Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: World Class Global Limited

Stock code: 1E6

Meeting details:
Date: 11 June 2020
Time: 11.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the chairman's statement, construction of the group's "Australia 108" was 94% completed and it is expected that the project will contribute positively to the group's revenue and profitability for the current financial year ending 31 December 2020 ("FY2020").

Completion of the development is targeted to take place in the third quarter of FY2020.

(i) **Has the project experienced any delays due to the disruption caused by the pandemic?**

In the fourth quarter of FY2019, the group recognised $9.7 million in revenue. This was due to the lower number of settlements made by purchasers of Australia 108 units that were sold and handed over. As at 31 December 2019, the group has outstanding sales contracts amounting to about $400.0 million (unbilled sales) from on-going projects.

(ii) **What is the expected number of settlements at the Australia 108 project in the last phase?**

(iii) **Can management help shareholders understand the state of the Melbourne real estate market given the pandemic and the overall condition of the Australian economy?**

(iv) **Is there evidence that the default and non-completion risks are higher due to the headwinds in the economy? Has management received requests from some buyers to delay the handover?**

(v) Other than a brief mention that the group has "successfully launched Nova City in Cairns" in the corporate profile (page 1), there is no further update in the annual report. **Would management provide an update on the project which is slated as an integrated seven-tower development?**

Q2. As disclosed in Note 29 (page 101 – Capital management), the group has total indebtedness amounted to $591.8 million as at 31 December 2019. With equity attributable to owners of the company standing at $116.4 million, the gearing ratio is 5.1x.

As noted earlier, the group has approximately $400 million in unbilled sales that will be progressively recognised upon the completion of the projects.

(i) **Can the board elaborate further on its capital management framework, especially on the maximum gearing of the group?**

(ii) **In particular, what is the optimal capital structure that can best support the group's growth trajectory?**

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(iii) **Has the board explored different sources of financing to evaluate how it could reduce the financing costs?** In FY2019, the group capitalised approximately $28.6 million in borrowing costs. The weighted average interest rate of 6.66% per annum was the actual borrowing costs of the loans used to finance the projects.

Q3. The group disclosed the interested person transactions on pages 31 and 32 of the annual report. An extract is produced below:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during FY2019 (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)
Aspial Corporation Limited ("**Aspial**")	Controlling Shareholder		
(i) Corporate charges		780	–
(ii) Loan interest		7,134	–
Aspial Treasury Pte. Ltd.[1]	A wholly-owned subsidiary of Aspial		
– Loan interest		15,074	–
WCL (QLD) Margaret St Pty. Ltd.	a 65%-owned subsidiary of the Company		
– Project management fee income		137	–
8G Investment Australia Pty Ltd – Real estate nomination	Associate of Mr Koh Wee Seng (Non-Executive Chairman and controlling Shareholder)	3,714	–

Note:

(1) The Group has loans owing to Aspial Treasury Pte. Ltd. of S$365,012,000 as at 31 December 2019, which is interest-bearing at 6.37% to 7.14% per annum. These loans are unsecured, with varying maturities of between one (1) and twelve (12) months and are to be settled in cash.

(Source: adapted from company annual report)

Would the board, especially the independent directors, provide shareholders with better clarity on the following interested person transactions? Specifically:

(i) The group has loans owing to Aspial Treasury Pte. Ltd. of $365.0 million as at 31 December 2019, which is interest-bearing at 6.37% to 7.14% per annum. **How are the interest rates determined? Why does the group rely on loans from fellow subsidiaries to fund its long-duration projects?**

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(ii) In addition, on 6 September 2019, the company announced that 8G Investment Australia Pty Ltd, an associate of the controlling shareholder, bought units #6607 and #3708 at Australia 108 from two purchasers that had bought the units earlier. It was also disclosed that the two purchasers are not related to the directors, the substantial shareholders of the company or their respective associates. **Would the board elaborate further on the transaction and help shareholders understand if the transacted prices are in line with the current market prices?** The total consideration for the two units is $3.71 million.

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)