Singapore Pte. Ltd. - Aspial Property Investment Pte. Ltd. - Aspial Treasury Pte. Ltd. - AWMF Investment Corporation - Band of Brothers Pte. Ltd. - Bayfront Realty Pte. Ltd. - Bayfront Ventures Pte. Ltd. - Bon (38) Investment Pte. Ltd. - Bon 88 Investment Pte. Ltd. - BU2 Services Pte. Ltd. - Cheong Hock Chye & Co. (Pte) Ltd - Citigems Pte. Ltd. - City Gate Shopping Mall Management Pte. Ltd. - Cityview Property Investment & Trading Limited - Draycott Garden Pte. Ltd. - Dynamic Project Management Services Pte. Ltd. - Eight G Capital (Malaysia) Sdn Bhd - Eight G Capital (Penang) Sdn Bhd - Eight G Capital (Ropewalk) Sdn Bhd - Gateway Enterprise Company Limited - Gold N Gems Pte. Ltd. - Gold Purple Pte Ltd - Goldheart Jewelry Pte. Ltd. - Headway Construction Pte. Ltd. - Hillgate Investment Pte. Ltd. - HIRP (Thailand) Limited - Kensington Land Pte. Ltd. - Kensington Village Pte. Ltd. - Knight Frank Pte. Ltd. - Knight Frank Asia Pacific Pte Ltd - L.C. (London) Ltd - L.C. Hotels Pte. Ltd. - L.C. Logistics Pte. Ltd. - LCD (Indochina) Pte. Ltd. 	<p>Other Companies</p> <ul style="list-style-type: none"> - Advance Property Pte. Ltd. - Aspial Capital (Ubi) Pte. Ltd. - Aspial Capital Investment Pte. Ltd. - Aspial Corporation Limited - Aspial International Pte. Ltd. - Aspial Investment Holding Pte. Ltd. - Aspial Property Investment Pte. Ltd. - Aspial Treasury Pte. Ltd. - Aspial-Lee Hwa Jewellery Pte. Ltd. - Aspial-Lee Hwa Jewellery Singapore Pte. Ltd. - BU2 Services Pte. Ltd. - Citigems Pte. Ltd. - DIJAZ Investment Pte. Ltd. - DN Global Pte. Ltd. - DN Holdings Pte. Ltd. - DN Property Investments Pte. Ltd. - Dynamic Project Management Services Pte. Ltd. - Gold N Gems Pte. Ltd. - Gold Purple Pte Ltd - Goldheart Jewelry Pte. Ltd. - Headway Construction Pte. Ltd. - Koda's Café Pte. Ltd. - Maxi Financial Pte. Ltd. - Maxi-Cash (Central 2) Pte. Ltd. - Maxi-Cash (Central) Pte. Ltd. - Maxi-Cash (Clementi) Pte. Ltd. - Maxi-Cash (East 2) Pte. Ltd. - Maxi-Cash (East) Pte. Ltd. - Maxi-Cash (North East 2) Pte. Ltd. - Maxi-Cash (North East) Pte. Ltd. - Maxi-Cash (North) Pte. Ltd. - Maxi-Cash (West) Pte. Ltd. - Maxi-Cash Assets Pte. Ltd. - Maxi-Cash Capital Management Pte. Ltd. - Maxi-Cash Capital Pte. Ltd. - Maxi-Cash Financial Services Corporation Ltd. - Maxi-Cash Group Pte. Ltd. - Maxi-Cash International Pte. Ltd. - Maxi-Cash Investment Holding Pte. Ltd. - Maxi-Cash Jewellery Group Pte. Ltd. - Maxi-Cash Property Pte. Ltd. - Maxi-Cash Ventures Pte. Ltd. - MLHS Holdings Pte. Ltd. - Niessing Group Pte. Ltd. - World Class Developments (Bedok) Pte. Ltd. - World Class Developments (Central) Pte. Ltd. - World Class Developments (City Central) Pte. Ltd.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES (CONT'D)

Name of Director	Mr Koh Wee Seng	Ms Koh Lee Hwee
	<ul style="list-style-type: none"> - LCD (Vietnam) Pte. Ltd. - LCD Management Sdn. Bhd. - LCD Property Pte. Ltd. - LCD Property Management Pte. Ltd. - LuxeSTYLE (Australia) Pty. Ltd. - LuxeSTYLE (Malaysia) Sdn. Bhd. - Max Cash (George Town) Sdn. Bhd. - Maxi Cash (Malaysia) Sdn. Bhd. - Maxi Cash (Penang) Sdn. Bhd. - Maxi Cash (S1) Sdn. Bhd. - Maxi Cash (Southern) Sdn. Bhd. - Maxi Financial Pte. Ltd. - Maxi-Cash (Australia) Pty. Ltd. - Maxi-Cash (Central 2) Pte. Ltd. - Maxi-Cash (Central) Pte. Ltd. - Maxi-Cash (Clementi) Pte. Ltd. - Maxi-Cash (East 2) Pte. Ltd. - Maxi-Cash (East) Pte. Ltd. - Maxi-Cash (North East 2) Pte. Ltd. - Maxi-Cash (North East) Pte. Ltd. - Maxi-Cash (North) Pte. Ltd. - Maxi-Cash (West) Pte. Ltd. - Maxi-Cash Assets Pte. Ltd. - Maxi-Cash Capital Management Pte. Ltd. - Maxi-Cash Capital Pte. Ltd. - Maxi-Cash Financial Services Corporation Ltd. - Maxi-Cash Group Pte. Ltd. - Maxi-Cash International Pte. Ltd. - Maxi-Cash Investment Holding Pte. Ltd. - Maxi-Cash Jewellery Group Pte. Ltd. - Maxi-Cash Melbourne (VIC) Pty. Ltd. - Maxi-Cash Property Pte. Ltd. - Maxi-Cash Ventures Pte. Ltd. - MLHS Holdings Pte. Ltd. - Niessing (Hong Kong) Limited - Niessing Group Pte. Ltd. - Phuket Island Property Fund - Rawai (38) Investment Pte. Ltd. - Rawai 88 Investment Pte. Ltd. - RP (Thailand) Limited - RP Hotels (Thailand) Limited - World Class Developments (Bedok) Pte. Ltd. - World Class Developments (Central) Pte. Ltd. - World Class Developments (City Central) Pte. Ltd. - World Class Developments (North) Pte. Ltd. 	<ul style="list-style-type: none"> - World Class Developments (North) Pte. Ltd. - World Class Developments Pte. Ltd. - World Class Investments Pte. Ltd. - World Class Land Pte. Ltd. - World Class Property (Telok Kurau) Pte. Ltd. - World Class Property Pte. Ltd. - World Financial Property Pte. Ltd.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES (CONT'D)

Name of Director	Mr Koh Wee Seng	Ms Koh Lee Hwee
	<ul style="list-style-type: none"> - World Class Developments Pte. Ltd. - World Class Investments Pte. Ltd. - World Class Land Pte. Ltd. - World Class Property (Telok Kurau) Pte. Ltd. - World Class Property Pte. Ltd. - Xuzhou RE Sales Co., Ltd. - Xuzhou YinJian LumChang Real Estate Development Co., Ltd. 	
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES (CONT'D)

Name of Director	Mr Koh Wee Seng	Ms Koh Lee Hwee
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES (CONT'D)

Name of Director	Mr Koh Wee Seng	Ms Koh Lee Hwee
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	<p>Mr Koh Wee Seng, was investigated by the Commercial Affairs Department (“CAD”) from December 2009 to January 2011 for possible infringement(s) under Section 218 of the SFA in relation to purchases of shares in Aspial. As stated in Aspial’s announcement released on 7 January 2011, the CAD had informed Mr Koh Wee Seng that it had concluded the investigation and no action would be taken.</p>	No

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES (CONT'D)

Name of Director	Mr Koh Wee Seng	Ms Koh Lee Hwee
Disclosure applicable to the appointment of Director only.		
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p>	<p>Yes</p> <p>Mr Koh Wee Seng is currently a director of the following companies listed on the SGX-ST:</p> <ul style="list-style-type: none"> - Aspial Corporation Limited - AF Global Limited - Maxi-Cash Financial Services Corporation Ltd 	<p>Yes</p> <p>Ms Koh Lee Hwee is currently a director of the following companies listed on the SGX-ST:</p> <ul style="list-style-type: none"> - Aspial Corporation Limited - Maxi-Cash Financial Services Corporation Ltd
<p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)</p>	<p>Not applicable. This is a re-election of a Director and Mr Koh Wee Seng has prior experience as a director of an issuer listed on the SGX-ST.</p>	<p>Not applicable. This is a re-election of a Director and Ms Koh Lee Hwee has prior experience as a director of an issuer listed on the SGX-ST.</p>

NOTICE TO SHAREHOLDERS

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 herein);
- (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 herein); 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 herein).

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);

NOTICE TO SHAREHOLDERS UPDATE ON AUSTRALIA'S FOREIGN INVESTMENT REGIME

- (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.

NOTICE TO SHAREHOLDERS

UPDATE ON AUSTRALIA'S FOREIGN INVESTMENT REGIME

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 interest¹ 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.

¹ An interest of at least 20% in an entity.

NOTICE TO SHAREHOLDERS UPDATE ON AUSTRALIA'S FOREIGN INVESTMENT REGIME

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.

FINANCIAL REPORT

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DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of World Class Global Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

Koh Wee Seng
Ng Sheng Tiong
Koh Lee Hwee
Ong Tuen Suan
Yeoh Seng Huat Geoffrey
Tan Seng Chuan

In accordance with Article 97 of the Company’s Constitution, Koh Wee Seng and Koh Lee Hwee retire and, being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

(CONTINUED)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Held by directors			Other shareholdings in which directors are deemed to have an interest		
	1 January 2018	31 December 2018	21 January 2019	1 January 2018	31 December 2018	21 January 2019
World Class Global Limited						
Ordinary shares						
Koh Wee Seng	22,750,000	22,750,000	22,750,000	742,828,700	742,828,700	742,828,700
Ng Sheng Tiong	22,300,000	22,300,000	22,300,000	–	–	–
Koh Lee Hwee	–	–	–	742,828,700	742,828,700	742,828,700
Fellow subsidiaries						
World Class Land Pte. Ltd.						
Ordinary shares						
Koh Wee Seng	250,000	250,000	250,000	4,500,000	4,500,000	4,500,000
Ng Sheng Tiong	250,000	250,000	250,000	–	–	–
Koh Lee Hwee	–	–	–	4,500,000	4,500,000	4,500,000
AF Global Limited						
Ordinary shares						
Koh Wee Seng	–	–	–	881,383,569	881,383,569	881,383,569
Koh Lee Hwee	–	–	–	881,383,569	881,383,569	881,383,569
Maxi-Cash Financial Services Corporation Ltd.						
Ordinary shares						
Koh Wee Seng	90,967,613	96,181,017	96,181,017	648,729,474	727,571,074	727,571,074
Ng Sheng Tiong	5,027,258	7,381,482	7,381,482	2,153,888	14,288,888	14,288,888
Koh Lee Hwee	2,153,888	14,288,888	14,288,888	653,555,978	734,687,805	734,687,805
Immediate holding company						
Aspial Corporation Limited						
Ordinary shares						
Koh Wee Seng	373,463,357	373,463,357	373,463,357	1,142,907,178	1,142,907,178	1,142,907,178
Ng Sheng Tiong	19,174,484	19,174,484	19,174,484	30,890,888	30,890,888	30,890,888
Koh Lee Hwee	30,890,888	30,890,888	30,890,888	1,156,999,571	1,156,999,571	1,156,999,571
Ultimate holding company						
MLHS Holdings Pte. Ltd.						
Ordinary shares						
Koh Wee Seng	1,410,000	1,410,000	1,410,000	–	–	–
Ng Sheng Tiong	–	–	–	607,500	607,500	727,500
Koh Lee Hwee	607,500	607,500	727,500	–	–	–

DIRECTORS' STATEMENT

(CONTINUED)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Koh Wee Seng and Koh Lee Hwee are deemed to have an interest in the shares of all the subsidiaries to the extent held by Aspial Corporation Limited.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

OPTIONS

No options were issued by the Company during the financial year. As at 31 December 2018, there are no options on the unissued shares of the Company or any other body corporate which were outstanding.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors:

Koh Wee Seng
Director

Ng Sheng Tiong
Director

Singapore
27 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WORLD CLASS GLOBAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of World Class Global Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), which comprise the statements of financial position of the Group and Company as at 31 December 2018, statements of changes in equity of the Group and Company and the consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “**Act**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (“**SSAs**”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“**ACRA**”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“**ACRA Code**”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report, including in relation to the matter below. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Carrying values of development properties and properties held for sale

As at 31 December 2018, the Group’s development properties and properties held for sale amounted to \$602,357,000 and \$41,674,000 respectively, which in aggregate, represented 92.4% of the Group’s total assets. These development properties and properties held for sale are located in Australia and Malaysia.

For development properties, a significant proportion of these development properties relate to projects that have not been launched or completed as at 31 December 2018. In ascertaining net realisable value (“**NRV**”), significant judgment is involved as management either needs to estimate the expected selling price (taking into account estimated costs to complete construction) based on the future property market and economic conditions in the respective markets, or use external appraisers to support its determination of market prices.

For properties held for sale, in ascertaining NRV, significant judgment is involved as management either have to estimate the expected selling price based on the current property market and economic conditions in the respective markets, or use external appraisers to support its determination of market prices.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WORLD CLASS GLOBAL LIMITED (CONTINUED)

KEY AUDIT MATTERS (CONT'D)

Carrying values of development properties and properties held for sale (cont'd)

Given the magnitude of these assets and the significant estimation uncertainties involved in determining their NRV, we have identified the assessment of carrying values of development properties and properties held for sale as a key audit matter.

To address the risk of material misstatement relating to the carrying values of development properties and properties held for sale, our audit procedures included, amongst others, inquiry of management on the existence of any indicators that the NRV is lower than their respective costs. We assessed the reasonableness of the estimated selling prices, taking into account recent market prices for similar properties in the respective markets, where applicable. Where management used external appraisers to support its determination of estimated selling prices, we evaluated the objectivity, competence and capabilities of the appraisers. We also involved our internal real estate specialists in assessing the appropriateness of the valuation method and certain key assumptions used in the valuations.

In addition to the above procedures, in assessing the appropriateness of management's NRV assessment of the development properties, we performed procedures to evaluate the reasonableness of the estimated costs of completing the development properties. We obtained an understanding of the Group's internal controls with respect to project budgeting and monitoring process and inquired with management on the development status of on-going and significant projects. We also examined documentation of the progress of material projects such as costs incurred to-date, estimated costs to complete and timing of completion.

Further, we assessed the adequacy of disclosures related to development properties and properties held for sale in Note 2.13 Development properties, Note 2.14 Properties held for sale, Note 3.2(a) Estimation of net realisable value for development properties, Note 3.2(b) Estimation of net realisable value for properties held for sale, Note 13 Development properties and Note 14 Properties held for sale to the financial statements.

OTHER INFORMATION

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WORLD CLASS GLOBAL LIMITED (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Max Loh Khum Whai.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
27 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$'000	2017 \$'000
Revenue	4	442,032	–
Cost of sales		(360,325)	–
Employee benefits	6	(5,074)	(3,528)
Depreciation		(123)	(61)
Net foreign exchange (loss)/gain		(13,967)	1,712
Finance costs		(2,181)	(528)
Other operating expenses		(32,539)	(8,546)
Interest income		4,839	590
Rental income		1,097	569
Other income	5	2,070	138
Profit/(loss) before tax	7	35,829	(9,654)
Income tax (expense)/credit	8(a)	(13,227)	380
Profit/(loss) for the year		22,602	(9,274)
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
Total comprehensive income for the year		6,193	(8,846)
Profit/(loss) for the year attributable to:			
Owners of the Company		23,160	(9,034)
Non-controlling interests		(558)	(240)
		22,602	(9,274)
Total comprehensive income attributable to:			
Owners of the Company		7,481	(8,628)
Non-controlling interests		(1,288)	(218)
		6,193	(8,846)
Earnings/(loss) per share (cents)			
Basic	9	2.53	(1.04)
Diluted	9	2.53	(1.04)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

Note	Group			Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Non-current assets						
10	2,276	223	154	70	129	137
11	25,219	11,836	–	–	–	–
12	–	–	–	236,700	236,042	158,644
8(c)	325	5,102	4,112	325	–	–
	27,820	17,161	4,266	237,095	236,171	158,781
Current assets						
13	602,357	753,305	488,148	–	–	–
14	41,674	21,676	12,754	–	–	–
15	5,546	4,404	15,827	716	43	43
16	849	942	645	26	49	442
21	–	–	–	235,470	269,714	283,790
17	1,479	–	–	1,479	–	–
18	16,970	12,506	29,290	5,615	791	22,353
	668,875	792,833	546,664	243,306	270,597	306,628
Total assets	696,695	809,994	550,930	480,401	506,768	465,409
Current liabilities						
19	21,877	30,050	17,994	4,112	2,425	846
20	130,342	216,550	14,965	–	–	–
21	175,618	239,697	228,474	175,103	239,184	226,892
21	192,810	138,978	140,618	192,810	138,978	140,618
	397	–	–	397	–	–
	521,044	625,275	402,051	372,422	380,587	368,356
Net current assets/(liabilities)	147,831	167,558	144,613	(129,116)	(109,990)	(61,728)
Non-current liabilities						
19	3,047	2,468	1,640	–	–	–
20	51,775	74,955	58,801	–	–	–
8(c)	7,455	148	–	–	148	–
	62,277	77,571	60,441	–	148	–
Total liabilities	583,321	702,846	462,492	372,422	380,735	368,356
Net assets	113,374	107,148	88,438	107,979	126,033	97,053
Equity attributable to owners of the Company						
22(a)	142,556	142,556	115,000	142,556	142,556	115,000
22(b)	(19,508)	(3,829)	(4,235)	–	–	–
	(17,442)	(40,602)	(31,568)	(34,577)	(16,523)	(17,947)
	105,606	98,125	79,197	107,979	126,033	97,053
Non-controlling interests	7,768	9,023	9,241	–	–	–
Total equity	113,374	107,148	88,438	107,979	126,033	97,053
Total equity and liabilities	696,695	809,994	550,930	480,401	506,768	465,409

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Note	Attributable to owners of the Company					Total equity \$'000
		Share capital (Note 22a) \$'000	Other reserves (Note 22b) \$'000	Revenue reserves \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	
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)
Other comprehensive income		-	406	-	406	22	428
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 shares pursuant to the initial public offering	22(a)	28,827	-	-	28,827	-	28,827
Share issuance expense	22(a)	(1,271)	-	-	(1,271)	-	(1,271)
Total contributions by and distributions to owners, representing 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
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
Other comprehensive income		-	(15,679)	-	(15,679)	(730)	(16,409)
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 contributions from non-controlling interests		-	-	-	-	33	33
Total contributions by and distributions to owners, representing 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

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Company	Note	Share capital (Note 22a) \$'000	Revenue reserves \$'000	Total Equity \$'000
At 1 January 2017		115,000	(17,947)	97,053
Profit for the year, representing total comprehensive income for the year		–	1,424	1,424
<u>Contributions by and distributions to owners</u>				
Issuance of shares pursuant to the initial public offering	22(a)	28,827	–	28,827
Share issuance expense	22(a)	(1,271)	–	(1,271)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		27,556	–	27,556
At 31 December 2017		142,556	(16,523)	126,033
Loss for the year, representing total comprehensive income for the year		–	(18,054)	(18,054)
At 31 December 2018		142,556	(34,577)	107,979

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$'000	2017 \$'000
Operating activities			
Profit/(loss) before tax		35,829	(9,654)
<u>Adjustments for:</u>			
Depreciation of plant and equipment	10	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	11	(77)	(38)
Operating cash flows before changes in working capital		41,760	(8,376)
<u>Changes in working capital</u>			
Decrease/(increase) in development 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	10	(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 a fellow subsidiary (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	18	16,970	12,506

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. CORPORATE INFORMATION

The Company was incorporated in Singapore on 29 October 2013 under the Companies Act as a private company, under the name of “World Class Global Pte. Ltd.”.

The Company was converted into a public limited company on 12 May 2017 and the name of the Company was changed to “World Class Global Limited” in connection with the conversion. The Company was listed on the Catalist Board of the Singapore Exchange on 15 June 2017.

The immediate holding company is Aspial Corporation Limited, which is incorporated in Singapore and listed on the Main Board of the Singapore Exchange. The ultimate holding company is MLHS Holdings Pte. Ltd., which is also incorporated in Singapore.

The Company is domiciled in Singapore, and the address of the Company’s registered office is 8 Robinson Road, #03-00 ASO Building, Singapore 048544. The Company’s principal place of business is located at 55 Ubi Avenue 1, #05-16 Ubi 55, Singapore 408935.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (“**FRS**”). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (“**SGD**” or “**\$**”) and all values in the tables are rounded to the nearest thousand (“**\$’000**”), except when otherwise indicated.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group’s and the Company’s opening balance sheets were prepared as at 1 January 2017, the Group and the Company’s date of transition to SFRS(I).

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for the annual financial periods beginning on or after 1 January 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

SFRS(I) 9 Financial Instruments

On 1 January 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of application. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

The Group's trade receivables includes receivables arising from the Group's property development segment and rental receivables. The Group's intention is to hold these receivables to collect the contractual cash flows. Consequently, upon adoption of SFRS(I) 9, these has been classified as measured at amortised cost.

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("**FVOCI**") or fair value through profit or loss ("**FVPL**"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("**SPPI**"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and if applicable, then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of SFRS(I) 9, the Group has assessed that there is no material impact to the financial statements.

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group is in the business of property development and construction. The impact of adopting SFRS(I) 15 is detailed as follows:

Sale of development properties

Timing of revenue recognition

The Group is engaged in the development and sale of commercial and residential properties. It collected upfront payments which comprised purchase deposit monies held in trust accounts maintained by solicitors, and relate to property sales where recognition of revenue will be satisfied at a point in time when completed unit is handover to the buyer. As the Group does not have the rights to these monies collected until the completion of the development project, these do not represent a contract liability for the Group. There is no impact on adoption of SFRS(I) 15 for the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 16 <i>Leases</i>	1 January 2019
SFRS(I) INT 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to SFRS(I) 1-28: <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact to the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

On the adoption of SFRS(I) 16, the Group expects to choose on a lease-by-lease basis, to measure the right-of-use asset at either:

- (i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets and lease liabilities for its leases previously classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to the owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

2.6 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group has determined its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Building on freehold land: 50 years
- Renovation, electrical and fittings, furniture and fittings: 3 to 5 years
- Computers: 3 years
- Motor vehicle: 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Property, plant and equipment (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on such derecognition is included in profit or loss in the year the item of property, plant and equipment is derecognised.

2.9 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

A derivative financial instrument is carried as an asset when the fair value is positive and as a liability when the fair value is negative.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (cont'd)

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all financial assets at amortised costs, and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("**a 12-month ECL**"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default ("**a lifetime ECL**").

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For amounts due from subsidiaries (non-trade), the Group uses the general approach and estimates for 12-months expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Group estimates the Lifetime ECLs for such financial assets.

The Group considers a financial asset to be in default when there is a significant deterioration in credit rating. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Development properties

Development properties are properties acquired for development or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Development properties (cont'd)

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are capitalised and amortised to profit or loss as the Group expects to recognise the related revenue.

Net realisable value of the development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on sale are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Development properties are transferred to properties held for sale upon the completion of construction or development.

2.14 Properties held for sale

Properties held for sale refer to properties where construction or development has been completed, or properties purchased, which are intended for sale in the ordinary course of business. Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

2.15 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.16 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employees' entitlement to annual leave is recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Leases

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.18(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.18 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Property Sales*

- *Sale of completed development property*

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer at a point in time, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

- *Sale of development property under construction*

Where development property is under construction and agreement has been reached to sell such property when construction is completed, revenue is recognised at a point in time when the significant risks and rewards of ownership of the property have been transferred to the buyer (i.e. revenue is recognised at a point in time).

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Revenue (cont'd)

(b) *Service income*

Service income arising from establishing leasing service is recognised when the lease is secured.

(c) *Rental income from operating leases*

Rental income arising from operating leases on investment properties and standing properties at development sites is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) *Interest income*

Interest income is recognised using the effective interest method.

2.19 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on consolidation.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.20 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.22 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.12 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments in applying accounting policies

Management is of the opinion that there is no significant judgment made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Estimation of net realisable value for development properties*

Development properties are stated at the lower of cost and net realisable value ("NRV").

As at 31 December 2018 and 2017, the Group's development properties comprise properties that (i) are in planning phases, (ii) had obtained the necessary development permits from the relevant authorities but not launched for sale, and (iii) had obtained the necessary development permits from the relevant authorities and launched for sale with carrying amounts of \$224,789,000, \$14,761,000 and \$362,807,000 (31 December 2017: \$244,424,000, \$15,921,000 and \$492,960,000, 1 January 2017: \$231,790,000, \$19,354,000 and \$237,004,000) respectively.

Management has made estimates of NRV with reference to gross development values as assessed by independent valuers for certain development projects with a carrying amount of \$589,053,000. The gross development value of a development property is derived from estimated sales proceeds less estimated construction costs based on prevailing conditions in the respective markets where the properties are located, with the assumption that those properties in planning phases will obtain the required development permits.

Estimated sales proceeds

Estimates of sales proceeds are made with reference to selling prices of units sold as well as market prices at the reporting date for similar properties in the respective markets where applicable. Where market prices are not available, input from property agents, the property-type as well as the targeted property segment has been taken into account.

Estimated construction costs

Estimated construction costs or costs to complete construction take into account construction contracts entered into and input from project managers.

As at 31 December 2018 and 2017, the carrying amount of development properties disclosed in Note 13 to the financial statements is stated at cost.

(b) *Estimation of net realisable value for properties held for sale*

As at 31 December 2018, the Group's properties held for sale amounted to \$41,674,000 (31 December 2017: \$21,676,000, 1 January 2017: \$12,754,000).

Management has made estimates of NRV with reference to selling prices of units sold as well as market prices at the reporting date for similar properties in the respective markets where applicable. Where market prices are not available, input from property agents, the property-type as well as the targeted property segment has been taken into account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

4. REVENUE

Revenue of the Group represents revenue from property sales and service income after eliminating intercompany transactions. The amount of each significant category of revenue recognised at a point in time during the year is as follows:

	Group	
	2018 \$'000	2017 \$'000
Property sales	439,142	–
Service income	2,890	–
	442,032	–

5. OTHER INCOME

	Group	
	2018 \$'000	2017 \$'000
Net fair value gain on derivatives	1,479	–
Income from hotel operations	452	–
Net fair value gain on investment properties	77	38
Miscellaneous income	62	100
	2,070	138

6. EMPLOYEE BENEFITS

	Group	
	2018 \$'000	2017 \$'000
Employee benefits expense (including executive directors):		
Salaries and bonuses	4,612	3,252
Central Provident Fund contributions	316	265
Other short-term benefits	146	11
	5,074	3,528

7. PROFIT/(LOSS) BEFORE TAX

The following items have been charged/(credited) in arriving at profit/(loss) before tax:

		Group	
	Note	2018 \$'000	2017 \$'000
Audit fees to:			
– Auditors of the Company		200	160
Non-audit fees to:			
– Auditors of the Company		5	63
Directors' fee		240	240
Listing expenses		–	1,707
Repair and maintenance expense		451	465
Rental expense on operating leases	24(c)	76	80
Loss from sale of properties held for sale		–	129
Promotion and advertising costs		11,563	1,592
Non-refundable sales agent commission		15,597	50
Corporate charges		943	779
Allowance for write-down of development properties and properties held for sale		–	1,326
Net foreign exchange loss/(gain)		13,967	(1,712)
Net fair value gain on investment properties	11	(77)	(38)
Net fair value gain on derivatives		(1,479)	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

8. INCOME TAX EXPENSE/(CREDIT)

(a) Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the financial years ended 31 December 2018 and 2017 are:

	Note	Group 2018 \$'000	Group 2017 \$'000
Consolidated statement of comprehensive income			
<i>Current income tax</i>			
– Current income taxation		398	5
– Under provision in respect of prior year		38	4
– Withholding tax		734	547
		1,170	556
<i>Deferred income tax</i>			
– Origination and reversal of temporary differences		18,238	(936)
– Benefits from previously unrecognised tax losses		(6,275)	–
– Under provision in respect of prior year		94	–
	8(c)	12,057	(936)
Income tax expense/(credit) recognised in profit or loss		13,227	(380)

(b) Relationship between tax expense/(credit) and profit/(loss) before tax

The reconciliation between tax expense/(credit) and the product of profit/(loss) before tax multiplied by the applicable corporate tax rate for the financial years ended 31 December 2018 and 2017 are as follows:

	Group 2018 \$'000	Group 2017 \$'000
Profit/(loss) before tax	35,829	(9,654)
Tax at the domestic rates applicable to losses in the countries where the Group operates	12,315	(2,805)
Adjustments:		
Income not subject to taxation	–	(469)
Deferred tax assets not recognised	1,001	928
Non-deductible expenses	5,444	1,457
Benefits from previously unrecognised tax losses	(6,275)	–
Under provision in respect of previous years	132	4
Effect of partial tax exemption and relief	(157)	(28)
Withholding tax	734	547
Others	33	(14)
Income tax expense/(credit) recognised in profit or loss	13,227	(380)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

8. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

(c) Deferred income tax

	Note	Group		Company	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Balance at 1 January		(4,954)	(4,112)	148	–
Tax expense/(credited) to profit or loss	8(a)	12,057	(936)	(473)	148
Translation difference		27	94	–	–
Balance at 31 December		7,130	(4,954)	(325)	148

Deferred income tax relates to the following:

Deferred tax assets, net

	Group			Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Deferred tax assets:						
Differences in depreciation for tax purpose	(4)	–	–	(4)	–	–
Unremitted foreign interest income, net	(132)	–	–	(132)	–	–
Provisions	461	–	–	461	–	–
Project expenses on incomplete development properties	–	(22,190)	(19,028)	–	–	–
Unutilised tax losses	–	27,292	23,140	–	–	–
	325	5,102	4,112	325	–	–

Deferred tax liabilities:

Differences in depreciation for tax purpose	–	(4)	–	–	(4)	–
Unremitted foreign interest income, net	–	(476)	–	–	(476)	–
Provisions	–	332	–	–	332	–
Attributable profits from development properties	(15,885)	–	–	–	–	–
Unutilised tax losses	8,430	–	–	–	–	–
	(7,455)	(148)	–	–	(148)	–

At 31 December 2018, the Group has unutilised tax losses of approximately \$6,602,000 (31 December 2017: \$23,488,000, 1 January 2017: \$Nil) that are available for offset against future taxable profits of the Group, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The utilisation of these tax losses is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

9. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

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.

	2018	2017
Profit/(loss) for the year attributable to owners of the Company (\$'000)	23,160	(9,034)
Weighted average number of ordinary shares ('000)	915,875	864,805
Basic and diluted earnings/(loss) per share (cents)	2.53	(1.04)

10. PLANT AND EQUIPMENT

Group	Renovations, electrical fittings, furniture and fittings \$'000	Computers \$'000	Office equipment \$'000	Motor vehicle \$'000	Freehold land \$'000	Leasehold building \$'000	Total \$'000
Cost:							
At 1 January 2017	58	100	46	-	-	-	204
Additions	33	75	21	-	-	-	129
Disposals	-	-	(1)	-	-	-	(1)
Exchange differences	-	1	-	-	-	-	1
At 31 December 2017 and 1 January 2018	91	176	66	-	-	-	333
Additions	81	41	109	149	-	-	380
Disposals	-*	-	-	-	-	-	-*
Transfer from development property	-	-	-	-	1,369	427	1,796
Exchange differences	-*	-*	-*	-	-	-	-*
At 31 December 2018	172	217	175	149	1,369	427	2,509
Accumulated depreciation:							
At 1 January 2017	11	28	11	-	-	-	50
Charge for the year	15	33	13	-	-	-	61
Disposals	-	-	(1)	-	-	-	(1)
Exchange differences	-	-*	-	-	-	-	-*
At 31 December 2017 and 1 January 2018	26	61	23	-	-	-	110
Charge for the year	20	49	19	19	-	16	123
Disposals	-*	-	-	-	-	-	-*
Exchange differences	-*	-*	-*	-	-	-	-*
At 31 December 2018	46	110	42	19	-	16	233
Net carrying amount:							
At 31 December 2017	65	115	43	-	-	-	223
At 31 December 2018	126	107	133	130	1,369	411	2,276

* Less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

10. PLANT AND EQUIPMENT (CONT'D)

Plant and equipment with carrying value of \$1,780,000 (31 December 2017: \$Nil, 1 January 2017: \$Nil) are pledged as security for bank borrowings (Note 20).

Company	Renovations, electrical fittings, furniture and fittings \$'000	Computers \$'000	Office equipment \$'000	Total \$'000
Cost:				
At 1 January 2017	58	88	38	184
Additions	—*	41	7	48
Disposals	—	—	(1)	(1)
At 31 December 2017 and 1 January 2018	58	129	44	231
Additions	—	9	—*	9
Disposals	—*	—	—	—*
At 31 December 2018	58	138	44	240
Accumulated depreciation:				
At 1 January 2017	11	26	10	47
Charge for the year	14	30	12	56
Disposals	—	—	(1)	(1)
At 31 December 2017 and 1 January 2018	25	56	21	102
Charge for the year	13	43	12	68
Disposals	—*	—	—	—*
At 31 December 2018	38	99	33	170
Net carrying amount:				
At 31 December 2017	33	73	23	129
At 31 December 2018	20	39	11	70

* Less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

11. INVESTMENT PROPERTIES

	Group	
	2018 \$'000	2017 \$'000
Statement of financial position:		
At 1 January	11,836	–
Transfer from properties held for sale	–	11,798
Transfer from development properties	13,280	–
Net gains from fair value adjustments recognised in profit or loss	77	38
Exchange differences	26	–
At 31 December	25,219	11,836
Statement of comprehensive income:		
Rental income from investment properties		
– Minimum lease payments	349	42
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	394	431
– Non-rental generating properties	–	55
At 31 December	394	486

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2018. The valuations were performed by Henry Butcher Sdn. Bhd., an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of the valuation technique and inputs used are disclosed in Note 28.

Properties pledged as security

As at 31 December 2018, investment properties with a carrying value of \$18,077,000 (31 December 2017: \$4,710,000, 1 January 2017: \$Nil) are pledged as security for bank borrowings (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

11. INVESTMENT PROPERTIES (CONT'D)

Details of the investment properties held by the Group are as follows:

Description and location	Existing Use	Tenure
World Class Land (Georgetown) Sdn. Bhd.		
41, 43 & 51 Gat Jalan Prangin, Penang, Malaysia	Commercial	Freehold
83, 85, 87 & 89 Jalan Macalister and 1, 3, 5, 7 & 9 Lebu Nanning, Penang, Malaysia	Commercial	Freehold
WCL (Macallum) Sdn. Bhd.		
206 Jalan C.Y. Choy, Penang, Malaysia	Commercial	Freehold
55 Lebu Cecil, Penang, Malaysia	Commercial	Freehold
81 Lebu Macallum, Penang, Malaysia	Commercial	Freehold
WCL (Noordin St) Sdn. Bhd.		
68 Lebu Presgrave, Penang, Malaysia	Commercial	Freehold
69 & 71 Lebu Presgrave, Penang, Malaysia	Commercial	Freehold
95, 97 & 99 Lebu Noordin, Penang, Malaysia	Commercial	Freehold
15 Lebu Tye Sin, Penang, Malaysia	Commercial	Freehold
80 & 82 Lebu Tye Sin, Penang, Malaysia	Commercial	Freehold
34, 36, 38, 38-A, 38-B & 38-C Lebu Tye Sin, Penang, Malaysia and Lot 711 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut, Penang, Malaysia	Mixed use development	Freehold

12. INVESTMENT IN SUBSIDIARIES

	Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Unquoted equity shares, at cost	236,700	236,042	158,644

During the current financial year, the Company increased its investment in World Class Land (Malaysia) Sdn. Bhd. by MYR2,000,000 (equivalent to approximately \$658,000). In the previous financial year, the Company increased its investment in World Class Land (Australia) Pty. Ltd. by AUD74,200,000 (equivalent to approximately \$77,398,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Composition of the Group

The Group has the following investment in subsidiaries:

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest		
				31 December 2018 %	31 December 2017 %	1 January 2017 %
Held by the Company						
(b)	World Class Land (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100	100
(f)	World Class Land (Australia) Pty. Ltd.	Australia	Investment holding	100	100	100
Held through subsidiaries						
World Class Land (Malaysia) Sdn. Bhd.						
(b)	World Class Land (Penang) Sdn. Bhd.	Malaysia	Property development	100	100	100
World Class Land (Penang) Sdn. Bhd.						
(b)	World Class Land (Georgetown) Holdings Sdn. Bhd.	Malaysia	Property development	95	95	95
World Class Land (Georgetown) Holdings Sdn. Bhd.						
(a)	World Class Land (Georgetown) Sdn. Bhd.	Malaysia	Property development	100	100	100
(a)	WCL (Magazine) Sdn. Bhd.	Malaysia	Property development	100	100	100
(a)	WCL (Macallum) Sdn. Bhd.	Malaysia	Property development	100	100	100
(a)	WCL (Noordin St) Sdn. Bhd.	Malaysia	Property development	100	100	100
(a)	WCL (Bertam R) Sdn. Bhd.	Malaysia	Property development	100	100	100
(a)	WCL (Bertam L) Sdn. Bhd.	Malaysia	Property development	100	100	100
(b)	PHC Hotels Sdn. Bhd.	Malaysia	Investment holding	100	100	100
(b), (g)	Penang Parade Hotels Sdn. Bhd.	Malaysia	Inactive	100	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest		
				31 December 2018 %	31 December 2017 %	1 January 2017 %
Held through subsidiaries (cont'd)						
World Class Land (Australia) Pty. Ltd.						
(c), (e)	WCL-Cairns (QLD) Pty. Ltd.	Australia	Property development	100	100	100
(c), (e)	WCL-Central Park (QLD) Pty. Ltd.	Australia	Property development	100	100	100
(h)	WCL-King (VIC) Pty. Ltd.	Australia	Property development	–	–	100
(a)	WCL-Southbank (VIC) Pty. Ltd.	Australia	Property development	100	100	100
(a)	WCL-A Beckett (VIC) Pty. Ltd.	Australia	Property development	100	100	100
(e)	WCL (QLD) Holdings Pty. Ltd.	Australia	Property development	100	100	100
(d)	Avant Trust	Australia	Trust	–	100	–
WCL-Cairns (QLD) Pty. Ltd.						
(e)	Dynamic Ideas Pty. Ltd.	Australia	Property development	100	100	100
(c), (e)	WCL (CNS) CBD Pty. Ltd.	Australia	Property development	100	100	100
WCL (QLD) Holdings Pty. Ltd.						
(c), (e)	WCL (QLD) Albert St Pty. Ltd.	Australia	Property development	100	100	100
(c), (e)	WCL (QLD) Margaret St Pty. Ltd.	Australia	Property development	65	65	65

(a) Audited by a member firm of EY Global

(b) Audited by Baker Tilly Monteiro Heng, Malaysia

(c) Audited by Ernst & Young LLP, Singapore for consolidation purposes

(d) Voluntarily liquidated during the financial year ended 31 December 2018

(e) Exempted from statutory audit

(f) Audited by Crowe Horwath NQ

(g) Newly incorporated/established during the financial year ended 31 December 2018

(h) Voluntarily liquidated during the financial year ended 31 December 2017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Interest in subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that is material to the Group:

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	(Loss)/profit allocated to NCI during the reporting period			Accumulated NCI at the end of reporting period			Dividends paid to NCI		
			31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
WCL (QLD) Margaret St Pty. Ltd. ("WCL-MS")	Australia	35%	(37)	(3)	8	8,544	9,309	9,290	-	-	-

Summarised financial information about subsidiary with material NCI

Summarised financial information before intercompany eliminations of WCL-MS is as follows:

Summarised statement of financial position

	WCL-MS		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Current			
Assets	38,823	40,589	38,624
Liabilities	(12,319)	(12,511)	(11,408)
Net current assets	26,504	28,078	27,216
Non-current			
Liabilities, representing net non-current liabilities	(2,092)	(1,482)	(674)
Net assets	24,412	26,596	26,542

Summarised statement of comprehensive income

	WCL-MS	
	2018 \$'000	2017 \$'000
Revenue	-	-
Loss before income tax	(106)	(10)
Income tax expense	-	-
Loss after tax	(106)	(10)
Other comprehensive income	736	(22)
Total comprehensive income	630	(32)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised financial information about subsidiary with material NCI (cont'd)

Other summarised information

	WCL-MS		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Net cash flows used in operations	1,311	2,016	12,800

13. DEVELOPMENT PROPERTIES

	Group		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Land costs	184,756	247,078	257,850
Development costs	417,601	507,352	230,298
Exchange differences	–	(26)	–
	602,357	754,404	488,148
Less: Allowance for write-down of development properties	–	(1,099)	–
	602,357	753,305	488,148

During the financial year ended 31 December 2018, borrowing costs amounting to \$36,463,000 (31 December 2017: \$27,565,000, 1 January 2017: \$21,990,000) arising from borrowings obtained specifically for the development properties were capitalised and included in development costs.

A weighted average interest capitalisation rate of 5.92% (31 December 2017: 5.75%, 1 January 2017: 5.55%) per annum was used, representing the actual borrowing costs of the loans used to finance the projects.

Development properties amounting to \$559,614,000 (31 December 2017: \$732,516,000, 1 January 2017: \$329,206,000) are pledged as security for bank borrowings (Note 20).

Development properties amounting to \$17,242,000 (31 December 2017: \$21,600,000, 1 January 2017: \$4,509,000) and \$13,280,000 (31 December 2017: \$Nil, 1 January 2017: \$Nil) were transferred to properties held for sale (Note 14) and investment properties (Note 11) respectively during the financial year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

13. DEVELOPMENT PROPERTIES (CONT'D)

Details of the development properties held by the Group are as follows:

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Stage of completion
WCL-Southbank (VIC) Pty. Ltd.					
<i>Australia 108 /</i> 68-82 Southbank Boulevard, Southbank, Melbourne, Victoria, Australia	Residential	2,642	138,282	Freehold	Construction works commenced in November 2015. Expected completion for the last phase: 2020
WCL-Central Park (QLD) Pty. Ltd.					
<i>Nova City /</i> 81-83 Spence Street and 112-114 Bunda Street, Cairns, Queensland, Australia	Mixed use development	25,874	115,510	Freehold	Planning and designing
WCL (CNS) CBD Pty. Ltd.					
17 Hartley Street and 6 Kenny Street, Cairns, Queensland, Australia	Mixed use development	16,351	88,295	Freehold	Planning and designing
WCL (QLD) Margaret St Pty. Ltd.					
240 Margaret Street, Brisbane, Queensland, Australia	Residential	1,715	61,252	Freehold	Planning and designing
WCL (QLD) Albert St Pty. Ltd.					
30 Albert Street and 131A Margaret Street, Brisbane, Queensland, Australia	Residential	2,007	76,301	Freehold	Planning and designing

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

13. DEVELOPMENT PROPERTIES (CONT'D)

<u>Location</u>	<u>Description and use</u>	<u>Land area (in square metres)</u>	<u>Estimated gross floor area (in square metres)</u>	<u>Tenure</u>	<u>Stage of completion</u>
World Class Land (Georgetown) Sdn. Bhd.					
240, 242, 244, 246, 248, 250, 252 & 254 Jalan Dato Kramat and 1, 3, 5, 7, 9, 9A & 9B Lebuah Melaka, Penang, Malaysia	Mixed use development	2,067	12,037	Freehold	Planning and designing
57, 59, 61, 63 & 65 Jalan Tan Sri Teh Ewe Lim and 1, 3, 5, 7, 9 & 11 Lorong Juru, Penang, Malaysia	Commercial	859	1,478	Freehold	Planning and designing
WCL (Magazine) Sdn. Bhd.					
Lots 18, 479, 480 & 10026 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut and 119 Lebuah Noordin, Penang, Malaysia	Mixed use development	2,966	17,496	Freehold	Planning and designing
WCL (Macallum) Sdn. Bhd.					
1, 3, 5, & 7 Lebuah Macallum and 170, 172, 174, 176, 178, 180, 182, 184, 186, 188, 190, 192, 194 & 196 Jalan C.Y. Choy, Penang, Malaysia	Mixed use development	2,703	15,651	Freehold	Planning and designing
4, 6, 8, 10, 12, 14, 16 & 18 Lebuah Katz, Penang, Malaysia	Mixed use development	1,470	7,415	Freehold	Planning and designing
50, 52, 54, 56, 58, 60, 62, 64, 66 & 68 Lebuah Cecil, Penang, Malaysia	Mixed use development	1,722	10,490	Freehold	Planning and designing

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

13. DEVELOPMENT PROPERTIES (CONT'D)

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Stage of completion
WCL (Noordin St) Sdn. Bhd.					
32, 34, 36, 38, 40, 42, 44, 46, 48, 50, 52, 54, 56 & 56A-I Jalan Gurdwara and 190, 192, 194, 196, 198, 200, 202, 204, 206 & 208 Lebuhraya Noordin and 2, 4, 6, 8 & 10 Lebuhraya Ceti, Penang, Malaysia and Lot 1076 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut, Penang, Malaysia	Mixed use development	3,873	4,432	Freehold	Planning and designing
140, 142, 144, 146, 148, 150, 150-A, 150-B, 150-C, 150-D & 150-E Lebuhraya Noordin, Penang, Malaysia	Commercial	1,270	1,339	Freehold	Planning and designing
WCL (Bertam R) Sdn. Bhd.					
424, 426 & 428 Jalan Penang and 2, 4, 6, 8, 10, 12, 14, 16 & 18 Lorong Bertam, Penang, Malaysia	Commercial	911	1,467	Freehold	Planning and designing
WCL (Bertam L) Sdn. Bhd.					
430, 432 & 434 Jalan Penang and 1, 3, 5, 7, 9, 11, 13, 15, 17, 19 & 21 Lorong Bertam, Penang, Malaysia	Commercial	951	1,707	Freehold	Planning and designing

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

14. PROPERTIES HELD FOR SALE

	Group	
	2018 \$'000	2017 \$'000
At 1 January	21,676	12,754
Transferred from development properties	17,242	21,600
Enhancement works incurred during the year	2,662	–
Exchange differences	94	71
	41,674	34,425
Less:		
Transfer to investment properties (Note 11)	–	(11,798)
Properties sold during the year	–	(724)
Allowance for write-down of properties held for sale	–	(227)
At 31 December	41,674	21,676

Details of the properties held for sale by the Group as at the end of the reporting period is as follows:

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure
WCL-A Beckett (VIC) Pty. Ltd.				
<i>Avant /</i>				
54-64 A'Beckett Street, Melbourne, Victoria, Australia	Residential	1,298	899 [^]	Freehold
WCL-Cairns (QLD) Pty. Ltd.				
<i>The Woods /</i>				
Lots 10, 11, 15, 17 & 19, Moore Road, Kewarra Beach, Cairns, Queensland, Australia	Residential	2,094	2,094	Freehold
World Class Land (Georgetown) Sdn. Bhd.				
<i>Ropewalk Piazza /</i>				
134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154 & 156 Jalan Pintal Tali, Penang, Malaysia	Commercial	1,085	1,712	Freehold
<i>Bahari Parade/</i>				
69, 71, 73, 75, 77, 79 & 81 Jalan Sri Bahari, Penang, Malaysia	Commercial	846	1,102	Freehold
128, 128A, 128B, 128C, 128D, 128E, 128F and 128G Jalan Transfer, Penang, Malaysia	Commercial	487	776	Freehold
2, 4, 6, 8 & 10 Jalan Hutton, Penang, Malaysia	Commercial	568	897	Freehold
WCL (Magazine) Sdn. Bhd.				
237, 239, 241 & 243 Jalan Magazine and 2-G, 2-H & 2-I Jalan Gurdwara, Penang, Malaysia	Commercial	646	979	Freehold
WCL (Macallum) Sdn. Bhd.				
<i>Macallum Central /</i>				
51, 53, 55, 57, 59, 61, 63, 65, 67 & 69 Lebuhr Macallum, Penang, Malaysia	Commercial	694	1,152	Freehold

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

14. PROPERTIES HELD FOR SALE (CONT'D)

^ Pertains to the gross floor area of units available for sale, whilst the land area represents the area covered by the AVANT development.

As at 31 December 2018, properties held for sale with a carrying value of \$24,401,000 (31 December 2017: \$16,872,000, 1 January 2017: \$10,491,000) were pledged as security for bank borrowings (Note 20).

15. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
Trade receivables	2,920	53	59	–	–	–
Other receivables	1,064	1,492	558	695	22	22
Deposits in escrow	–	–	13,593	–	–	–
Tax recoverable	121	122	36	–	–	–
GST receivables	1,441	2,737	1,581	21	21	21
Total trade and other receivables	5,546	4,404	15,827	716	43	43
Add:						
Due from subsidiaries (non-trade)	–	–	–	235,470	269,714	283,790
Cash and bank balances (Note 18)	16,970	12,506	29,290	5,615	791	22,353
Less:						
Tax recoverable	(121)	(122)	(36)	–	–	–
GST receivables	(1,441)	(2,737)	(1,581)	(21)	(21)	(21)
Total loans and receivables	20,954	14,051	43,500	241,780	270,527	306,165

Trade and other receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Deposits in escrow are placed as security for payments to contractors for the construction of the Group's development projects. Deposits in escrow earn interest at floating rates based on daily bank deposit rates.

A floating charge has been placed on trade and other receivables with a carrying value of \$605,000 (31 December 2017: \$296,000, 1 January 2017: \$503,000) as security for bank borrowings (Note 20). The Group has no receivables that are past due as at 31 December 2018 and 2017.

16. PREPAYMENTS

Prepayments mainly relate to various property holding costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

17. DERIVATIVES

	Group and Company 31 December 2018		
	\$'000	\$'000	\$'000
	Contract Notional Amount	Assets	Liabilities
Forward currency contracts	77,004	1,479	–

During the year, the Group entered into foreign currency forward contracts mainly in Australian Dollar, maturing within the next 12 months to reduce its exposure to foreign currency risks on Australian Dollar receivables.

There are no comparatives to present for 31 December 2017 and 1 January 2017.

18. CASH AND BANK BALANCES

	Group			Company		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
	Cash at banks and on hand, representing total cash and cash equivalents	16,970	12,506	29,290	5,615	791

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and bank balances denominated in foreign currency which differ from the functional currency of the companies within the Group as at 31 December is as follows:

	Group		
	31 December 2018 \$'000	31 December 2017 \$'000	1 January 2017 \$'000
	Australian Dollars	198	–

A floating charge has been placed on cash and bank balances with a carrying value of \$5,173,000 (31 December 2017: \$9,287,000, 1 January 2017: \$3,127,000) as security for interest-bearing loans and borrowings (Note 20).

Purchasers' deposit monies of A\$67,436,000 (equivalent to approximately \$64,833,100 (31 December 2017: A\$117,658,000 (equivalent to approximately \$122,729,000), 1 January 2017: A\$114,809,000 (equivalent to approximately \$119,471,000)) pertaining to the development projects for which sale has commenced are placed in escrow held by a third party. In addition, purchasers' deposits in the form of bankers' guarantees of A\$8,537,000 (equivalent to approximately \$8,208,000) (31 December 2017: A\$9,603,000 (equivalent to approximately \$10,017,000), 1 January 2017: A\$9,755,000 (equivalent to approximately \$10,151,000)) pertaining to the development projects for which sale has commenced are placed in escrow held by a third party. These balances are not included as assets of the Group as at 31 December 2018 and 2017. The Group will only have access to these funds upon completion and handover of the development projects to the purchasers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

19. TRADE AND OTHER PAYABLES

	Group			Company		
	31 December	31 December	1 January	31 December	31 December	1 January
	2018	2017	2017	2018	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current:						
Trade payables	939	402	1,989	-	-	-
Other payables	1,438	605	695	10	24	9
Withholding tax payable	1,910	231	258	709	53	119
Accrued operating expenses	17,590	28,812	15,052	3,393	2,348	718
	21,877	30,050	17,994	4,112	2,425	846
Non-current:						
Other payables						
- amount due to non-controlling shareholders of a subsidiary (non-trade)	3,047	2,468	1,640	-	-	-
Total trade and other payables	24,924	32,518	19,634	4,112	2,425	846
Add:						
Interest-bearing loans and borrowings (Note 20)	182,117	291,505	73,766	-	-	-
Due to immediate holding company (non-trade)	175,618	239,697	228,474	175,103	239,184	226,892
Due to fellow subsidiaries (non-trade)	192,810	138,978	140,618	192,810	138,978	140,618
Less:						
Withholding tax payable	(1,910)	(231)	(258)	(709)	(53)	(119)
Total financial liabilities carried at amortised cost	573,559	702,467	462,234	371,316	380,534	368,237

Trade and other payables are unsecured, non-interest bearing and repayment is based on payment terms and conditions agreed.

Amount due to non-controlling shareholders of a subsidiary is unsecured, interest-free and not expected to be repaid in the next 12 months.

20. INTEREST-BEARING LOANS AND BORROWINGS

	Group			Company		
	31 December	31 December	1 January	31 December	31 December	1 January
	2018	2017	2017	2018	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Secured borrowings						
<i>Current:</i>						
Finance lease obligations	19	-	-	-	-	-
Term loans	130,323	216,550	14,965	-	-	-
	130,342	216,550	14,965	-	-	-
<i>Non-current:</i>						
Finance lease obligations	75	-	-	-	-	-
Term loans	51,700	74,955	58,801	-	-	-
	51,775	74,955	58,801	-	-	-
Total loans and borrowings	182,117	291,505	73,766	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

20. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(a) Details of securities granted for the secured borrowings are as follows:

Subsidiaries

Loans and borrowings of \$182,117,000 (31 December 2017: \$291,505,000, 1 January 2017: \$73,766,000) are repayable via monthly instalments or one lump sum by their respective maturity dates, bear floating interest which ranged from 2.22% to 6.39% (2017: 3.40% to 7.33%) per annum and are secured by way of:

- legal mortgages over the subsidiaries' investment properties (Note 11), development properties (Note 13) and properties held for sale (Note 14);
- fixed and floating charge on all assets of certain subsidiaries;
- corporate guarantee by Aspial Corporation Limited;
- corporate guarantee by the Company; and
- guarantees by non-controlling interests of a subsidiary.

The floating interest rates on the loans ranged between 0.50% and 0.75% plus cost of funds, or bank bill swap reference rate (as the case may be) per annum, or was based on the base lending rate minus 1.75% per annum.

The loans include financial covenants which require the subsidiaries to maintain aggregate outstanding debt secured against the properties not exceeding 50% to 80% (2017: 50% to 80%) of the security value of the relevant development properties at all times.

(b) Maturity of borrowings

Loans due after one year are estimated to be repayable as follows:

	31 December 2018 \$'000	Group 31 December 2017 \$'000	1 January 2017 \$'000
Years after end of reporting period:			
After one year but within two years	27,786	40,999	5,954
After two years but within five years	15,598	26,784	43,420
After five years	8,391	7,172	9,427
	51,775	74,955	58,801

A reconciliation of liabilities arising from financing activities is as follows:

	2017 \$'000	Cash flows \$'000	Non-cash changes		2018 \$'000
			Foreign exchange movement \$'000	Other \$'000	
Due to a fellow subsidiary (non-trade)	138,978	53,832	–	–	192,810
Due to immediate holding company (non-trade)	239,697	(64,079)	–	–	175,618
Interest-bearing loans and borrowings					
– current	216,550	(85,592)	(16,163)	15,547	130,342
– non-current	74,955	(5,012)	(2,621)	(15,547)	51,775
Total	670,180	(100,851)	(18,784)	–	550,545

The 'other' column relates to reclassification of non-current portion of loans and borrowings due to passage of time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

21. DUE FROM/(TO) SUBSIDIARIES, IMMEDIATE HOLDING COMPANY AND FELLOW SUBSIDIARIES

The amounts due from subsidiaries are interest-bearing at 7.00% to 8.25% (2017: 7.00% to 8.25%) per annum, unsecured, receivable on demand and are to be settled in cash.

Of the total amount due to immediate holding company, an amount of \$171,403,000 (31 December 2017: \$225,600,000, 1 January 2017: \$215,100,000) is interest-bearing at 6.67% (2017: 5.75%) per annum, unsecured, with varying maturities of between one and twelve months and is to be settled in cash. The remaining amount due to immediate holding company of \$4,215,000 (31 December 2017: \$14,097,000, 1 January 2017: \$13,374,000) is interest-free.

Of the total amount due to fellow subsidiaries, an amount of \$184,456,000 (31 December 2017: \$130,792,000, 1 January 2017: \$137,133,000) is interest-bearing at 6.37% to 6.77% (2017: 6.19% to 6.37%) per annum, unsecured, with varying maturities of between one and twelve months and is to be settled in cash. The remaining amounts due to fellow subsidiaries of \$8,354,000 (31 December 2017: \$8,186,000, 1 January 2017: \$3,485,000) are interest-free.

22. SHARE CAPITAL AND OTHER RESERVES

(a) Share capital

	Group and Company			
	2018		2017	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:				
At 1 January	915,875	142,556	115,000	115,000
After sub-division ⁽¹⁾	915,875	142,556	805,000	115,000
Issuance of shares pursuant to the initial public offering, including over-allotment ⁽²⁾	–	–	110,875	28,827
Share issuance expense ⁽³⁾	–	–	–	(1,271)
At 31 December	915,875	142,556	915,875	142,556

⁽¹⁾ Pursuant to the Extraordinary General Meeting held on 5 May 2017, the shareholders of the Company approved the sub-division of every one share in the capital of the Company into seven shares.

⁽²⁾ The Company issued 110,875,000 shares at \$0.26 per share as part of its listing on the Catalist Board of the Singapore Exchange on 15 June 2017.

⁽³⁾ Listing expenses incurred pursuant to the Company's listing on the Catalist Board of the Singapore Exchange amounted to \$4,758,000, of which \$1,271,000 has been capitalised against share capital, while the remaining amount of \$3,487,000 has been recorded in profit or loss in the respective financial years that the expenses were incurred.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

(b) Other reserves

	Group		
	31 December 2018	31 December 2017	1 January 2017
	\$'000	\$'000	\$'000
Premium received on disposal of equity interest in a subsidiary without loss of control	5	5	5
Premium paid on acquisition of non-controlling interests	(11)	(11)	(11)
Foreign currency translation reserve	(19,502)	(3,823)	(4,229)
	(19,508)	(3,829)	(4,235)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

22. SHARE CAPITAL AND OTHER RESERVES (CONT'D)

(b) Other reserves (cont'd)

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Premium received on disposal of equity interest in a subsidiary without loss of control

Premium received on disposal of equity interest in a subsidiary without loss of control represents the excess of the consideration received on disposal of interest in a subsidiary of the Group over the net identifiable assets of the subsidiary attributable to the non-controlling interests.

Premium paid on acquisition of non-controlling interests in a subsidiary without loss of control

Premium paid on acquisition of non-controlling interests represents the difference between the consideration paid and the carrying value of non-controlling interests adjusted upon acquisition of interests in subsidiary.

23. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial period:

	Group	
	2018	2017
	\$'000	\$'000
Payable to immediate holding company:		
– Interest expense	(11,102)	(12,751)
– Management fee	(780)	(779)
– Guarantee fee	(1,469)	(501)
Payable to fellow subsidiaries:		
– Interest expense	(10,486)	(8,165)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

23. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel

	Group	
	2018 \$'000	2017 \$'000
Short-term employee benefits	3,358	2,725
Central Provident Fund contributions	68	68
Total compensation paid to key management personnel	3,426	2,793
<i>Comprise amounts paid to:</i>		
Directors of the Company	2,676	2,107
Other key management personnel	750	686
	3,426	2,793

24. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2018 \$'000	2017 \$'000
Capital commitments in respect of property development expenditure		
– Not later than one year	124,256	205,716
– Later than one year but not later than five years	15,195	188,540
	139,451	394,256

(b) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its standing property at the development site acquired for development properties. The non-cancellable leases on its standing property have remaining lease terms of up to 25 months.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2018 \$'000	2017 \$'000
Not later than one year	815	547
Later than one year but not later than five years	525	298
	1,340	845

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

24. COMMITMENTS (CONT'D)

(c) Operating lease commitments – as lessee

As at the end of the reporting year, the Group had lease commitments in respect of its office premises. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised as an expense in the consolidated statement of comprehensive income for the financial year ended 31 December 2018 amounted to \$76,000 (2017: \$80,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting year are as follows:

	Group	
	2018 \$'000	2017 \$'000
Not later than one year	68	49
Later than one year but not later than five years	23	6
	91	55

25. CONTINGENCIES

Guarantees

The Company has provided corporate guarantees to banks for an aggregate of \$163,913,000 (31 December 2017: \$156,164,000, 1 January 2017: \$Nil) in respect of bank borrowings drawn down by certain subsidiaries (Note 20).

26. SEGMENT INFORMATION

Business segments

The Group is principally engaged in property development, and the segment reporting format is determined to be geographical business segments as the Group's risks and rates of return are affected predominantly by differences in the geographical locations of each segment. The operating businesses are organised and managed separately according to the place of domicile, with each segment representing a strategic business unit that serves different markets.

The Group is organised into two main geographical segments, namely:

- (a) Malaysia; and
- (b) Australia.

Others refers to the Company's operations in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

26. SEGMENT INFORMATION (CONT'D)

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Capital expenditure comprises additions to plant and equipment.

	Malaysia \$'000	Australia \$'000	Others \$'000	Eliminations \$'000	Group \$'000	Note
2018						
Revenue						
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	B
Segment liabilities, representing total liabilities	164,660	281,708	372,422	(235,469)	583,321	C
2017						
Revenue						
Results						
Segment results	(3,045)	(5,853)	(780)	(38)	(9,716)	A
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	B
Segment liabilities, representing total liabilities	144,562	447,262	380,736	(269,714)	702,846	C

Notes

A Inter-segment income is eliminated on consolidation.

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statements of financial position:

	2018 \$'000	2017 \$'000
Inter-segment assets	(472,171)	(507,882)

C The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:

	2018 \$'000	2017 \$'000
Inter-segment liabilities	(235,469)	(269,714)

Geographical segments

Non-current assets information based on the geographical location of assets are as follows:

	2018 \$'000	2017 \$'000
Malaysia	27,425	11,930
Singapore	70	129

Non-current assets information presented above consist of plant and equipment and investment properties as presented in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and process for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and cash and bank balances. Secured lending receivables has no significant exposure to credit risk as these receivables are secured by way of collateralised real estate by investment at a conservative loan-to-valuation ratio. No other financial asset carries a significant exposure to credit risk.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group considers "low risk" to be financial asset with an investment grade credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower in the group and changes in the operating results of the borrower.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

(i) Trade receivables and amounts due from subsidiaries at amortised cost

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For amounts due from subsidiaries (non-trade), the Company uses the general approach and estimates for 12-months expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Company estimates the lifetime ECLs for such financial assets.

As at 31 December 2018, the Group had not provided any loss allowance for its trade receivables and amount due from subsidiaries.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a specific group of purchasers.

In order to avoid excessive concentrations of risk, the Group focuses its sales efforts on property purchasers located in diversified geographical locations i.e. in Australia and various countries in Asia, such as Singapore, Malaysia, Indonesia, the People's Republic of China and Hong Kong Special Administrative Region of the People's Republic of China. Identified concentrations of credit risks are controlled and managed accordingly. As at 31 December 2018 and 2017, management has assessed that there was no significant concentration of credit risk in respect of purchasers of development projects launched.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

- (i) Trade receivables and amounts due from subsidiaries at amortised cost (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding to finance its working capital needs as well as capital expenditure in respect of its development projects, and flexibility through the use of stand-by credit facilities.

On 31 December 2016, the Group entered into a second supplemental loan agreement with the immediate holding company and a fellow subsidiary, pursuant to the loan agreement entered into on 1 March 2016 and 30 June 2016. As a result of this, the aggregate principal sum of the loans facilities extended by the immediate holding company and the fellow subsidiary was further increased to \$500,000,000. As at 31 December 2018, the Group has an unutilised balance of \$244,142,000 from the loan facility extended by the immediate holding company and the fellow subsidiary.

On 6 September 2016, the Group secured an A\$200,000,000 (equivalent to approximately \$208,120,000) term loan facility from United Overseas Bank Limited and Malayan Bank Berhad ("**UOB-Maybank Loan**") for the construction and development of Stage 1.1 of Australia 108. As at 31 December 2018, the Group has an outstanding amount of A\$120,000,000 (equivalent to approximately \$115,368,000) under the UOB-Maybank Loan. There was no subsequent draw down or repayment subsequent to year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
31 December 2018				
Group				
Financial liabilities:				
Trade and other payables	19,967	3,047	–	23,014
Due to immediate holding company (non-trade)	176,570	–	–	176,570
Due to a fellow subsidiary (non-trade)	193,850	–	–	193,850
Interest-bearing loans and borrowings	146,450	49,060	15,208	210,718
Total undiscounted financial liabilities	<u>536,837</u>	<u>52,107</u>	<u>15,208</u>	<u>604,152</u>
31 December 2017				
Group				
Financial liabilities:				
Trade and other payables	29,819	2,468	–	32,287
Due to immediate holding company (non-trade)	240,265	–	–	240,265
Due to a fellow subsidiary (non-trade)	139,673	–	–	139,673
Interest-bearing loans and borrowings	230,047	73,923	12,617	316,587
Total undiscounted financial liabilities	<u>639,804</u>	<u>76,391</u>	<u>12,617</u>	<u>728,812</u>
1 January 2017				
Group				
Financial liabilities:				
Trade and other payables	17,736	1,640	–	19,376
Due to immediate holding company (non-trade)	229,504	–	–	229,504
Due to a fellow subsidiary (non-trade)	141,346	–	–	141,346
Interest-bearing loans and borrowings	18,373	58,292	14,209	90,874
Total undiscounted financial liabilities	<u>406,959</u>	<u>59,932</u>	<u>14,209</u>	<u>481,100</u>

At the end of the reporting period, all of the Company's financial assets and liabilities mature within one year based on the carrying amounts reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings. Other than certain fixed rate bank borrowings, the Group's loans and borrowings are at floating rates which are contractually re-priced at intervals of less than 6 months from the end of the reporting period.

The Group's policy is to manage interest cost by using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if Australian Dollars ("A\$") and Malaysian Ringgit ("MYR") interest rates had been 100 basis points lower/higher with all other variables held constant, the Group's development properties would have been \$1,368,000 (2017: \$2,412,000) and \$335,000 (2017: \$423,000) lower/higher respectively, and profit net of tax would have been \$Nil (2017: \$Nil) and \$118,000 (2017: \$80,000) higher/lower respectively, arising mainly as a result of lower/higher borrowing cost on floating rate loans and borrowings.

(d) Foreign currency risk

The Company has transactional currency exposures arising from loans extended to its subsidiaries in Malaysia and Australia. These loans are denominated in MYR and A\$, whereas the Company's functional currency is SGD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia and Australia. As disclosed in Note 17, the Group entered into forward currency contracts during the financial year for reducing its exposure to foreign currency risks on Australian Dollar. The Group's net investments in Malaysia are not hedged as currency positions in MYR are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change in MYR and A\$ exchange rates against SGD, with all other variables held constant.

	Profit/(loss) before tax	
	2018 \$'000	2017 \$'000
	higher/lower	lower/higher
MYR – strengthened/weakened 5% (2017: 5%)	5,789	4,538
A\$ – strengthened/weakened 5% (2017: 5%)	5,985	8,947

28. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical assets (Level 1) \$'000	Group		Total \$'000
		Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	
2018				
Assets measured at fair value				
Non-financial assets				
<u>Investment properties (Note 11)</u>				
<i>Malaysia</i>	–	–	25,219	25,219
<u>Derivatives (Note 17)</u>	–	1,479	–	1,479
2017				
Assets measured at fair value				
Non-financial assets				
<u>Investment properties (Note 11)</u>				
<i>Malaysia</i>	–	–	11,836	11,836

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value at 31 December 2018 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs \$
Recurring fair value measurements				
<i>Investment properties:</i>				
Malaysia	25,219	Market comparison approach	Price per square foot	284-738

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Description	Fair value at 31 December 2017 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs \$'000
Recurring fair value measurements				
Investment properties:				
Malaysia	11,836	Market comparison approach	Price per square foot	284 – 418

For residential and retail investment properties, a significant increase/(decrease) in price per square feet based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

(ii) Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

Group	Fair value measurements using significant unobservable inputs (Level 3) Investment properties Malaysia \$'000
2018	
Opening balance	11,836
Transfer from development properties	13,280
Net gain on fair value adjustments of investment properties, representing total gains or losses for the year included in profit or loss	77
Exchange differences	26
Closing balance	25,219
2017	
Opening balance	–
Transfer from properties held for sale	11,798
Net gain on fair value adjustments of investment properties, representing total gains or losses for the year included in profit or loss	38
Closing balance	11,836

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 3 fair value measurements (cont'd)

(iii) Valuation policies and procedures

The Group's Chief Financial Officer oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information is reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(d) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value but for which fair value is disclosed:

	Significant unobservable inputs (Level 3) \$'000	Fair value Total \$'000	Carrying amount \$'000
Group			
2018			
Liabilities:			
<i>Non-current:</i>			
Other payables	2,890	2,890	3,047
2017			
Liabilities:			
<i>Non-current:</i>			
Other payables	2,346	2,346	2,468

Determination of fair value

Other payables

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending or borrowing at the end of the reporting period.

Management has determined that the carrying amounts of cash and bank balances, trade and other receivables, based on their notional amounts, reasonably approximate their fair values because they are short-term in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

Group	Carrying amount		Fair value	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial liabilities:				
<i>Non-current:</i>				
Other payables	3,047	2,468	2,890	2,346

29. CAPITAL MANAGEMENT

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Group assessed the concentration of risk with respect to refinancing its debts and concluded it to be low.

Debt maturing within 12 months can be rolled over with existing lenders. In addition, the Group manages its liquidity and working capital cash flow needs as described in Note 27(b).

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is the sum of indebtedness divided by equity attributable to owners of the Company. The Group includes within the sum of indebtedness, interest-bearing loans and borrowings, amount due to immediate holding company (non-trade), amount due to a fellow subsidiary (non-trade) and amount due to a non-controlling shareholder of a subsidiary (non-trade).

	Note	Group	
		2018 \$'000	2017 \$'000
Interest-bearing loans and borrowings	20	182,117	291,505
Due to immediate holding company (non-trade)		175,618	239,697
Due to fellow subsidiaries (non-trade)		192,810	138,978
Due to non-controlling shareholder of a subsidiary (non-trade)	19	3,047	2,468
Sum of indebtedness		553,592	672,648
Equity attributable to owners of the Company		105,606	98,125
Gearing ratio		5.2	6.9

30. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 27 March 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

SHARE CAPITAL

ISSUED AND FULLY PAID-UP CAPITAL :	S\$142,556,361
NUMBER OF ISSUED SHARES :	915,874,500
CLASS OF SHARES :	Ordinary Shares
VOTING RIGHTS :	One vote per ordinary share (excluding treasury shares)
NUMBER OF TREASURY SHARES :	Nil
NUMBER OF SUBSIDIARY HOLDINGS :	Nil

DISTRIBUTION OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	343	21.38	336,600	0.04
1,001 – 10,000	928	57.86	3,022,100	0.33
10,001 – 1,000,000	311	19.39	27,411,400	2.99
1,000,001 & ABOVE	22	1.37	885,104,400	96.64
TOTAL	1,604	100.00	915,874,500	100.00

TWENTY LARGEST SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	ASPIAL CORPORATION LTD	742,828,700	81.11
2	NG SHENG TIONG	22,250,000	2.43
3	UNITED OVERSEAS BANK NOMINEES PTE LTD	22,051,000	2.41
4	CITIBANK NOMINEES SINGAPORE PTE LTD	21,410,000	2.34
5	TAN SU KIOK	20,000,000	2.18
6	UOB KAY HIAN PTE LTD	8,662,000	0.94
7	TAY MIAH HIANG	7,500,000	0.82
8	RAFFLES NOMINEES (PTE) LIMITED	6,012,400	0.66
9	ONG ZHEN YUAN	6,003,600	0.65
10	SIA LI WEI, JOLIE (SHE LIWEI, JOLIE)	4,300,000	0.47
11	YEO ENG CHING DANNY	4,000,000	0.44
12	DBS NOMINEES PTE LTD	3,782,300	0.41
13	DBS VICKERS SECURITIES (S) PTE LTD	2,933,300	0.32
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,535,000	0.28
15	NG KEAN SEEN	2,000,000	0.22
16	OCBC SECURITIES PRIVATE LTD	1,538,000	0.17
17	LIM SWEE ANN	1,536,900	0.17
18	CHEOK ENG SOON (SHI YONGSHUN)	1,200,000	0.13
19	THIA SIA ENG	1,200,000	0.13
20	ANG AI KOON (ANG DI YOU)	1,177,200	0.13
		882,920,400	96.41

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019 (CONTINUED)

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Company's Register of Substantial Shareholders)

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	% OF SHARES	NO. OF SHARES	% OF SHARES
Aspial Corporation Limited ⁽¹⁾	742,828,700	81.11	–	–
Koh Wee Seng ^{(2) (3)}	22,750,000	2.48	742,828,700	81.11
Koh Lee Hwee ^{(2) (4)}	–	–	742,828,700	81.11
Ko Lee Meng ^{(2) (5)}	–	–	742,828,700	81.11
MLHS Holdings Pte Ltd ⁽¹⁾	–	–	742,828,700	81.11

- (1) MLHS Holdings Pte Ltd ("**MLHS**") is the controlling shareholder of Aspial Corporation Limited ("**Aspial**"), holding approximately 58.76% of the shareholdings of Aspial as at 15 March 2019. MLHS is a private limited company incorporated in Singapore on 14 January 1994. It is an investment holding company. The shareholders of MLHS are Mr Koh Wee Seng (47.00%), Ms Ko Lee Meng (25.75%), Ms Koh Lee Hwee (20.25%), Mdm Tan Su Lan @ Tan Soo Lung (6.00%) and the estate of Mr Koh Chong Him @ Ko Chong Sung (1.00%). Mdm Tan Su Lan @ Tan Soo Lung is the mother of Mr Koh Wee Seng, Ms Koh Lee Hwee and Ms Ko Lee Meng. Ms Ko Lee Meng is the sister of Mr Koh Wee Seng and Ms Koh Lee Hwee.
- (2) Mr Koh Wee Seng, Ms Koh Lee Hwee and Ms Ko Lee Meng are directors and substantial shareholders of Aspial through their shareholdings in MLHS. As at 15 March 2019, (i) Mr Koh Wee Seng has direct and deemed interests in 19.29% and 59.02% of Aspial respectively for an aggregate of 78.31%, (ii) Ms Koh Lee Hwee has direct and deemed interests in 1.60% and 59.75% of Aspial respectively for an aggregate of 61.35%, and (iii) Ms Ko Lee Meng has direct and deemed interests in 1.74% and 58.82% of Aspial respectively for an aggregate of 60.56%. Mr Koh Wee Seng is the chief executive officer and executive director of Aspial. Ms Koh Lee Hwee is an executive director of Aspial. Ms Ko Lee Meng is a non-executive director of Aspial.
- (3) As at 15 March 2019, Mr Koh Wee Seng holds direct interest in 22,250,000 shares of the Company ("**Shares**") held in his own name and 500,000 Shares held in the name of nominee accounts. In addition, Mr Koh Wee Seng is deemed to be interested in the Shares held by Aspial by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"). As at 15 March 2019, Mr Koh Wee Seng has an interest, directly and indirectly, in approximately 78.31% of the shares in Aspial.
- (4) Ms Koh Lee Hwee is deemed to be interested in the Shares held by Aspial by virtue of Section 4 of the SFA. As at 15 March 2019, Ms Koh Lee Hwee has an interest, directly and indirectly, in approximately 61.35% of the shares in Aspial.
- (5) Ms Ko Lee Meng is deemed to be interested in the Shares held by Aspial by virtue of Section 4 of the SFA. As at 15 March 2019, Ms Ko Lee Meng has an interest, directly and indirectly, in approximately 60.56% of the shares in Aspial.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on the information available to the Company as at 15 March 2019 and to the best knowledge of the Directors of the Company, approximately 13.88% of the issued ordinary shares of the Company was held by the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"). Accordingly, Rule 723 of the Catalist Rules which requires at least 10% of a listed issuer's equity securities to be held by the public is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of World Class Global Limited (the “**Company**”) will be held at 55 Ubi Avenue 1, #06-05, Ubi 55, Singapore 408935 on Thursday, 25 April 2019 at 3.00 p.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

- | | | |
|----|--|--------------|
| 1. | To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018, together with the Auditor’s Report thereon. | Resolution 1 |
| 2. | To re-elect the following Directors of the Company retiring pursuant to Article 97 of the Company’s Constitution and who, being eligible, offer themselves for re-election, as Directors of the Company: | |
| | (i) Mr Koh Wee Seng | Resolution 2 |
| | (ii) Ms Koh Lee Hwee | Resolution 3 |
| | <i>(See Explanatory Notes)</i> | |
| 3. | To approve the payment of Directors’ fees of S\$240,000 for the financial year ended 31 December 2018 (FY2017: S\$240,000). | Resolution 4 |
| 4. | To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. | Resolution 5 |
| 5. | To transact any other business which may properly be transacted at an Annual General Meeting. | |

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:

- | | | |
|----|--|--------------|
| 6. | Authority to issue shares | Resolution 6 |
| | That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Singapore Exchange Securities Trading Limited (the “ SGX-ST ”) Listing Manual Section B: Rules of Catalist (the “ Catalist Rules ”), the Directors of the Company be authorised and empowered to: | |
| | (a) (i) issue shares in the capital of the Company (“ shares ”) whether by way of rights, bonus or otherwise; and/or | |
| | (ii) make or grant offers, agreements or options (collectively, “ Instruments ”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares; | |
| | at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and | |
| | (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, | |

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including the shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue or consolidation or subdivision of shares,and, in sub-paragraph (1) above and this sub-paragraph (2), “subsidiary holdings” has the meaning given to it in the Catalist Rules;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(See Explanatory Notes)

BY ORDER OF THE BOARD

Lim Swee Ann
Yip Chee Kwang

Company Secretaries
3 April 2019, Singapore

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

Explanatory Notes:**Resolution 2**

Mr Koh Wee Seng will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman of the Company and a member of the Nominating Committee of the Company and the Remuneration Committee of the Company. Detailed information on Mr Koh Wee Seng can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2018. Save as disclosed therein, there are no material relationships (including immediate family relationships) between Mr Koh Wee Seng and the other Directors of the Company, the Company or its 10% shareholders.

Resolution 3

Ms Koh Lee Hwee will, upon re-election as a Director of the Company, remain as the Non-Executive Director of the Company and a member of the Audit Committee of the Company. Ms Koh Lee Hwee is considered by the Board of Directors of the Company to be non-independent for the purpose of Rule 704(7) of the Catalist Rules. Detailed information on Ms Koh Lee Hwee can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2018. Save as disclosed therein, there are no material relationships (including immediate family relationships) between Ms Koh Lee Hwee and the other Directors of the Company, the Company or its 10% shareholders.

Resolution 6

The Ordinary Resolution 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or such authority is revoked or varied by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which fifty per centum (50%) may be issued other than on a *pro-rata* basis to shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

Notes:

- (1) Each of the resolutions to be put to the vote of members at the Annual General Meeting of the Company (and at any adjournment thereof) will be voted on by way of a poll.
- (2) A member of the Company (other than a Relevant Intermediary as defined in Note 3 below) entitled to attend, speak and vote at the Annual General Meeting of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote in his or her stead. A proxy need not be a member of the Company and where a member appoints two (2) proxies, he or she shall specify the proportion of his or her shareholding to be represented by each proxy in the instrument appointing the proxies.
- (3) A member of the Company who is a Relevant Intermediary entitled to attend, speak and vote at the Annual General Meeting of the Company is entitled to appoint more than two (2) proxies to attend, speak and vote in his or her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company and where a member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

“**Relevant Intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
- (4) A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
- (5) Completion and return of the instrument appointing a proxy or proxies by a member of the Company will not prevent him or her from attending, speaking and voting at the Annual General Meeting of the Company if he or she so wishes. Any appointment of a proxy shall be deemed revoked if a member attends the Annual General Meeting of the Company in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy or proxies to the Annual General Meeting of the Company.
- (6) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than seventy-two (72) hours before the time appointed for holding the Annual General Meeting of the Company.
- (7) The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- (8) Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy or proxies, failing which the instrument may be treated as invalid.
- (9) This notice has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (“**Sponsor**”), ZICO Capital Pte. Ltd., for compliance with the Catalyst Rules. The Sponsor has not independently verified the contents of this notice.

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

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

PERSONAL DATA PRIVACY:

By attending the Annual General Meeting of the Company and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

WORLD CLASS GLOBAL LIMITED(Incorporated in the Republic of Singapore)
(Company Registration Number: 201329185H)**IMPORTANT:**

1. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investor**") may attend and cast his vote(s) at the annual general meeting of the Company ("**AGM**") in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

I/We, _____ NRIC/Passport/Co. Reg. No. _____

of _____ (address)

being a member/members of WORLD CLASS GLOBAL LIMITED (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholding %

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholding %

or failing him/her*, the Chairman of the Annual General Meeting of the Company ("**AGM**") as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the AGM to be held at 55 Ubi Avenue 1, #06-05, Ubi 55, Singapore 408935 on Thursday, 25 April 2019 at 3.00 p.m., and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matters arising at the AGM.

All resolutions put to the vote at the AGM shall be decided by way of poll. Please indicate the number of votes as appropriate.

* Delete as appropriate

No.	Ordinary Resolutions	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾
	Ordinary Business		
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018, together with the Auditor's Report thereon		
2.	Re-election of Mr Koh Wee Seng as a Director of the Company retiring pursuant to Article 97 of the Company's Constitution		
3.	Re-election of Ms Koh Lee Hwee as a Director of the Company retiring pursuant to Article 97 of the Company's Constitution		
4.	Approval of the payment of Directors' fees of S\$240,000 for the financial year ended 31 December 2018		
5.	Re-appointment of Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration		
	Special Business		
6.	Authority to issue shares		

(1) If you wish to exercise all your votes "For" or "Against", please indicate with a "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2019

Total number of Shares Held	
CDP Register	
Member's Register	
Total	

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF



Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company (other than a Relevant Intermediary as defined in Note 3 below) entitled to attend, speak and vote at the AGM is entitled to appoint not more than two (2) proxies to attend, speak and vote in his or her stead. A proxy need not be a member of the Company and where a member appoints two (2) proxies, he or she shall specify the proportion of his or her shareholding to be represented by each proxy in the instrument appointing the proxies.
3. A member of the Company who is a Relevant Intermediary entitled to attend, speak and vote at the AGM is entitled to appoint more than two (2) proxies to attend, speak and vote in his or her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. A proxy need not be a member of the Company and where a member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

4. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
5. Completion and return of the instrument appointing a proxy or proxies by a member of the Company will not prevent him or her from attending, speaking and voting at the AGM if he or she so wishes. Any appointment of a proxy shall be deemed revoked if a member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy or proxies to the AGM.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than seventy-two (72) hours before the time appointed for holding the AGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy or proxies, failing which the instrument may be treated as invalid.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
10. The Company shall be entitled to reject an instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his or her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 3 April 2019.

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WORLD CLASS GLOBAL
WORLD CLASS GLOBAL LIMITED

(Incorporated in the Republic of Singapore
on 29 October 2013)
(Company Registration Number: 201329185H)

55 Ubi Avenue 1 | #05-16 Ubi 55
Singapore 408935

