

**GENERAL ANNOUNCEMENT::ANNOUNCEMENTS BY FIRST SPONSOR GROUP LIMITED,  
AN ASSOCIATE OF MILLENNIUM & COPTHORNE HOTELS PLC**

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Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Securities

CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09

Stapled Security

No

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Announcement Details

Announcement Title

General Announcement

Date & Time of Broadcast

14-Feb-2019 17:44:13

Status

New

Announcement Sub Title

Announcements by First Sponsor Group Limited, an associate of Millennium & Copthorne Hotels plc

Announcement Reference

SG190214OTHR2DL

Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

First Sponsor Group Limited ("FSGL"), an associate of Millennium & Copthorne Hotels plc, has released the following announcements on 13 and 14 February 2019:-

- 1) Use of proceeds from the Rights Issue;
- 2) Liquidation of subsidiaries and associates, incorporation and disposal of subsidiaries;
- 3) Holding announcement in relation to the acquisition of a hospitality asset in Germany as well as its operations via a share deal;
- 4) Notice of books closure date for proposed Final Dividend;
- 5) Unaudited Fourth Quarter and Full Year Financial Statements for the year ended 31 December 2018;

- 6) Proposed renounceable and non-underwritten rights issue of Series 2 Perpetual Convertible Capital Securities ("Series 2 PCCS") with free detachable warrants exercisable into Series 2 PCCS;
- 7) Proposed bonus issue of warrants exercisable into Series 2 PCCS; and
- 8) Press release and Investor presentation slides related to 4Q2018/FY2018 financial results.

For details, please refer to the announcements released by FSGL on the SGX website [www.sgx.com](http://www.sgx.com).

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## GENERAL ANNOUNCEMENT::USE OF PROCEEDS FROM THE RIGHTS ISSUE

### Issuer & Securities

#### Issuer/ Manager

FIRST SPONSOR GROUP LIMITED

#### Securities

FIRSTSPONSORS\$162M 3.98% PCCS - SG5HA8000004 - CSEB  
FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN

#### Stapled Security

No

### Announcement Details

#### Announcement Title

General Announcement

#### Date & Time of Broadcast

13-Feb-2019 20:03:53

#### Status

New

#### Announcement Sub Title

USE OF PROCEEDS FROM THE RIGHTS ISSUE

#### Announcement Reference

SG190213OTHREI1L

#### Submitted By (Co./ Ind. Name)

Neo Teck Pheng

#### Designation

Group Chief Executive Officer and Executive Director

#### Description (Please provide a detailed description of the event in the box below)

Please see attached.

### Attachments

[FSGI%20Rights%20Issue%20-%20Use%20of%20Proceeds\\_130219.pdf](#)

Total size =250K MB

**FIRST SPONSOR GROUP LIMITED**  
(Incorporated in the Cayman Islands)  
(Company Registration No.: AT-195714)

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## **USE OF PROCEEDS FROM THE RIGHTS ISSUE**

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The board of directors (“**Board**”) of First Sponsor Group Limited (“**Company**”) refers to the announcements dated 8 February 2018, 21 February 2018, 15 March 2018, 23 March 2018, 16 April 2018, 20 April 2018, 30 April 2018, 27 July 2018 and 26 October 2018, and the offer information statement dated 23 March 2018 (“**Offer Information Statement**”) issued by the Company in relation to the Rights Issue (as defined in the Offer Information Statement). Unless otherwise defined herein or the context otherwise requires, all capitalised terms used in this announcement shall bear the same meanings ascribed to them in the Offer Information Statement.

The Board wishes to announce that, following the Company’s previous announcement dated 26 October 2018, the Company has utilised a further S\$120.4 million out of the gross proceeds of S\$162.2 million raised from the Rights Issue, as follows:

- (a) approximately S\$25.2 million has been used to finance part of the property development activities of the Group (including the office redevelopment of Oliphant in Amsterdam Southeast and the Millennium Waterfront Project in Chengdu);
- (b) approximately S\$19.5 million has been used to finance part of the property holding activities of the Group, mainly the fit out of the hotels at Poortgebouw in Utrecht and a newly acquired hotel in Milan, Italy; and
- (c) approximately S\$75.7 million has been used to finance part of the property financing activities of the Group in Europe, People’s Republic of China and Australia.

The Company has fully utilised the proceeds from the Rights Issue. Such use of proceeds is in accordance with the intended use stated in the Offer Information Statement.

BY ORDER OF THE BOARD  
FIRST SPONSOR GROUP LIMITED

Neo Teck Pheng  
Group Chief Executive Officer and Executive Director  
13 February 2019

## ASSET ACQUISITIONS AND DISPOSALS::CHANGES IN SUBSIDIARIES AND ASSOCIATED COMPANIES

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### Issuer & Securities

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#### Issuer/ Manager

FIRST SPONSOR GROUP LIMITED

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#### Securities

FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN

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#### Stapled Security

No

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### Announcement Details

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#### Announcement Title

Asset Acquisitions and Disposals

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#### Date & Time of Broadcast

13-Feb-2019 20:04:56

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#### Status

New

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#### Announcement Sub Title

CHANGES IN SUBSIDIARIES AND ASSOCIATED COMPANIES

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#### Announcement Reference

SG190213OTHRWA2W

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#### Submitted By (Co./ Ind. Name)

Neo Teck Pheng

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#### Designation

Group Chief Executive Officer and Executive Director

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#### Description (Please provide a detailed description of the event in the box below)

Please see attached.

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### Attachments

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[FSGL%20-%20SGX%20Annc%20-%20Change Liquidation Incorp%20of%20companies\\_130219.pdf](#)

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Total size =307K MB

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**FIRST SPONSOR GROUP LIMITED**  
(Incorporated in the Cayman Islands)  
(Company Registration No.: AT-195714)

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**LIQUIDATION OF SUBSIDIARIES AND ASSOCIATES, INCORPORATION AND DISPOSAL OF SUBSIDIARIES**

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The Board of Directors of First Sponsor Group Limited (“**Company**”, and collectively with its subsidiaries, “**Group**”) wishes to announce the following:

**A. Members’ voluntary liquidation of dormant subsidiaries and associates**

- 1) Chengdu Industries Pte Ltd, a direct wholly-owned subsidiary of the Company, has voluntarily liquidated its 100.0%-owned subsidiary incorporated in the People’s Republic of China (“PRC”), namely, Chengdu Ming Ming Management Consultancy Co., Ltd (成都铭明管理咨询有限公司) on 9 November 2018.
- 2) Idea Valley No. 3 Company Limited, a direct wholly-owned subsidiary of the Company, has voluntarily liquidated its 100.0%-owned subsidiary incorporated in the PRC, namely, Sichuan First Sponsor Construction Co., Ltd (四川首助建筑工程有限公司) on 25 December 2018.
- 3) Queens Bilderberg (Nederland) B.V., a 31.4%-owned indirect associated company of the Company, has voluntarily liquidated its 100.0%-owned subsidiaries incorporated in the Netherlands, namely, RE Parkhotel Rotterdam B.V. and RE Kasteel Vaalsbroek B.V. on 31 October 2018.

**B. Incorporation of a subsidiary**

First Sponsor (Guangdong) Group Limited (“FSGD”), an indirect wholly-owned subsidiary of the Company, has incorporated the following wholly-owned subsidiary, details of which are set out below:

Name of company	:	FS Dongguan No. 9 Investment Consultancy Co., Ltd. (东莞市首铸九号投资咨询有限公司)
Date of incorporation	:	3 December 2018
Country of incorporation	:	PRC
Registered share capital	:	RMB10,080,000
Principal activity	:	Investment holding, real estate management and consultancy services

**C. Disposal of a subsidiary**

FSGD has disposed its entire 100.0% shareholding in FS Dongguan No. 8 Co., Ltd., an indirect wholly-owned subsidiary of the Company to Dongguan East Sun Limited (“East Sun”) in which the Group holds 90.0% equity interest. East Sun is classified as “Other Investments” on the Group’s balance sheet.

None of the transactions above is expected to have a material impact on the consolidated earnings per share and the consolidated net tangible assets per share of the Group for the current financial year.

BY ORDER OF THE BOARD  
FIRST SPONSOR GROUP LIMITED

Neo Teck Pheng  
Group Chief Executive Officer and Executive Director

13 February 2019

## GENERAL ANNOUNCEMENT::HOLDING ANNOUNCEMENT

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### Issuer & Securities

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#### Issuer/ Manager

FIRST SPONSOR GROUP LIMITED

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#### Securities

FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN

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#### Stapled Security

No

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### Announcement Details

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#### Announcement Title

General Announcement

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#### Date & Time of Broadcast

14-Feb-2019 07:11:01

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#### Status

New

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#### Announcement Sub Title

HOLDING ANNOUNCEMENT

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#### Announcement Reference

SG190214OTHR1EE1

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#### Submitted By (Co./ Ind. Name)

Neo Teck Pheng

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#### Designation

Group Chief Executive Officer and Executive Director

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#### Description (Please provide a detailed description of the event in the box below)

Please see attached.

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### Attachments

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[FSG - Holding Announcement 140219.pdf](#)

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Total size = 109K MB

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# FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands)  
(Company Registration No. : AT-195714)

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## HOLDING ANNOUNCEMENT

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The board of directors of First Sponsor Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company is currently in negotiations with several parties in relation to the acquisition of a hospitality asset in Germany as well as its operations *via* a share deal ("**Potential Transaction**"). The consideration for such acquisition is expected to be in the region of €50 million (approximately S\$76.7 million<sup>1</sup>).

Since 2015, the Group has embarked on initiatives to accelerate its growth through selective developments and acquisitions in Europe. Since its entry into the Netherlands in February 2015 and subsequent disposal of various non-core properties, the Group has built up a portfolio of 26 property holding (including hotels) and development assets in the Netherlands, Italy and Germany.

The Potential Transaction (if it materialises) offers a good opportunity for the Group to build up a larger recurrent income stream for its property holding business segment and to further improve its geographical diversification.

The discussions are on-going and no definitive terms or formal legal documentation have been agreed upon or entered into between the parties. Further, there is no certainty or assurance whatsoever that the Potential Transaction will materialise or that any definitive or binding agreement will result from such discussions. The Company will make the appropriate announcements if there is further material development regarding the Potential Transaction, in compliance with the applicable rules.

Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company as there is no assurance that the Potential Transaction or any similar transaction will materialise. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Neo Teck Pheng  
Group Chief Executive Officer and Executive Director  
14 February 2019

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<sup>1</sup> Unless otherwise stated, the exchange rate of €1 : S\$1.5335 is used in this announcement.

**CASH DIVIDEND/ DISTRIBUTION::MANDATORY**

## Issuer &amp; Securities

## Issuer/ Manager

FIRST SPONSOR GROUP LIMITED

## Security

FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN

## Announcement Details

## Announcement Title

Mandatory Cash Dividend/ Distribution

## Date &amp; Time of Broadcast

14-Feb-2019 07:14:08

## Status

New

## Corporate Action Reference

SG190214DVCAL2Y7

## Submitted By (Co./ Ind. Name)

Neo Teck Pheng

## Designation

Group Chief Executive Officer and Executive Director

## Dividend/ Distribution Number

Applicable

## Value

9

## Dividend/ Distribution Type

Final

## Financial Year End

31/12/2018

## Declared Dividend/ Distribution Rate (Per Share/ Unit)

SGD 0.013

## Event Narrative

Narrative Type	Narrative Text

## Additional Text

Please refer to the attached Notice of Books Closure.

## Event Dates

## Record Date and Time

06/05/2019 17:00:00

## Ex Date

03/05/2019

## Dividend Details

## Payment Type

Tax Exempted (1-tier)

## Gross Rate (Per Share)

SGD 0.013

## Net Rate (Per Share)

SGD 0.013

## Pay Date

16/05/2019

## Gross Rate Status

Actual Rate

## Attachments

[FSGL - Notice of Books Closure 140219.pdf](#)

Total size =252K MB

Applicable for REITs/ Business Trusts/ Stapled Securities

**FIRST SPONSOR GROUP LIMITED**

(Incorporated in the Cayman Islands)

(Registration No. AT-195714)

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**NOTICE OF BOOKS CLOSURE DATE FOR PROPOSED FINAL DIVIDEND**

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**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and Register of Members of the First Sponsor Group Limited ("**Company**") will be closed at **5.00 p.m.** on **6 May 2019** for the purpose of determining shareholders' entitlements to the proposed final tax-exempt (one-tier) dividend of 1.30 Singapore cents per ordinary share for the financial year ended 31 December 2018 ("**Final Dividend**").

Shareholders who are Depositors (as defined in the Securities and Futures Act (Chapter 289)) and whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 6 May 2019 will be entitled to the Final Dividend.

In respect of shareholders who are not Depositors, duly completed and stamped registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte. Ltd.), at 80 Robinson Road, #02-00 Singapore 068898, up to 5.00 p.m. on 6 May 2019 will be registered to determine shareholders' entitlements to the Final Dividend.

The proposed dividend, if approved by the members at the Annual General Meeting, will be paid on or about 16 May 2019.

BY ORDER OF THE BOARD  
FIRST SPONSOR GROUP LIMITED

Neo Teck Pheng  
Group Chief Executive Officer and Executive Director  
14 February 2019

## FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL YEARLY RESULTS

### Issuer & Securities

#### Issuer/ Manager

FIRST SPONSOR GROUP LIMITED

#### Securities

FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN

#### Stapled Security

No

### Announcement Details

#### Announcement Title

Financial Statements and Related Announcement

#### Date & Time of Broadcast

14-Feb-2019 07:16:00

#### Status

New

#### Announcement Sub Title

Full Yearly Results

#### Announcement Reference

SG190214OTHR8XMC

#### Submitted By (Co./ Ind. Name)

Neo Teck Pheng

#### Designation

Group Chief Executive Officer and Executive Director

#### Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please see attached.

### Additional Details

#### For Financial Period Ended

31/12/2018

### Attachments

[FSG - 4Q2018 Results Announcement.pdf](#)

Total size =1286K MB



# FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands)

(Registration No. AT-195714)

## UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, for the group, together with comparative statements for the corresponding period of the immediately preceding financial year.

	The Group			The Group		
	Fourth quarter ended 31 December		Incr / (Decr)	Full year ended 31 December		Incr / (Decr)
	2018	2017		2018	2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	131,952	180,279	(26.8)	277,361	384,392	(27.8)
Cost of sales	(61,960)	(105,081)	(41.0)	(115,861)	(231,360)	(49.9)
<b>Gross profit</b>	<b>69,992</b>	<b>75,198</b>	<b>(6.9)</b>	<b>161,500</b>	<b>153,032</b>	<b>5.5</b>
Administrative expenses	(8,587)	(8,591)	0.0	(27,997)	(24,146)	15.9
Selling expenses	(1,885)	(199)	847.2	(7,782)	(5,319)	46.3
Other income/ (expenses) (net)	2,316	(11,416)	n.m.	3,257	(13,998)	n.m.
Other gains/(losses) (net)	1,155	(16)	n.m.	2,838	(56)	n.m.
<b>Results from operating activities</b>	<b>62,991</b>	<b>54,976</b>	<b>14.6</b>	<b>131,816</b>	<b>109,513</b>	<b>20.4</b>
Finance income	4,577	3,404	34.5	17,132	17,082	0.3
Finance costs	(2,605)	(1,323)	96.9	(9,902)	(9,010)	9.9
<b>Net finance income</b>	<b>1,972</b>	<b>2,081</b>	<b>(5.2)</b>	<b>7,230</b>	<b>8,072</b>	<b>(10.4)</b>
Share of after-tax results of associates and joint ventures	8,667	2,640	228.3	5,502	3,648	50.8
<b>Profit before tax</b>	<b>73,630</b>	<b>59,697</b>	<b>23.3</b>	<b>144,548</b>	<b>121,233</b>	<b>19.2</b>
Tax expense	(10,420)	(12,146)	(14.2)	(26,298)	(27,940)	(5.9)
<b>Profit for the period/year</b>	<b>63,210</b>	<b>47,551</b>	<b>32.9</b>	<b>118,250</b>	<b>93,293</b>	<b>26.8</b>
<b>Attributable to:</b>						
Equity holders of the Company	58,238	42,660	36.5	113,008	88,283	28.0
Non-controlling interests	4,972	4,891	1.7	5,242	5,010	4.6
<b>Profit for the period/year</b>	<b>63,210</b>	<b>47,551</b>	<b>32.9</b>	<b>118,250</b>	<b>93,293</b>	<b>26.8</b>
<b>Earnings per share (cents)</b>						
- basic	8.73	6.58	32.7	16.72	13.61	22.9
- diluted	7.32	6.58	11.2	15.02	13.61	10.4

n.m.: not meaningful

## Consolidated Statement of Comprehensive Income

	The Group Fourth quarter ended 31 December		The Group Full year ended 31 December	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
<b>Profit for the period/year</b>	63,210	47,551	118,250	93,293
<b>Other comprehensive income Items that are or may be reclassified subsequently to profit or loss:</b>				
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	(652)	(20)	(1,589)	893
Translation differences on financial statements of foreign subsidiaries, net of tax	(652)	(2,193)	(22,464)	(16,574)
Foreign currency translation differences on financial statements arising from liquidation of foreign subsidiaries reclassified to profit or loss	1,187	-	1,187	-
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	(1,308)	(839)	(1,486)	(1,470)
Net change in fair value of other investments, net of tax	-	(3,949)	-	(3,949)
<b>Total other comprehensive income for the period/year, net of tax</b>	(1,425)	(7,001)	(24,352)	(21,100)
<b>Total comprehensive income for the period/year</b>	<b>61,785</b>	<b>40,550</b>	<b>93,898</b>	<b>72,193</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	57,026	35,575	88,912	67,361
Non-controlling interests	4,759	4,975	4,986	4,832
<b>Total comprehensive income for the period/year</b>	<b>61,785</b>	<b>40,550</b>	<b>93,898</b>	<b>72,193</b>

## Notes to the Group's Income Statement:

Profit before tax includes the following:

	The Group Fourth quarter ended 31 December		The Group Full year ended 31 December	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Other gains/(losses) comprise:				
Gain/(loss) on disposal of:				
- assets held-for-sale	904	-	6,253	-
- a subsidiary	1	-	1	-
- investment properties	231	(16)	272	(62)
- property, plant and equipment	(1)	-	(1)	6
Loss on liquidation of subsidiaries (net)	(85)	-	(85)	-
Property, plant and equipment written off	(1)	-	(1)	-
Impairment loss on assets held- for-sale	(381)	-	(4,088)	-
Others	487	-	487	-

Profit before tax includes the  
following (expenses)/income:

Depreciation of property, plant and equipment	(828)	(1,687)	(6,172)	(5,510)
Exchange (loss)/gain (net)	(13,632)	(440)	(26,248)	10,933
Fair value gain/(loss) on:				
- derivative assets/ liabilities (net)	14,368	(917)	30,761	(14,177)
- investment properties (net)	6,930	4,038	6,930	4,038
- other investments	12,850	-	12,850	-
Hotel and hotspring base stocks written off	-	(756)	-	(756)
Hotspring pre-opening expenses	-	(2,243)	-	(2,425)
Write down of development properties	(3,153)	(987)	(3,153)	(987)
Impairment loss on:				
- investment properties	-	-	-	(602)
- property, plant and equipment	(14,053)	(9,345)	(14,053)	(9,345)
Operating lease expenses	(88)	(130)	(483)	(450)
Trade receivables written off	-	-	-	(13)
Net investment return from a PRC government linked entity	-	-	-	403



**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	The Group		The Company	
	As at 31 December 2018 S\$'000	As at 31 December 2017 S\$'000	As at 31 December 2018 S\$'000	As at 31 December 2017 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	170,435	230,844	306	389
Investment properties	259,135	282,634	-	-
Interests in subsidiaries	-	-	720,981	653,581
Interests in associates and joint ventures	80,817	64,361	9,669	-*
Derivative assets	19,385	350	19,385	350
Other investments	78,131	23,380	-	-
Deferred tax assets	33,387	25,905	-	-
Trade and other receivables	660,948	284,455	779,204	370,608
	<u>1,302,238</u>	<u>911,929</u>	<u>1,529,545</u>	<u>1,024,928</u>
<b>Current assets</b>				
Development properties	356,890	390,704	-	-
Inventories	215	175	-	-
Trade and other receivables	505,887	445,534	389,902	570,997
Assets held-for-sale	51,610	-	-	-
Other investments	39,262	38,863	-	-
Cash and cash equivalents	125,711	319,298	18,139	4,527
	<u>1,079,575</u>	<u>1,194,574</u>	<u>408,041</u>	<u>575,524</u>
<b>Total assets</b>	<u>2,381,813</u>	<u>2,106,503</u>	<u>1,937,586</u>	<u>1,600,452</u>
<b>Equity</b>				
Share capital	81,405	73,640	81,405	73,640
Reserves	1,069,091	1,006,514	868,766	807,067
<b>Equity attributable to owners of the Company</b>	<u>1,150,496</u>	<u>1,080,154</u>	<u>950,171</u>	<u>880,707</u>
<b>Perpetual convertible capital securities</b>	161,285	-	161,285	-
<b>Non-controlling interests</b>	11,713	6,727	-	-
<b>Total equity</b>	<u>1,323,494</u>	<u>1,086,881</u>	<u>1,111,456</u>	<u>880,707</u>
<b>Non-current liabilities</b>				
Loans and borrowings	641,390	609,988	604,732	574,171
Derivative liabilities	5,564	13,122	5,564	13,122
Other payable	12,527	12,811	-	-
Deferred tax liabilities	8,638	3,870	-	-
	<u>668,119</u>	<u>639,791</u>	<u>610,296</u>	<u>587,293</u>
<b>Current liabilities</b>				
Loans and borrowings	45,338	-	45,338	-
Current tax payables	36,994	30,306	30	145
Trade and other payables	138,381	166,093	170,466	128,139
Contract liabilities	169,487	179,264	-	-
Derivative liability	-	4,168	-	4,168
	<u>390,200</u>	<u>379,831</u>	<u>215,834</u>	<u>132,452</u>
<b>Total liabilities</b>	<u>1,058,319</u>	<u>1,019,622</u>	<u>826,130</u>	<u>719,745</u>
<b>Total equity and liabilities</b>	<u>2,381,813</u>	<u>2,106,503</u>	<u>1,937,586</u>	<u>1,600,452</u>

\* Amount less than S\$1,000

### 1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.

The Group's net borrowings refer to aggregate borrowings from banks and financial institutions, after deducting cash and cash equivalents and structured deposits. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

	<b>The Group</b>	
	<b>As at 31 December 2018 S\$'000</b>	<b>As at 31 December 2017 S\$'000</b>
<b>Unsecured</b>		
- repayable within one year	45,338	-
- repayable after one year	604,732	572,513
Total	<u>650,070</u>	<u>572,513</u>
<b>Secured</b>		
- repayable within one year	-	-
- repayable after one year	36,658	37,475
Total	<u>36,658</u>	<u>37,475</u>
<b>Grand total</b>	<b><u>686,728</u></b>	<b><u>609,988</u></b>
Gross borrowings	695,719	619,869
Less:		
(i) cash and cash equivalents	(125,711)	(319,298)
(ii) other investments (current) <sup>Note 1</sup>	(39,262)	(38,863)
Net borrowings	<u>530,746</u>	<u>261,708</u>

Note 1 Other investments (current) relate to principal-guaranteed structured deposits placed with financial institutions.

### Details of any collateral

Secured borrowing is secured by a mortgage on a subsidiary's investment property, assignment of its bank accounts, lease receivables and insurance proceeds (where applicable).

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		The Group	
	Fourth quarter ended		Full year ended	
	31 December		31 December	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Profit for the period/year	63,210	47,551	118,250	93,293
Adjustments for:				
Depreciation of property, plant and equipment	828	1,687	6,172	5,510
Fair value (gain)/loss on:-				
- derivative assets/ liabilities (net)	(14,368)	917	(30,761)	14,177
- investment properties	(6,930)	(4,038)	(6,930)	(4,038)
- other investments	(12,850)	-	(12,850)	-
Finance income	(4,577)	(3,404)	(17,132)	(17,082)
Finance costs	2,605	1,323	9,902	9,010
Impairment loss on:				
- assets held-for-sale	381	-	4,088	-
- investment properties	-	-	-	602
- property, plant and equipment	14,053	9,345	14,053	9,345
(Gain)/loss on disposal of:				
- assets held-for-sale	(904)	-	(6,253)	-
- investment properties	(231)	16	(272)	62
- property, plant and equipment	1	-	1	(6)
- a subsidiary	(1)	-	(1)	-
Loss on liquidation of subsidiaries (net)	85	-	85	-
Property, plant and equipment written off	1	-	1	-
Trade receivables written off	-	-	-	13
Write down of development properties	3,153	987	3,153	987
Share of after-tax results of associates and joint ventures	(8,667)	(2,640)	(5,502)	(3,648)
Tax expense	10,420	12,146	26,298	27,940
	<u>46,209</u>	<u>63,890</u>	<u>102,302</u>	<u>136,165</u>
Changes in:				
Development properties	38,477	(59,080)	24,172	5,910
Inventories	(6)	(11)	(42)	(97)
Trade and other receivables	(87,550)	(97,843)	(458,197)	(370,367)
Trade and other payables	(84,481)	22,488	(126,488)	(29,034)
Loans and borrowings	4,709	(19,804)	128,173	277,923
Contract liabilities	(86,635)	(91,542)	(12,226)	(6,877)
<b>Cash (used in)/generated from operations</b>	<u>(169,277)</u>	<u>(181,902)</u>	<u>(342,306)</u>	<u>13,623</u>
Interest received	22,351	31,950	80,705	54,611
Interest paid	(4,513)	(2,945)	(13,054)	(7,012)
Tax paid	<u>(3,477)</u>	<u>(7,690)</u>	<u>(22,074)</u>	<u>(24,070)</u>
<b>Net cash (used in)/from operating activities</b>	<u>(154,916)</u>	<u>(160,587)</u>	<u>(296,729)</u>	<u>37,152</u>

	The Group		The Group	
	Fourth quarter ended		Full year ended	
	31 December		31 December	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from investing activities</b>				
Repayment from an associate	19,501	-	-	-
Deposits received in respect of sale of a subsidiary	-	-	-	2,200
Decrease in/(placement of) other investments	47,348	(38,864)	(1,427)	(62,554)
Deposits received in respect of disposal of assets held-for-sale	965	-	6,839	-
Dividends received from an associate	-	-	18,295	-
Interest received	4,914	4,653	15,366	16,179
Repayment from/(loans to) third parties	1,235	(3,274)	-	82,095
Payment for acquisition of other investments	(3,395)	-	(3,395)	-
Payment for additions to:				
- investment properties	(4,559)	(1,195)	(15,851)	(42,391)
- property, plant and equipment	(276)	(3,089)	(421)	(6,423)
Payment for investments in associate and joint ventures	(15,638)	(6,187)	(36,778)	(6,187)
Proceeds from disposal of:				
- investment properties	1,528	394	3,278	745
- property, plant and equipment	34	-	68	18
- assets held-for-sale	5,199	-	29,665	-
Return of capital from an associate	-	527	5,369	1,533
Receipt of deferred consideration from dilution of interest in subsidiaries	-	-	-	41,000
Receipt of investment principal and returns from a PRC government linked entity	-	-	-	9,663
<b>Net cash from/(used in) investing activities</b>	<b>56,856</b>	<b>(47,035)</b>	<b>21,008</b>	<b>35,878</b>

	The Group		The Group	
	Fourth quarter ended		Full year ended	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from financing activities</b>				
Advances from associates	13,312	13,484	3,009	13,484
Decrease in restricted cash	-	-	-	263
Dividends paid to the owners of the Company	-	-	(14,271)	(11,796)
Distributions to perpetual convertible capital securities ("PCCS") holders	(4,541)	-	(4,541)	-
Interest paid	(1,565)	(3,362)	(5,038)	(7,255)
Loan from a non-controlling interest	-	-	-	12,490
Payment of transaction costs related to:				
- borrowings	(528)	(2,650)	(3,153)	(7,545)
- PCCS	-	-	(672)	-
Proceeds from issuance of PCCS	-	-	162,199	-
Proceeds from disposal of a subsidiary	-*	-	-*	-
Proceeds from bank borrowings	18,974	156,324	293,551	766,308
Repayment of bank borrowings	(9,171)	(37,908)	(345,950)	(744,192)
Redemption of medium term notes	-	-	-	(50,000)
Return of capital to non-controlling interests	-	(3,213)	-	(3,213)
<b>Net cash from/(used in) financing activities</b>	<b>16,481</b>	<b>122,675</b>	<b>85,134</b>	<b>(31,456)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(81,579)</b>	<b>(84,947)</b>	<b>(190,587)</b>	<b>41,574</b>
Cash and cash equivalents at beginning of the period/year	206,371	405,167	319,298	280,304
Effect of exchange rate changes on balances held in foreign currencies	919	(922)	(3,000)	(2,580)
<b>Cash and cash equivalents at end of the period/year</b>	<b>125,711</b>	<b>319,298</b>	<b>125,711</b>	<b>319,298</b>

\* Amount less than S\$1,000

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Share capital S\$'000	Share premium S\$'000	Statutory reserve S\$'000	Capital reserve S\$'000	Distributable reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000	Perpetual convertible capital securities S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>The Group</b>												
At 1 January 2018, as previously stated	73,640	9,609	33,447	225	662,764	(3,949)	36,950	267,468	1,080,154	-	6,727	1,086,881
Impact of adoption of IFRS 9	-	-	-	-	-	3,949	-	(3,949)	-	-	-	-
At 1 January 2018, as restated	73,640	9,609	33,447	225	662,764	-	36,950	263,519	1,080,154	-	6,727	1,086,881
<b>Total comprehensive income for the year</b>												
Profit for the year	-	-	-	-	-	-	-	113,008	113,008	-	5,242	118,250
<b>Other comprehensive income</b>												
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	-	(1,589)	-	(1,589)	-	-	(1,589)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	-	(22,208)	-	(22,208)	-	(256)	(22,464)
Foreign currency translation differences on financial statements arising from liquidation of foreign subsidiaries reclassified to profit or loss	-	-	-	-	-	-	1,187	-	1,187	-	-	1,187
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	-	(1,486)	-	(1,486)	-	-	(1,486)
<b>Total other comprehensive income</b>	-	-	-	-	-	-	(24,096)	-	(24,096)	-	(256)	(24,352)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	(24,096)	113,008	88,912	-	4,986	93,898

	Share capital S\$'000	Share premium S\$'000	Statutory reserve S\$'000	Capital reserve S\$'000	Distributable reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000	Perpetual convertible capital securities S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>The Group</b>												
<b>Transactions with owners, recognised directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Dividends paid to the owners of the Company	-	-	-	-	-	-	-	(14,271)	(14,271)	-	-	(14,271)
Issuance of bonus shares	7,735	-	-	-	(7,735)	-	-	-	-	-	-	-
Issuance of perpetual convertible capital securities ("PCCS")	-	-	-	-	-	-	-	-	-	162,199	-	162,199
PCCS issue expenses	-	-	-	-	-	-	-	-	-	(672)	-	(672)
Distributions to PCCS holders	-	-	-	-	-	-	-	(4,541)	(4,541)	-	-	(4,541)
Issuance of new shares pursuant to conversion of PCCS	30	212	-	-	-	-	-	-	242	(242)	-	-
Liquidation of subsidiaries	-	-	(2,588)	20	-	-	-	2,568	-	-	-	-
Transfer to statutory reserves	-	-	5,748	-	-	-	-	(5,748)	-	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>7,765</b>	<b>212</b>	<b>3,160</b>	<b>20</b>	<b>(7,735)</b>	<b>-</b>	<b>-</b>	<b>(21,992)</b>	<b>(18,570)</b>	<b>161,285</b>	<b>-</b>	<b>142,715</b>
<b>Total transactions with owners of the Company</b>	<b>7,765</b>	<b>212</b>	<b>3,160</b>	<b>20</b>	<b>(7,735)</b>	<b>-</b>	<b>-</b>	<b>(21,992)</b>	<b>(18,570)</b>	<b>161,285</b>	<b>-</b>	<b>142,715</b>
<b>At 31 December 2018</b>	<b>81,405</b>	<b>9,821</b>	<b>36,607</b>	<b>245</b>	<b>655,029</b>	<b>-</b>	<b>12,854</b>	<b>354,535</b>	<b>1,150,496</b>	<b>161,285</b>	<b>11,713</b>	<b>1,323,494</b>

	Share capital S\$'000	Share premium S\$'000	Statutory reserve S\$'000	Capital Reserve S\$'000	Distributable reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>The Group</b>											
At 1 January 2017	736,404	9,609	27,445	225	-	-	53,923	196,983	1,024,589	5,108	1,029,697
<b>Total comprehensive income for the year</b>											
Profit for the year	-	-	-	-	-	-	-	88,283	88,283	5,010	93,293
<b>Other comprehensive income</b>											
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	-	893	-	893	-	893
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	-	(16,396)	-	(16,396)	(178)	(16,574)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	-	(1,470)	-	(1,470)	-	(1,470)
Net change in fair value of other investments, net of tax	-	-	-	-	-	(3,949)	-	-	(3,949)	-	(3,949)
<b>Total other comprehensive income</b>	-	-	-	-	-	(3,949)	(16,973)	-	(20,922)	(178)	(21,100)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	(3,949)	(16,973)	88,283	67,361	4,832	72,193
<b>Transaction with owners, recognised directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Dividends paid to the owners of the Company	-	-	-	-	-	-	-	(11,796)	(11,796)	-	(11,796)
Capital distribution by a subsidiary	-	-	-	-	-	-	-	-	-	(3,213)	(3,213)
Disposal of a subsidiary	-	-	(1,261)	-	-	-	-	1,261	-	-	-
Transfer to statutory reserve	-	-	7,263	-	-	-	-	(7,263)	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	6,002	-	-	-	-	(17,798)	(11,796)	(3,213)	(15,009)
Capital reduction	(662,764)	-	-	-	662,764	-	-	-	-	-	-
<b>Total transactions with owners</b>	(662,764)	-	6,002	-	662,764	-	-	(17,798)	(11,796)	(3,213)	(15,009)
At 31 December 2017	73,640	9,609	33,447	225	662,764	(3,949)	36,950	267,468	1,080,154	6,727	1,086,881



	Share capital S\$'000	Share premium S\$'000	Capital Reserve S\$'000	Distributable reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000	Perpetual convertible capital securities S\$'000	Total equity S\$'000
<b>The Company</b>								
At 1 January 2018	73,640	9,821	(5,988)	662,764	140,470	880,707	-	880,707
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	-	88,037	88,037	-	88,037
<b>Total comprehensive income for the year</b>	-	-	-	-	88,037	88,037	-	88,037
<b>Transaction with owners, recognised directly in equity</b>								
<b>Contribution by and distributions to owners</b>								
Dividends paid to the owners of the Company	-	-	-	-	(14,274)	(14,274)	-	(14,274)
Issuance of bonus shares	7,735	-	-	(7,735)	-	-	-	-
Issuance of PCCS	-	-	-	-	-	-	162,199	162,199
PCCS issue expenses	-	-	-	-	-	-	(672)	(672)
Distributions to PCCS holders	-	-	-	-	(4,541)	(4,541)	-	(4,541)
Issuance of new shares pursuant to conversion of PCCS	30	212	-	-	-	242	(242)	-
<b>Total contributions by and distributions to owners</b>	7,765	212	-	(7,735)	(18,815)	(18,573)	161,285	142,712
<b>Total transactions with owners of the Company</b>	7,765	212	-	(7,735)	(18,815)	(18,573)	161,285	142,712
<b>At 31 December 2018</b>	<b>81,405</b>	<b>10,033</b>	<b>(5,988)</b>	<b>655,029</b>	<b>209,692</b>	<b>950,171</b>	<b>161,285</b>	<b>1,111,456</b>
At 1 January 2017	736,404	9,821	(5,988)	-	78,678	818,915	-	818,915
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	-	73,588	73,588	-	73,588
<b>Total comprehensive income for the year</b>	-	-	-	-	73,588	73,588	-	73,588
<b>Transaction with owners, recognised directly in equity</b>								
<b>Distributions to owners</b>								
Dividends paid to the owners of the Company	-	-	-	-	(11,796)	(11,796)	-	(11,796)
<b>Total distributions to owners of the Company</b>	-	-	-	-	(11,796)	(11,796)	-	(11,796)
Capital reduction	(662,764)	-	-	662,764	-	-	-	-
<b>Total transactions with owners of the Company</b>	-	-	-	-	(11,796)	(11,796)	-	(11,796)
At 31 December 2017	73,640	9,821	(5,988)	662,764	140,470	880,707	-	880,707

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	<b>Number of Shares</b>	<b>Share Capital (S\$'000)</b>
Balance at 1 October 2018	648,892,481	81,388
Issuance of new shares pursuant to conversion of PCCS during the period	123,187	17
Balance at 31 December 2018	<u>649,015,668</u>	<u>81,405</u>

The total number of issued ordinary shares (excluding treasury shares) as at 31 December 2018 and 31 December 2017 was 649,015,668 and 589,814,949 respectively.

As at 31 December 2018, 147,234,050 PCCS (31 December 2017: Nil) were outstanding. Each PCCS shall entitle the PCCS holder to convert such PCCS into one new ordinary share of the Company, subject to adjustments under certain conditions.

The Company did not hold any treasury shares as at 31 December 2018 and 31 December 2017.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued ordinary shares (excluding treasury shares) as at 31 December 2018 and 31 December 2017 was 649,015,668 and 589,814,949 respectively.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 31 December 2018.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by our auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2017.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted various new standards, amendments to standards and interpretations that are effective for the financial period beginning on 1 January 2018.

***IFRS 9 Financial Instruments***

For financial assets previously designated as available-for-sale financial assets, the Group has designated these assets as financial assets measured at fair value through profit or loss upon adoption of IFRS 9.

Accordingly, the fair value reserve had been reclassified to retained earnings as at 1 January 2018, resulting in a decrease in retained earnings by S\$3,949,000.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Fourth quarter ended 31 December		Full year ended 31 December	
	2018	2017	2018	2017
Earnings per share (cents)				
- basic	8.73	6.58	16.72	13.61
- diluted	7.32	6.58	15.02	13.61
Profit attributable to ordinary shareholders (S\$'000)	56,613	42,660	108,467	88,283
Profit attributable to ordinary shareholders and PCCS holders (S\$'000)	58,238	42,660	113,008	88,283
Weighted average number of ordinary shares in issue:				
- basic	648,638,117 <sup>1</sup>	648,795,981 <sup>2</sup>	648,717,196 <sup>1</sup>	648,795,981 <sup>2</sup>
- diluted	795,792,218 <sup>1</sup>	648,795,981 <sup>2</sup>	752,440,409 <sup>1</sup>	648,795,981 <sup>2</sup>

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:—**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	The Group		The Company	
	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
Net asset value per ordinary share (cents)	202.21	183.13	171.25	149.32
Number of issued ordinary shares (excluding treasury shares)	648,707,986 <sup>1</sup>	589,814,949	649,015,668	589,814,949

<sup>1</sup> Excludes 307,682 shares in the Company held by a subsidiary since August 2018 which are accounted for as treasury shares in the consolidated financial statements of the Group in accordance with IAS 32 *Financial Instruments: Presentation*.

<sup>2</sup> For comparative purposes, the number of ordinary shares as at and for the year ended 31 December 2017 has been adjusted to include the effect of the issue of one bonus share for every ten (10) existing ordinary shares in April 2018.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:—

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

### Group performance

#### Revenue and cost of sales

The breakdown of our revenue (net of value added tax) for the period under review is as follows:

	Fourth quarter ended		Full year ended	
	31 December		31 December	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue from sale of properties	96,705	141,018	139,336	308,162
Rental income from investment properties	3,794	3,159	13,732	12,270
Hotel operations	11,218	5,445	41,953	16,176
Revenue from property financing	20,235	30,657	82,340	47,784
Total	<u>131,952</u>	<u>180,279</u>	<u>277,361</u>	<u>384,392</u>

#### 4Q 2018 vs 4Q 2017

Revenue decreased by S\$48.3 million or 26.8%, from S\$180.3 million in 4Q 2017 to S\$132.0 million in 4Q 2018. This was due mainly to a decline in revenue from sale of properties and revenue from property financing of S\$44.3 million and S\$10.5 million respectively. The decrease was partially offset by the increase in hotel operations of S\$5.8 million.

Revenue from sale of properties is recognised when the construction of the properties has been completed and ready for delivery to the purchasers pursuant to the sale and purchase agreements and collectability of related receivables is reasonably assured. The significant decrease in revenue from sale of properties in 4Q 2018 compared to 4Q 2017 was due mainly to the recognition of revenue from fewer residential units in the Millennium Waterfront project (4Q 2018: 502 residential units, 56 commercial units and 697 car park lots, 4Q 2017: 1,080 residential units, 45 commercial units and 100 car park lots).

Revenue from property financing decreased by S\$10.5 million or 34.0%, from S\$30.7 million in 4Q 2017 to S\$20.2 million in 4Q 2018. The significant decrease was due mainly to the absence of net penalty interest income of S\$22.0 million (RMB107.9 million) recognised in 4Q 2017. This was partially offset by S\$8.3 million increase in revenue from PRC property financing attributable to the higher average PRC loan portfolio held for the period, and S\$2.3 million increase in revenue from European property financing, mainly driven by loans granted in respect of the Bilderberg Portfolio, as well as the Hilton Rotterdam hotel and Le Méridien Frankfurt hotel acquired in January 2018.

Revenue from hotel operations increased by S\$5.8 million or 106.0%, from S\$5.4 million in 4Q 2017 to S\$11.2 million in 4Q 2018. The significant increase was due mainly to a full quarter's contribution from the 24.7%-owned Hilton Rotterdam hotel which is leased by the Group since February 2018, and the revenue growth from the two Wenjiang hotels as well as the adjoining hotspring which commenced operations in October 2017.

Cost of sales comprise mainly land costs, development expenditure and cost adjustments (if any), borrowing costs, hotel-related depreciation charge and rental expense, and other related expenditure. Cost of sales decreased by S\$43.1 million or 41.0%, from S\$105.1 million in 4Q 2017 to S\$62.0 million in 4Q 2018. The decrease in revenue recognised from sale of properties had led to a quarter-on-quarter decrease in related cost of sales of S\$46.4 million. The decrease was partially offset by the higher cost of sales incurred in respect of the hotel operations amounting to S\$3.1 million.

The Group's gross profit decreased by S\$5.2 million or 6.9%, from S\$75.2 million in 4Q 2017 to S\$70.0 million in 4Q 2018. The decrease was due mainly to the lower gross profit from property financing of S\$10.3 million. This was partially offset by higher gross profit from hotel operations and sale of properties of S\$2.7 million and S\$2.1 million in 4Q 2018.

The Group's gross profit margin increased from 41.7% in 4Q 2017 to 53.0% in 4Q 2018. This reflected the change in the sales mix as the property development segment contributed approximately 65.2% of the current quarter's gross profit (4Q 2017: 57.9%). The property development segment recorded a higher gross profit margin for 4Q 2018 of 47.1% as compared to 32.0% in 4Q 2017 which is mainly boosted by the revenue recognition of a higher number of Millennium Waterfront car parks carried at nil cost, in the current quarter.

### **Administrative expenses**

Administrative expenses remain constant at S\$8.6 million. The administrative expenses comprise mainly staff costs, rental expenses and depreciation charge in relation to non-hotel assets, professional fees, and other expenses such as office, telecommunications and travelling expenses, stamp duties and other indirect PRC taxes.

### **Selling expenses**

Selling expenses comprise mainly staff costs of the Group's sales and marketing staff, advertising and promotion expenses, sales commissions paid to external sales agents and other related expenses.

Selling expenses increased by S\$1.7 million or 847.2%, from S\$0.2 million to S\$1.9 million. The increase was in line with the increase in sales activities of the Group achieved during the period and also attributable to the full quarter's operations of the Hilton Rotterdam hotel.

### **Other income/(expenses) (net)**

In 4Q 2018, the Group recorded other income of S\$2.3 million which comprised mainly net fair value gain on derivative instruments, other investments and investment properties of S\$14.4 million, S\$12.9 million and S\$6.9 million respectively. This is partially offset by net foreign exchange loss, impairment loss in respect of the Wenjiang hot spring and write down of carrying amounts of Chengdu Cityspring car parks included in development properties of S\$13.6 million, S\$14.1 million and S\$3.2 million respectively.

In 4Q 2017, the Group recorded other expenses of S\$11.4 million which comprised mainly impairment of M Hotel Chengdu of S\$9.3 million, pre-opening expenses and base stocks written off relating to the Wenjiang hot spring of S\$2.2 million and S\$0.8 million respectively, write down of carrying amounts of Chengdu Cityspring car parks included in development properties of S\$1.0 million and net fair value loss on derivative instruments of S\$0.9 million. This was partially offset by the net fair value gain on investment properties of S\$4.0 million.

### **Other gains/ (losses) (net)**

In 4Q 2018, the Group recorded S\$1.2 million of other gains. This mainly comprised S\$0.9 million gain on disposal of certain commercial spaces of the Chengdu Cityspring project classified as assets held-for-sale, S\$0.2 million gain on disposal of investment properties, partially offset by S\$0.4 million impairment loss on certain assets held-for-sale.

## **Share of after-tax results of associates and joint ventures**

Share of after-tax results of associates and joint ventures increased from S\$2.6 million in 4Q 2017 to S\$8.7 million in 4Q 2018. The S\$6.1 million increase consisted of S\$4.8 million additional share of net fair value gain on investment properties of FSMC and S\$5.6 million share of tax credit of FSMC group resulting from the reduction in corporate tax rate in the Netherlands. The increase was partially offset by the S\$2.7 million share of FSMC's impairment of goodwill on its acquisition of the Bilderberg Portfolio and additional financing costs incurred by the associates and a joint venture in relation to the loans obtained from the Group. Furthermore, the Group recorded a share of S\$2.4 million gain on disposal of a property by FSMC in 4Q2017.

## **Tax expense**

The Group recorded tax expenses of S\$10.4 million on profit before tax of S\$73.6 million in 4Q 2018, which included land appreciation tax of S\$1.8 million. After adjusting for the share of after-tax results of associates and joint ventures, and the tax effect of non-deductible expenses and unrecognised tax losses of S\$6.6 million in aggregate, and the tax effect of non-taxable income and recognition of previously unrecognised tax benefits of S\$11.2 million in aggregate, the effective tax rate of the Group would be approximately 21.1%.

## **FY2018 vs FY2017**

Revenue of the Group decreased by S\$107.0 million or 27.8%, from S\$384.4 million in FY2017 to S\$277.4 million in FY2018. The decrease in FY2018 was due mainly to the decrease in revenue from sale of properties by S\$168.8 million. The decrease was partially offset by the increase in revenue from property financing, hotel operations and rental income from investment properties of S\$34.5 million, S\$25.8 million and S\$1.5 million respectively.

The significant decrease in revenue from sale of properties in FY2018 compared to FY2017 was due mainly to the recognition of revenue from fewer residential and commercial units in the Millennium Waterfront project (FY2018: 647 residential units, 71 commercial units and 976 car park lots, FY2017: 2,353 residential units, 93 commercial units and 213 car park lots).

Revenue from property financing increased by S\$34.5 million or 72.3%, from S\$47.8 million in FY2017 to S\$82.3 million in FY2018 despite a decline in penalty interest income earned on the defaulted PRC loans under Case 2. Interest income from loans to the associates and joint ventures in Europe increased significantly by S\$18.5 million or 111.7% to S\$35.1 million in FY2018 due to a higher average loan portfolio for the year. Revenue from PRC property financing also grew by S\$27.1 million, S\$14.4 million of which was due to a full year's interest earned on a loan to a 30%-owned associate disbursed in late 2017. Net penalty interest income of S\$12.9 million (RMB63.5 million) was recognised in FY2018 arising from the further successful enforcement actions on the defaulted PRC loans under Case 2, compared to S\$26.4 million recognised in FY2017.

Revenue from hotel operations increased by S\$25.8 million or 159.4%, from S\$16.2 million in FY2017 to S\$42.0 million in FY2018. Revenue from the 24.7%-owned Hilton Rotterdam hotel leased by the Group contributed S\$19.3 million since February 2018. The two Wenjiang hotels and the adjoining hotspring operations contributed the rest of the revenue growth.

Cost of sales decreased by S\$115.5 million or 49.9%, from S\$231.4 million in FY2017 to S\$115.9 million in FY2018. S\$135.9 million of the decrease was attributable to the decrease in revenue from sale of properties in FY2018. This was partially offset by the increase in cost of sales of the hotel operations and property financing business amounting to S\$15.7 million and S\$3.7 million respectively.

The Group's gross profit increased by S\$8.5 million or 5.5%, from S\$153.0 million in FY2017 to S\$161.5 million in FY2018. The increase was due mainly to the higher gross profit generated from property financing and hotel operations of S\$30.8 million and S\$10.1 million respectively. This was partially offset by lower gross profit from sale of properties of S\$32.9 million in FY2018.

The Group's gross profit margin increased from 39.8% in FY2017 to 58.2% in FY2018. This reflected the change in the sales mix as the higher yielding property financing segment constituted approximately 45.7% of the Group's gross profit for FY2018 compared to 28.1% in FY2017.

### **Administrative expenses**

Administrative expenses increased by S\$3.9 million or 15.9%, from S\$24.1 million to S\$28.0 million. The increase was due mainly to the inclusion of operating expenses in relation to the Hilton Rotterdam hotel leased by the Group since February 2018. Professional fees were also incurred in respect of the Le Méridien Frankfurt hotel acquisition in January 2018.

### **Selling expenses**

Selling expenses increased by S\$2.5 million or 46.3%, from S\$5.3 million to S\$7.8 million. The increase was largely attributable to the inclusion of the operations of the Hilton Rotterdam hotel since February 2018.

### **Other income/(expenses) (net)**

In FY2018, the Group recorded other income of S\$3.3 million which comprised mainly net fair value gain on derivative instruments, other investments (equity investments at fair value through profit or loss) and investment properties of S\$30.8 million, S\$12.9 million and S\$6.9 million respectively. This is partially offset by net foreign exchange loss, impairment of the Wenjiang hotspring and write down of development properties of S\$26.2 million, S\$14.1 million and S\$3.2 million respectively.

In FY2017, the Group recorded other expenses of S\$14.0 million. This mainly comprise impairment loss of property, plant and equipment of S\$9.3 million, fair value loss on derivative instruments of S\$14.2 million, Wenjiang hotspring pre-opening expenses and base stocks written off of S\$2.4 million and S\$0.8 million respectively, and write down of development properties of S\$1.0 million. This was partially offset by a net fair value gain on investment properties of S\$4.0 million and net foreign exchange gain of S\$10.9 million.

### **Other gains/(losses) (net)**

In FY2018, the Group recorded other gains of S\$2.8 million which comprised a S\$6.3 million gain on disposal of certain commercial spaces of the Chengdu Cityspring project classified as assets held-for-sale and S\$0.3 million gain on disposal of investment properties. This was partially offset by an impairment loss on the assets held-for-sale of S\$4.1 million.

### **Share of after-tax results of associates and joint ventures**

Share of after-tax profit of associates and joint ventures increased by S\$1.9 million, from S\$3.6 million in FY2017 to S\$5.5 million in FY2018. The current year's share of profit included the Group's attributable share of net fair value gain on investment properties of FSMC amounting to S\$8.9 million and S\$2.4 million net gain on disposal of two hotels by QBN.

### **Tax expense**

The Group recorded tax expenses of S\$26.3 million on profit before tax of S\$144.5 million in FY2018, which included land appreciation tax of S\$4.6 million. After adjusting for the share of after-tax results of associates and joint ventures, and the tax effect of non-deductible expenses and unrecognised tax losses of S\$11.2 million in aggregate, and the tax effect of non-taxable income and recognition of previously unrecognised tax benefits of S\$21.8 million in aggregate, the effective tax rate of the Group would be approximately 22.9%.



**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Non-current assets**

Property, plant and equipment decreased by S\$60.4 million or 26.2%, from S\$230.8 million as at 31 December 2017 to S\$170.4 million as at 31 December 2018. This is partially attributable to the reclassification of M Hotel Chengdu (including 174 car park lots) amounting to S\$34.7 million to assets held-for-sale during the year (refer to further details in the next paragraph), the impairment of Wenjiang hot spring amounting to S\$14.1 million in December 2018 and depreciation charge of S\$6.2 million for the year.

Investment properties had also decreased by S\$23.5 million or 8.3%, from S\$282.6 million as at 31 December 2017 to S\$259.1 million as at 31 December 2018. This was due mainly to the reclassification of certain bare shell commercial spaces in Chengdu Cityspring to assets held-for-sale under current assets. The abovementioned reclassification to assets held-for-sale was pursuant to the Group entering into a sale and purchase agreement in May 2018 as supplemented by four supplemental agreements entered in July 2018, September 2018, November 2018 and January 2019 to dispose of the aforementioned assets, as well as another 144 car park lots classified as part of development properties. The sale is to be completed in tranches, with the last tranche expected to be completed in May 2019. The sale of part one of the first tranche was completed during the year resulting in a net gain on disposal of S\$6.3 million recognised in FY2018.

Interests in associates and joint ventures increased by S\$16.4 million or 25.6%, from S\$64.4 million as at 31 December 2017 to S\$80.8 million as at 31 December 2018. Other than the share of results from associates and joint ventures amounting to S\$5.5 million, the increase was also attributable to a new S\$10.0 million investment into a 50-50 joint venture with Tai Tak as well as a S\$5.3 million investment in a 10% equity stake in a PRC joint venture during the year. The Group disbursed its first property financing loan in Australia via the joint venture with Tai Tak. The increase was partially offset by a return of capital from FSMC amounting to S\$5.4 million.

Other investments increased by S\$54.7 million or 234.2%, from S\$23.4 million as at 31 December 2017 to S\$78.1 million as at 31 December 2018. The increase was due mainly to the fair value gain of S\$12.8 million (RMB62.8 million) on the investment in East Sun recognised in December 2018, and the Group's subscription of a 3-year S\$ denominated convertible bond with principal value of S\$39.5 million from the intermediary holding company of the aforementioned new PRC joint venture in December 2018. The convertible bond yields a return of 12% per annum.

Non-current trade and other receivables increased by S\$376.4 million or 132.4%, from S\$284.5 million as at 31 December 2017 to S\$660.9 million as at 31 December 2018. The increase was due mainly to the refinancing of certain loans to associates amounting to S\$259.0 million (€165.8 million) from current loans to non-current loans, net disbursement of loans to associates and joint ventures in Europe and the PRC of S\$178.9 million in aggregate, and disbursement of third party PRC property financing loans of S\$68.4 million (RMB350.0 million). This was partially offset by the reclassification of a property financing loan to a PRC associate of S\$119.6 million (RMB600.0 million) due in March 2019 to current assets.

**Current assets**

Assets held-for-sale of S\$51.6 million as at 31 December 2018 relate to M Hotel Chengdu, certain bare shell commercial spaces and car park lots within Chengdu Cityspring reclassified from current and non-current assets as mentioned above.

Current trade and other receivables increased by S\$60.4 million or 13.5%, from S\$445.5 million as at 31 December 2017 to S\$505.9 million as at 31 December 2018. The increase was due mainly to net disbursement of PRC property financing loans of S\$207.5 million and deposits placed by the Group with its 30%-owned associated company in respect of the acquisition of office space in the Star of East River project in Dongguan. This was partially offset by the net reclassification of property financing loans of S\$139.4 million to non-current assets.

## **Current liabilities**

Trade and other payables decreased by S\$27.7 million or 16.7%, from S\$166.1 million as at 31 December 2017 to S\$138.4 million as at 31 December 2018, due mainly to the payment of construction costs for the Millennium Waterfront project during the year.

## **Loans and borrowings**

Gross bank borrowings increased by S\$75.9 million or 12.2%, from S\$619.9 million as at 31 December 2017 to S\$695.7 million as at 31 December 2018. This was due mainly to the net drawdown of the Group's borrowings to fund the Group's property financing business in Europe, the PRC and Australia. In addition, the Group also borrowed to fund the redevelopment of the Oliphant building in Amsterdam, the construction of the hotels in Poortgebouw, Utrecht as well as the Millennium Waterfront project in Chengdu. The increase was partially offset by repayment of loans and borrowings using the net proceeds received from the issuance of PCCS of S\$161.5 million, pending deployment of such funds for their intended use.

The Group maintained a net gearing ratio of 0.40 as at 31 December 2018.

## **Foreign currency risk management**

The Group is exposed to volatility of the RMB due to its operations in the PRC. Therefore, any depreciation in the RMB against the S\$ will adversely affect the Group's earnings, net assets, value of any dividends we pay to our shareholders in S\$ or require us to use more RMB funds to service the same amount of any S\$ debt. Fluctuations in RMB exchange rates are affected by, amongst others, changes in political and economic conditions and the PRC's foreign exchange regime and policy.

Since the Group's entry to the Dutch and German property markets in February 2015 and January 2018 respectively, the Group has hedged its currency exposure to Euro by financing all its Dutch and German acquisitions with a combination of Euro-denominated borrowings and/or financial derivatives involving cross currency swaps ("CCSs") and foreign currency swaps ("FCSs") whereby the end result is also to achieve a corresponding Euro liability. The Group takes an economic hedge rather than an accounting hedge approach with regard to the management of its Euro asset exposure.

In November 2018, the Group entered into the property financing market in Australia via its 50-50 owned joint venture with Tai Tak. The Group has also adopted the same approach as its European assets which is to fully hedge its Australian dollar (AUD) cost base.

As at 31 December 2018, the Group had 14 CCSs and one FCS outstanding. Such instruments have an aggregate notional amount of €477.5 million and A\$10.0 million. These financial instruments are measured at fair value with changes in fair value recognised in the profit and loss account. The fair values of the instruments are mainly dependent on the forward foreign exchange rates, discount rates and yield curves of the notional amounts, as applicable. On the other hand, the changes in fair value of the instruments will be largely offset by the corresponding changes in fair values of the underlying Euro/AUD-denominated assets when the respective instruments approach their maturity dates and Euro/AUD-denominated borrowings are taken up to close out the instruments, thereby resulting in a minimal cumulative impact to the profit or loss. The cumulative positive impact to the retained earnings arising from the financial derivatives and underlying Euro-denominated assets as at 31 December 2018 amounted to approximately S\$2.7 million.

As at 31 December 2018, the Group had a cumulative translation gain of S\$12.9 million recorded as part of reserves in its shareholders' equity. This mainly arose from the translation of the net assets and income and expenses of the Group's foreign operations in the PRC to S\$ at the exchange rates prevailing at the end of each reporting period.

We do not currently have a formal hedging policy with respect to our RMB foreign exchange exposure and have not used any financial hedging instruments to actively manage our RMB foreign exchange risk. The cost of entering into such hedging instruments to manage the Group's exposure to RMB remains fairly expensive. We will continue to monitor our foreign exchange exposure and take appropriate actions when necessary. There is no assurance as to the effectiveness and success of any hedging action that we might or might not take.

### **Statement of cash flows of the Group**

#### **4Q 2018**

Net cash used in operating activities of S\$154.9 million in 4Q 2018 was due mainly to net disbursement of PRC property financing loans and loans to associates and a joint venture of S\$166.4 million, payment of interest and income tax of S\$4.5 million and S\$3.5 million respectively, partially offset by interest received from property financing loans of S\$22.4 million.

Net cash from investing activities of S\$56.9 million in 4Q 2018 was due mainly to repayment from an associate of S\$19.5 million, maturity of structured deposits of S\$47.3 million, interest received of S\$4.9 million and the proceeds from disposal of investment properties of S\$1.5 million. The Group also collected S\$6.2 million of cash proceeds (including deposits and liquidated damages) in respect of the disposal of certain commercial spaces of Chengdu Cityspring project classified as assets held-for-sale. This was partially offset by the payment for acquisition of other investments of S\$3.4 million, payment for additions of investment properties of S\$4.6 million and payment for investment in joint ventures of S\$15.6 million.

Net cash from financing activities of S\$16.5 million in 4Q 2018 was due mainly to net repayment of advances from associates of S\$13.3 million and net drawdown of bank borrowings of S\$9.8 million, partially offset by distributions to the PCCS holders amounting to S\$4.5 million.

#### **FY2018**

Net cash used in operating activities of S\$296.7 million in FY2018 was mainly attributable to net disbursement of PRC property financing loans and loans to associates and joint ventures of S\$185.5 million in aggregate, payment of interest and income tax of S\$13.1 million and S\$22.1 million respectively, as well as payment of construction costs for the Millennium Waterfront project. These outflows were partially offset by net penalty interest received from the defaulted loans under Case 2 and interest from property financing loans of S\$80.7 million in aggregate.

Net cash from investing activities of S\$21.0 million in FY2018 was mainly attributable from the interest received of S\$15.4 million, dividends received from an associate of S\$18.3 million, return of capital from an associate of S\$5.4 million and proceeds from the disposal of assets held-for-sale and investment properties of S\$36.5 million and S\$3.3 million respectively. This was partially offset by net placement of structured deposits of S\$1.4 million, capital expenditure for investment properties of S\$15.9 million, payment for acquisition of other investments of S\$3.4 million and payment for investments in an associate and joint ventures amounting to S\$36.8 million in aggregate.

Net cash from financing activities amounted to S\$85.1 million in FY2018 and was due mainly to net proceeds of S\$161.5 million from the issuance of PCCS and net repayment of advances from associates of S\$3.0 million. This was partially offset by the net repayment of bank borrowings of S\$52.4 million, payment of dividends to the owners of the Company of S\$14.3 million and distributions to PCCS holders amounting to S\$4.5 million.

*Note:*

*The figures stated in our statement of financial position have been translated based on the exchange rates at the end of each reporting period; and the figures in our income statement, statement of comprehensive income and statement of cash flows have been translated based on the average exchange rate for the relevant period and exchange rate at the date of the transaction, where applicable.*

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement for the current reporting period has been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

**Industry Outlook**

**People's Republic of China**

2018 marks the slowest growth for the PRC in over three decades with a 6.6% growth rate, indicating a gradual deceleration as the country continues to reel from the effects of the escalating trade tension with the United States. Growth for the fourth quarter of 2018 was at 6.4% - the slowest quarterly growth since the global financial crisis a decade ago. Senior economists from ABN Amro attributed the slowdown to Beijing's continued pressure on financial de-leveraging and a sharp drop in the growth of state-led investments.

On the other hand, China's property and land markets have shown some resilience. Average new home prices in the PRC's 70 major cities continue to rise on a month-to-month basis during the last quarter, albeit at a slower pace. Various municipal governments had started to ease the existing curbs in view of the slowing property sector which, according to an article in the New York Times, accounts for roughly one-fifth to one-third of the economic growth in the PRC.

The PRC is expected to face intensifying downward pressures on growth in 2019 based on general consensus from analysts. However, they do not foresee sharp decelerations as it is expected that the Chinese central government will provide further policy easing and added stimulus to the economy to help moderate such slowdown.

**The Netherlands**

The Dutch economy grew at 2.6% during 2018 and has, for the fourth consecutive year, outperformed the Eurozone average for GDP growth. Despite better performance against its peers, it fell short of the 2.8% estimate previously provided by the Dutch Central Planning Bureau ("CPB"). CPB concedes that the economy has passed its peak and expects the slowdown of the Dutch economy to occur at an accelerated pace due to substantial negative external global uncertainties such as the trade conflict between the United States and the PRC, the Brexit situation, the Italian budget crisis and the civil unrest in France. CPB lowered its forecast for 2019's economic growth by 0.4% to 2.2% while the Dutch Central Bank and other major Dutch banks were more bearish with estimates ranging from 1.7% to 2.0%.

On the property front, demand for homes in the Netherlands continues to be strong. The rise in home prices was aggravated by the persistent lack of new home supply. In the third quarter, house prices recorded 8.45% year-on-year growth and 0.42% increase over the second quarter. This unabated rise has priced out the younger and first-time buyers of homes especially in and around the Randstad region, which saw the highest growth in residential prices. Rabobank estimates home prices to further increase by 6% in 2019 and another 4% in 2020.

The commercial office sector continues to struggle with scarcity of space and lack of new supply. The inherent scarcity bodes well for office owners who have seen rising rental rates across all office locations. In Utrecht, the prime rental rates have increased by 37% in 2018 to €285 per square metre. A Savills report indicates that demand for office properties in strategic locations, specifically in city centres and (transit) hubs remains high.

## **Company Outlook**

### **Property Financing**

The Group's property financing business registered significant revenue growth of more than 70% in FY2018 and has overtaken the property development business as the largest profit contributor for the Group, accounting for 45.7% of FY2018's gross profit. This record performance was underpinned by the full year effect of loans disbursed during 2017, new loans disbursed to associates for property acquisitions and the strong demand for credit in the PRC. The average PRC property financing loan book has more than doubled for FY2018. The PRC property financing loan book stood at a record RMB2.8 billion as at 31 December 2018.

During the quarter, Group has also expanded into the Australian property financing market which marks another milestone achieved for the property financing business. The Group has, via a 50-50 joint venture with Tai Tak, disbursed a A\$50 million loan secured on a prime income producing property located on Collins Street, Melbourne.

### **Property Development**

In January 2019, the Group's 30%-owned Star of East River project in Dongguan commenced the handover of two of the six fully sold residential apartment blocks, with the remaining four residential blocks expected to be handed over in the second half of 2019. The 1,528 units from the two SOHO blocks which were launched for pre-sale in late September 2018 are 54% sold. The sales permit for the 250-metre high office tower was obtained in late November 2018 and pre-sales performance had been encouraging. The retail mall which will be operational in late 2019 is currently 54% pre-leased.

The Emerald of the Orient project in Dongguan, acquired in July 2018, achieved sales of more than 50% of its first phase of 91 villas launched for sale in December 2018. The Group has an indirect effective stake of 20.4% in the project which has 168 villas and 1,076 residential apartments for sale and lease.

### **Property Holding**

The Group's property holding business continues to grow, stemming mainly from the income contribution from the Hilton Rotterdam hotel which was leased by the Group with effect from 1 February 2018 and higher gross profit contributions from the Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels.

On 24 January 2019, the Group expanded its European footprint into the Italian hospitality market through the acquisition of a bare shell 65-room hotel located in one of Milan's busiest high streets, Corso Buenos Aires, for a total consideration of approximately €10.7 million (S\$16.5 million) including estimated acquisition costs. The Group will completely refurbish the property into a hostel to tap on the youth hospitality market.

In the Netherlands, the Group's 31.4%-owned Bilderberg Hotel Portfolio has been progressively improving and recorded a gross operating profit of €23.5 million for FY2018, a 4.3% growth from FY2017, after having achieved a 9.6% growth in FY2017 over FY2016. During the course of FY2018 and January 2019, five non-core hotels were sold for an aggregate gross consideration of €23.6 million (S\$37.6 million) which represents a premium of more than 140% over the hotels' allocated cost.

The redevelopment of the Munthof property in the Amsterdam city centre has been completed in January 2019. The office component of the property (approximately 92% of the total lettable floor area of 3,355 sqm) is fully leased to a utility supplier in the Netherlands for 8 years. The office will house approximately 300 people. The rest of the property comprising retail units and car park lots are substantially leased too.

## Rights Issue and Bonus Issue

Following the successful rights issue of perpetual convertible capital securities in April 2018 ("Series-1 PCCS") which raised approximately S\$162.2 million in gross proceeds, the Company will be embarking on a second equity fund raising exercise to further strengthen its balance sheet so as to arm the Group with the necessary financial resources to capitalise on any expansion opportunity. The Company will undertake a renounceable rights issue ("Rights Issue") of (a) 3.98% perpetual convertible capital securities which can be converted into new ordinary shares ("Shares") at a conversion price of S\$1.30 per Share ("Series-2 PCCS"), on the basis of 1 Series-2 PCCS for every 7 Shares held and (b) 1 free warrant carrying the right to subscribe for 1 Series-2 PCCS at the exercise price of S\$1.30 during an exercise period of 5 years from its date of issue ("Free Warrant"), on the basis of 1 Free Warrant for every 1 Series-2 PCCS validly subscribed for pursuant to the Rights Issue. Save for the conversion price, the terms and conditions of the Series-2 PCCS are similar to those of the Series-1 PCCS. Up to approximately S\$295.8 million in gross cash proceeds comprising (a) aggregate subscription monies of up to S\$147.9 million for the subscription of the Series-2 PCCS and (b) an aggregate exercise price of up to S\$147.9 million assuming the full exercise of the Free Warrants issued under the Rights Issue may be raised.

To reward shareholders for their continuous support, the Board has approved a bonus issue of one bonus warrant ("Bonus Warrant") for every 10 Shares held, with each Bonus Warrant carrying the right to subscribe for 1 Series-2 PCCS on the same terms as the Free Warrants. The Group may raise estimated gross cash proceeds of up to S\$103.5 million assuming full exercise of the Bonus Warrants.

### 11. If a decision regarding dividend has been made:—

#### (a) Current Financial Period Reported On

##### Any dividend declared for the current financial period reported on?

Yes.

The Company had paid the following tax exempt (one-tier) interim ordinary dividend to ordinary shareholders.

Name of Dividend	Interim Tax-exempt (One-tier) Ordinary Dividend
Date of Payment	24 September 2018
Dividend Type	Cash
Dividend Amount	1.0 Singapore cent per ordinary share

The Directors are pleased to recommend a final tax-exempt (one-tier) dividend in respect of the financial year ended 31 December 2018 of 1.3 Singapore cents per ordinary share for approval by the ordinary shareholders at the forthcoming Annual General Meeting of the Company.

Name of Dividend	Final Tax-exempt (One-tier) Ordinary Dividend
Dividend Type	Cash
Dividend Amount	1.3 Singapore cents per ordinary share

- (b) **Corresponding Period of the Immediately Preceding Financial Year**  
**Any dividend declared for the corresponding period of the immediately preceding financial year?**

Yes.

Name of Dividend	Interim Tax-exempt (One-tier) Ordinary Dividend
Date of Payment	20 September 2017
Dividend Type	Cash
Dividend Amount	1.0 Singapore cent per ordinary share

Name of Dividend	Final Tax-exempt (One-tier) Ordinary Dividend
Date of Payment	15 May 2018
Dividend Type	Cash
Dividend Amount	1.2 Singapore cents per ordinary share

- (c) **Date payable**

Subject to ordinary shareholders' approval at the forthcoming Annual General Meeting of the Company, the proposed final tax-exempt (one tier) dividend for the year ended 31 December 2018 will be payable on 16 May 2019.

- (d) **Books closure date**

5pm on 6 May 2019

12. **If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

Not applicable.

13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a shareholders' general mandate for IPTs.

## Part II Additional Information Required for Full Year Announcement

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

### Information about reportable segments

	Property development \$'000	Property investment \$'000	Property financing \$'000	Hotel operations \$'000	Total reportable segments \$'000	Unallocated \$'000	Total \$'000
<b>2018</b>							
Segment revenue	139,336	13,734	82,340	42,513	277,923	10,100	288,023
Elimination of inter-segment revenue	-	(2)	-	(560)	(562)	(10,100)	(10,662)
External revenue	<u>139,336</u>	<u>13,732</u>	<u>82,340</u>	<u>41,953</u>	<u>277,361</u>	<u>-</u>	<u>277,361</u>
Profit/(loss) from operating activities	54,378	36,849	75,194	(20,873)	145,548	(13,732)	131,816
Finance income	9,772	5,206	2,015	8	17,001	131	17,132
Finance costs	(2,208)	(6,630)	-	-	(8,838)	(1,064)	(9,902)
Net finance income/(costs)	<u>7,564</u>	<u>(1,424)</u>	<u>2,015</u>	<u>8</u>	<u>8,163</u>	<u>(933)</u>	<u>7,230</u>
Share of after-tax profit/(loss) of associates and joint ventures	(231)	10,847	180	(5,294)	5,502	-	5,502
Segment profit/(loss) before income tax	<u>61,711</u>	<u>46,272</u>	<u>77,389</u>	<u>(26,159)</u>	<u>159,213</u>	<u>(14,665)</u>	<u>144,548</u>
<N1>							
<b>2017</b>							
Segment revenue	308,162	12,273	47,784	16,500	384,719	7,517	392,236
Elimination of inter-segment revenue	-	(3)	-	(324)	(327)	(7,517)	(7,844)
External revenue	<u>308,162</u>	<u>12,270</u>	<u>47,784</u>	<u>16,176</u>	<u>384,392</u>	<u>-</u>	<u>384,392</u>
Profit/(loss) from operating activities	93,125	12,754	36,321	(20,266)	121,934	(12,421)	109,513
Finance income	10,241	1,232	4,971	7	16,451	631	17,082
Finance costs	(2,173)	(6,728)	-	-	(8,901)	(109)	(9,010)
Net finance income/(costs)	<u>8,068</u>	<u>(5,496)</u>	<u>4,971</u>	<u>7</u>	<u>7,550</u>	<u>522</u>	<u>8,072</u>
Share of after-tax profit/(loss) of associates	1,433	4,574	-	(2,359)	3,648	-	3,648
Segment profit/(loss) before income tax	<u>102,626</u>	<u>11,832</u>	<u>41,292</u>	<u>(22,618)</u>	<u>133,132</u>	<u>(11,899)</u>	<u>121,233</u>
<N1>							

<N1> The hotel operations segment includes an impairment charge of S\$14.1 million (FY2017: S\$9.3 million), depreciation charge of S\$5.8 million (FY2017: S\$5.0 million), hotspring pre-opening expenses incurred of nil (FY2017: S\$2.4 million) and hotel and hotspring base stocks written off of nil (FY2017: S\$0.8 million).



15. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

#### **Property development**

Revenue from the property development segment decreased by S\$168.8 million or 54.8%, from S\$308.2 million in FY2017 to S\$139.3 million in FY2018. Pre-tax profit from this segment decreased by S\$40.9 million or 39.9%, from S\$102.6 million in FY2017 to S\$61.7 million in FY2018.

The decline mainly resulted from a lower number of units in the Millennium Waterfront project being handed over in FY2018.

#### **Property investment**

Revenue from the property investment segment increased by S\$1.5 million or 11.9%, from S\$12.3 million in FY2017 to S\$13.7 million in FY2018. Pre-tax profit from this segment increased by S\$34.4 million or 291.1%, from S\$11.8 million in FY2017 to S\$46.3 million in FY2018.

The segment results for FY2018 were inclusive of the net fair value gain on investment properties and other investments of S\$6.9 million and S\$12.8 million respectively.

#### **Property financing**

Revenue from property financing increased by S\$34.5 million or 72.3%, from S\$47.8 million in FY2017 to S\$82.3 million in FY2018. Pre-tax profit from this segment increased by S\$36.1 million or 87.4%, from S\$41.3 million in FY2017 to S\$77.4 million in FY2018.

This is underpinned by the full year effect of loans disbursed in the course of 2017, new loans disbursed to associates to fund new property acquisitions and the strong demand for credit in the PRC.

#### **Hotel operations**

Revenue from the hotel operations segment increased by S\$25.8 million or 159.4%, from S\$16.2 million in FY2017 to S\$42.0 million in FY2018. The significant increase was due mainly to the contribution from the 24.7%-owned Hilton Rotterdam hotel leased by the Group since February 2018, as well as the positive contribution from the two Wenjiang hotels in 2018.

The segment results were negatively impacted by the impairment charge of S\$14.1 million on the Wenjiang hotspring.

16. **A breakdown of revenue as follows:–**

<b>Group</b>	<b>FY2018</b>	<b>FY2017</b>	<b>(Decrease)/ Increase %</b>
	<b>S\$'000</b>	<b>S\$'000</b>	
(a) Revenue reported for first half year	91,916	139,293	(34.0)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	29,389	23,600	24.5
(c) Revenue reported for second half year	185,445	245,099	(24.3)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	88,861	69,693	27.5

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

	<b>FY2018 (S\$'000)</b>	<b>FY2017 (S\$'000)</b>
Interim	6,489	5,898
Final	8,437	7,786
Total	14,926	13,684

The final tax-exempt (one-tier) ordinary dividend for the year ended 31 December 2018 of 1.3 Singapore cents per ordinary share is subject to the approval of ordinary shareholders at the forthcoming Annual General Meeting and the final dividend amount is based on the number of issued ordinary shares as at the books closure date. The total amount for FY2018 is hence subject to adjustments according to the number of ordinary shares existing as at the books closure date.

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

The Company confirms that there is no person occupying a managerial position in the Company who is related to a director, chief executive officer or substantial shareholder of the Company.

19. **Confirmation that the issuer has procured undertakings from all of its directors and executive officers (in the format set out in Appendix 7.7) under rule 720(1)**

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 under Rule 720 (1) of the Listing Manual.

**BY ORDER OF THE BOARD**

**Neo Teck Pheng**  
**Group Chief Executive Officer and Executive Director**  
14 February 2019

**RIGHTS::VOLUNTARY**

## Issuer &amp; Securities

## Issuer/ Manager

FIRST SPONSOR GROUP LIMITED

## Security

FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN

## Announcement Details

## Announcement Title

Propose Renounceable Non-underwritten Rights Issue

## Date &amp; Time of Broadcast

14-Feb-2019 07:24:03

## Status

New

## Corporate Action Reference

SG190214RHDIFFQW

## Submitted By (Co./ Ind. Name)

Neo Teck Pheng

## Designation

Group Chief Executive Officer and Executive Director

## Underwritten

No

## Shareholders' Approval Required?

No

## Shareholders' Approval Obtained

No

## Financial Year End

31/12/2019

## Foreign Shareholder Eligibility

No

## Attachment for Intent

FSGL\_-\_Rights\_and\_Bonus\_Issue\_-\_Launch\_Announcement.PDF

## Event Narrative

Narrative Type	Narrative Text
Additional Text	PROPOSED RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE OF SERIES 2 PERPETUAL CONVERTIBLE CAPITAL SECURITIES WITH FREE DETACHABLE WARRANTS EXERCISABLE INTO SERIES 2 PERPETUAL CONVERTIBLE CAPITAL SECURITIES.
Additional Text	Please see attached for more information.

## Dates

## Rights Details

Security Not Found?

No

Renounceable

Yes

Rights Security Distribution Ratio- Underlying

7

Rights Security Distribution Ratio- Rights Security

1

## Option Exercise

Issue Price (Per Rights)

SGD 1.3

## Renounceable Conditions

Allow Over Subscription

Yes

## Attachments

[FSGL - Rights and Bonus Issue - Launch Announcement.PDF](#)

Total size =515K MB

**BONUS ISSUE/ CAPITALISATION ISSUE::MANDATORY**

Issuer & Securities

Issuer/ Manager

FIRST SPONSOR GROUP LIMITED

Security

FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN

Announcement Details

Announcement Title

Bonus Issue/ Capitalisation Issue

Date & Time of Broadcast

14-Feb-2019 07:25:59

Status

New

Corporate Action Reference

SG190214BONUB7KQ

Submitted By (Co./ Ind. Name)

Neo Teck Pheng

Designation

Group Chief Executive Officer and Executive Director

Financial Year End

31/12/2019

Foreign Shareholder Eligibility

No

Event Narrative

Narrative Type	Narrative Text
Additional Text	PROPOSED BONUS ISSUE OF WARRANTS EXERCISABLE INTO SERIES 2 PERPETUAL CONVERTIBLE CAPITAL SECURITIES.
Additional Text	Please see attached.

Disbursement Details

[New Security Details](#)

[Security Not Found?](#)

No

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[Distribution Ratio \(Additional: Old\)](#)

1:10

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#### Attachments

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[FSG - Rights and Bonus Issue - Launch Announcement.PDF](#)

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Total size =515K MB

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## **FIRST SPONSOR GROUP LIMITED**

(Incorporated in the Cayman Islands)

(Registration No. AT-195714)

- 
- (1) **PROPOSED RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE OF SERIES 2 PERPETUAL CONVERTIBLE CAPITAL SECURITIES WITH FREE DETACHABLE WARRANTS EXERCISABLE INTO SERIES 2 PERPETUAL CONVERTIBLE CAPITAL SECURITIES**
  - (2) **PROPOSED BONUS ISSUE OF WARRANTS EXERCISABLE INTO SERIES 2 PERPETUAL CONVERTIBLE CAPITAL SECURITIES**
- 

### **1. INTRODUCTION**

#### **1.1 Proposed Rights Issue and Bonus Issue**

The board of directors (the "**Directors**") of First Sponsor Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company is proposing to carry out:

- (i) a renounceable and non-underwritten rights issue (the "**Rights Issue**") of up to S\$147,874,946.70 in aggregate principal amount of 3.98 per cent. perpetual convertible capital securities (the "**Series 2 Convertible Securities**") in the denomination of S\$1.30 for each Series 2 Convertible Security, with up to 113,749,959 free detachable warrants (the "**Warrants**"), each carrying the right to subscribe for one (1) Series 2 Convertible Security (the "**Exercise Convertible Security**") on the basis of:
  - (a) one (1) Series 2 Convertible Security for every seven (7) existing ordinary shares with a par value of US\$0.10 each in the capital of the Company (the "**Shares**") held by the Rights Issue Entitled Shareholders (as defined in Section 6 of this Announcement) as at a books closure date to be determined by the Directors, being a time and date at and on which the register of members and share transfer books of the Company will be closed to determine the provisional allotments of the Rights Issue Entitled Shareholders to the Series 2 Convertible Securities under the Rights Issue (the "**Rights Issue Book Closure Date**"), fractional entitlements to be disregarded; and
  - (b) one (1) Warrant for every one (1) Series 2 Convertible Security validly subscribed for; and

- (ii) a bonus issue (the "**Bonus Issue**", and together with the Rights Issue, the "**Proposed Exercises**") of up to 79,624,971 Warrants on the basis of one (1) Warrant for every ten (10) existing Shares held by the Bonus Issue Entitled Shareholders (as defined in Section 6 of this Announcement) as at a books closure date to be determined by the Directors, being a time and date at and on which the register of members and share transfer books of the Company will be closed to determine the entitlements of the Bonus Issue Entitled Shareholders to the Bonus Issue (the "**Bonus Issue Books Closure Date**"), fractional entitlements to be disregarded.

The Rights Issue Books Closure Date and the Bonus Issue Books Closure Date will fall on the same date (the "**Books Closure Date**") and such date will be announced by the Company at the appropriate time.

The Proposed Exercises will be undertaken pursuant to the share issue mandate approved by the shareholders of the Company ("**Shareholders**") at the annual general meeting of the Company held on 24 April 2018 (the "**Share Issue Mandate**"). The Share Issue Mandate authorises, amongst other things, the Directors to issue Shares, whether by way of bonus, rights or otherwise, and/or to make or grant offers, agreements or options that might or would require Shares to be issued (including the creation and issue of instruments convertible into Shares and the issuance of Shares in pursuance of any such instrument), of not more than 50.0 per cent. of the total number of issued Shares (excluding treasury shares) as at the date the Share Issue Mandate was passed, after adjusting for, among other things, new Shares arising from the conversion or exercise of any convertible securities outstanding or subsisting as at the date the Share Issue Mandate was passed. Accordingly, the Company will not be seeking specific approval from Shareholders for the Proposed Exercises.

The Company has appointed United Overseas Bank Limited as manager (the "**Manager**") of the Rights Issue.

## 1.2 **Series 1 Convertible Securities**

On 19 April 2018, the Company issued 147,453,737 or S\$162,199,110.70 in aggregate principal amount of 3.98 per cent. perpetual convertible capital securities (the "**Series 1 Convertible Securities**") in the denomination of S\$1.10 for each Series 1 Convertible Security pursuant to a renounceable and non-underwritten rights issue undertaken by the Company.

### No Adjustments to be made to the Conversion Price of the Series 1 Convertible Securities

The Company has engaged Deloitte & Touche Corporate Finance Pte Ltd as the independent financial adviser (the "**IFA**") pursuant to the terms and conditions of the Series 1 Convertible Securities to determine whether any adjustments would be required to be made to the conversion price of the Series 1 Convertible Securities arising from the Proposed Exercises and any Exercise Convertible Securities to be issued on exercise of the Warrants.



Having reviewed the terms and conditions of the Series 1 Convertible Securities, a draft of the terms and conditions of the Series 2 Convertible Securities (with the principal terms set out in the section titled "Principal Terms of the Series 2 Convertible Securities and the Warrants – Principal Terms of the Series 2 Convertible Securities") and a draft of the terms and conditions of the Warrants (with the principal terms set out in the section titled "Principal Terms of the Series 2 Convertible Securities and the Warrants – Principal Terms of the Warrants"), the IFA is of the opinion that no adjustments are required to be made to the conversion price of the Series 1 Convertible Securities arising from the Proposed Exercises and any Exercise Convertible Securities to be issued on exercise of the Warrants.

A copy of the written opinion of the IFA will be available for inspection during normal business hours by the holders of the Series 1 Convertible Securities at the Company's business address at 63 Market Street, #06-03, Bank of Singapore Centre, Singapore 048942 from the date of this Announcement up to the completion of the Proposed Exercises.

#### Undertakings to Convert the Series 1 Convertible Securities

To demonstrate their intention to maximise their entitlements under the Rights Issue and the Bonus Issue and, in support of the Rights Issue and the Bonus Issue, certain parties have executed deeds of undertaking (the "**Deeds of Undertaking**") in favour of the Company.

For the parties set out below, the Deeds of Undertaking comprise undertakings (the "**Undertakings to Convert**") to, and/or to procure that their respective subsidiaries and/or nominees will:

- (a) remain as registered holders of the respective Series 1 Convertible Securities from the date of the Deed of Undertaking up to and including the date (the "**Conversion Notice Date**") falling five (5) business days after the date of receipt by the Company of the approval-in-principle (the "**AIP**") from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the dealing in, listing of and quotation for, the Series 2 Convertible Securities (including the Exercise Convertible Securities), the Warrants and the new Shares to be issued pursuant to the conversion of the Series 2 Convertible Securities (the "**Conversion Shares**") (including Conversion Shares that may be issued pursuant to any adjustments as set out in the Terms and Conditions of the Series 2 Convertible Securities (as defined in Section 2 of this Announcement)) on the Official List of the SGX-ST; and
- (b) on the Conversion Notice Date, exercise their conversion rights in respect of the respective Series 1 Convertible Securities listed below.

These Undertakings to Convert are conditional on the AIP having been obtained and not having been withdrawn.

**Number of Series 1 Convertible Securities to be converted (collectively, the "Relevant Series 1 Convertible Securities")**

<b>Directors</b>	
Mr Ho Han Leong Calvin	425,000
Mr Ho Han Khoon	225,000
Mr Neo Teck Pheng	3,363,000
Mr Yee Chia Hsing	100,000
Ms Ting Ping Ee, Joan Maria	25,000
<b>Executive officers of the Group (other than Directors)</b>	
Mr Shu Zhen	3,685,805
Ms Lee Sau Hun	225,000
<b>Substantial shareholders of the Company (other than Directors and executive officers of the Group)</b>	
M&C Hospitality International Limited ("MCHIL") <sup>(1)</sup>	5,898,579
Republic Hotels & Resorts Limited ("RHRL") <sup>(1)</sup>	46,965,615
Tai Tak Asia Properties Limited ("TTAPL")	65,173,697
Chengdu Tianfu Properties Ltd. ("CDTF")	1,142,550
<b>Total</b>	<b>127,229,246</b>

**Note:**

- (1) Millennium & Copthorne Hotels plc ("**M&C UK**") executed the Deed of Undertaking on behalf of its wholly-owned subsidiaries, MCHIL and RHRL.

Following the conversion of the Relevant Series 1 Convertible Securities at the conversion price of S\$1.10 per Share, the entitlements of these parties under the Proposed Exercises will increase. Assuming that only the Relevant Series 1 Convertible Securities are converted into Shares (at the conversion price of S\$1.10 per Share with no adjustments) and, apart from that, no new Shares are issued on or prior to the Books Closure Date, the shareholding interests of these parties before and after the conversion of the Relevant Series 1 Convertible Securities are set out below:

	<u>Before conversion of the Relevant Series 1 Convertible Securities</u>				<u>After conversion of the Relevant Series 1 Convertible Securities</u>			
	<u>Direct Interest</u>		<u>Deemed Interest<sup>(6)</sup></u>		<u>Direct Interest</u>		<u>Deemed Interest<sup>(6)</sup></u>	
	<u>Number of Shares</u>	<u>% of Issued Shares</u>	<u>Number of Shares</u>	<u>% of Issued Shares</u>	<u>Number of Shares</u>	<u>% of Issued Shares</u>	<u>Number of Shares</u>	<u>% of Issued Shares</u>
<b>Directors</b>								
Mr Ho Han Leong Calvin <sup>(1)</sup>	2,050,000	0.32	291,791,490	44.95	2,475,000	0.32	358,107,737	46.13
Mr Ho Han Khoon <sup>(2)</sup>	1,050,000	0.16	286,764,270	44.18	1,275,000	0.16	286,764,270	36.94
Mr Neo Teck Pheng <sup>(3)</sup>	-	-	301,561,470	46.46	3,363,000	0.43	301,561,470	38.85
Mr Yee Chia Hsing	220,000	0.03	-	-	320,000	0.04	-	-
Ms Ting Ping Ee, Joan Maria	110,000	0.02	-	-	135,000	0.02	-	-
<b>Executive officers of the Group (other than Directors)</b>								
Mr Shu Zhen <sup>(4)</sup>	-	-	12,277,774	1.89	-	-	15,963,579	2.06
Ms Lee Sau Hun	990,000	0.15	-	-	1,215,000	0.16	-	-
<b>Substantial shareholders of the Company (other than Directors and executive officers of the Group)</b>								
MCHIL <sup>(5)</sup>	25,953,747	4.00	206,648,706	31.84	31,852,326	4.10	253,614,321	32.67
RHRL	206,648,706	31.84	-	-	253,614,321	32.67	-	-
TTAPL <sup>(6)</sup>	-	-	291,791,490	44.95	15,173,697	1.95	342,934,040	44.18
CDTF <sup>(7)</sup>	-	-	5,027,220	0.77	-	-	6,169,770	0.79

**Notes:**

- (1) Mr Ho Han Leong Calvin, the Company's Non-Executive Chairman, is treated as having an interest under Section 4 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") in (a) the Shares held directly by First Sponsor Capital Limited ("FSCL"), (b) the Shares held directly by TTAPL and in which TTAPL is treated as having an interest under Section 4 of the SFA, (c) the Shares in which CDTF is treated as having an interest under Section 4 of the SFA, which are 286,764,270 Shares, 291,791,490 Shares and 5,027,220 Shares respectively, before the conversion of the Relevant Series 1 Convertible Securities and 286,764,270 Shares, 358,107,737 Shares and 6,169,770 Shares respectively, after the conversion of the Relevant Series 1 Convertible Securities. These three entities are entities in which he is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof. Please refer to notes 6 and 7 below for the details on the Shares in which TTAPL and CDTF are treated as having an interest under Section 4 of the SFA. He is also treated as having an interest in the Shares held indirectly by Tai Tak Industries Pte. Ltd., Tai Tak Estates Sendirian Berhad, SG Investments Pte. Ltd., First Sponsor Management Limited ("FSML") and TT Properties (Asia) Ltd ("TTPA"), in which he is entitled to exercise or control the exercise of not less than 20per cent. of the votes attached to the voting shares thereof.
- (2) Mr Ho Han Khoon, an alternate director to the Company's Non-Executive Chairman, is treated as having an interest under Section 4 of the SFA in the Shares held directly by FSCL and indirectly by FSML and TTPA, in which he is entitled to exercise or control the exercise of not less than 20per cent. of the votes attached to the voting shares thereof, which is 286,764,270 before and after the conversion of the Relevant Series 1 Convertible Securities.
- (3) Mr Neo Teck Pheng, the Group Chief Executive Officer and Executive Director, is treated as having an interest under Section 4 of the SFA in the Shares held directly by FSCL, Ararat Holdings Limited and Magnificent Opportunity Limited, which are 286,764,270 Shares, 7,663,700 Shares and 7,133,500 Shares, respectively before and after the conversion of the Relevant Series 1 Convertible Securities. These three entities are entities in which he is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof. He is also treated as having an interest under Section 4 of the SFA in the Shares held indirectly by FSML, in which he is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof.

- (4) Mr Shu Zhen, the Chief Executive Officer, Guangdong Operations, is treated as having an interest under Section 4 of the SFA in the Shares held by (a) him via DBS Nominees Pte Ltd and (b) Regent Land Investment Holdings Limited ("RLIHL") via DBS Nominees Pte Ltd, which are 181,000 Shares and 12,096,774 Shares respectively, before the conversion of the Relevant Series 1 Convertible Securities and 233,500 Shares and 15,730,079 Shares respectively, after the conversion of the Relevant Series 1 Convertible Securities. Mr Shu Zhen owns 100 per cent. of the issued share capital of RLIHL. RLIHL has pledged 8,929,068 Shares to DBS Bank Ltd. as security for a loan.
- (5) MCHIL is treated as having an interest under Section 4 of the SFA in the Shares held indirectly by M&C Hotel Investments Pte. Ltd., in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 206,648,706 Shares before the conversion of the Relevant Series 1 Convertible Securities and 253,614,321 Shares after the conversion of the Relevant Series 1 Convertible Securities.
- (6) TTAPL is treated as having an interest under Section 4 of the SFA in the Shares held by (a) it via Citibank Nominees Singapore Pte Ltd, (b) FSCL directly and (c) CDTF via DBS Vickers Securities (S) Pte Ltd, which are nil, 286,764,270 Shares and 5,027,220 Shares respectively, before the conversion of the Relevant Series 1 Convertible Securities and 50,000,000 Shares, 286,764,270 Shares and 6,169,770 Shares respectively, after the conversion of the Relevant Series 1 Convertible Securities. TTAPL is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares of FSCL and CDTF.
- (7) CDTF is treated as having an interest under Section 4 of the SFA in the Shares it holds via DBS Vickers Securities (S) Pte Ltd, which is 5,027,220 Shares before the conversion of the Relevant Series 1 Convertible Securities and 6,169,770 Shares after the conversion of the Relevant Series 1 Convertible Securities.
- (8) For the purposes of this table, a "deemed interest" refers to an interest in the Shares under Section 4 of the SFA (other than a direct interest in the Shares).

#### Redemption of the Series 1 Convertible Securities after the Proposed Exercises

Upon conversion of the Relevant Series 1 Convertible Securities pursuant to the Undertakings to Convert, less than 13.6 per cent. of the initial issue size of the Series 1 Convertible Securities are expected to be outstanding. Due to the low proportion of Series 1 Convertible Securities expected to remain outstanding, the Company currently intends to redeem all, and not some only, of the outstanding Series 1 Convertible Securities on a date falling after the completion of the Proposed Exercises. If the Company decides to proceed with the redemption, it will make a further announcement with the details of such redemption in due course. In such event, subject to the terms and conditions of the Series 1 Convertible Securities, holders of the Series 1 Convertible Securities shall have up to (and including) the close of business on the 7th day before the date fixed for redemption to exercise their right to convert their Series 1 Convertible Securities into Shares. For the avoidance of doubt, holders of Series 1 Convertible Securities who intend to maximise their entitlements under the Rights Issue and the Bonus Issue should ensure that they deliver to the conversion agent their duly completed conversion notice in accordance with the terms and conditions of the Series 1 Convertible Securities prior to the Books Closure Date.

### 1.3 **Effects of the Proposed Exercises on the Share Capital of the Company**

#### Scenario 1: All the Series 2 Convertible Securities are fully subscribed for and all the Warrants are exercised for Exercise Convertible Securities

- (a) Scenario 1A: All Series 1 Convertible Securities are converted into Shares prior to the Books Closure Date

Based on the existing issued share capital of the Company of 649,077,268 Shares and assuming that (a) all the outstanding Series 1 Convertible Securities are converted into Shares (at the conversion price of S\$1.10 per Share with no adjustments) and, apart from that, no new Shares are issued on or prior to the Books Closure Date, and (b) all the Series 2 Convertible Securities under the Rights Issue are fully subscribed for and all the Warrants issued under the Proposed Exercises are exercised for Exercise

Convertible Securities, 307,124,889 or approximately S\$399.3 million in aggregate principal amount of Series 2 Convertible Securities are expected to be issued. Assuming no adjustments to the Conversion Price (as defined in Section 4 of this Announcement) of the Series 2 Convertible Securities, 307,124,889 Conversion Shares, representing approximately 47.3 per cent. of the total issued Shares as at the date of this Announcement and approximately 27.8 per cent. of the total issued Shares after adjusting for the above scenario, will be allotted and issued by the Company upon conversion of all these Series 2 Convertible Securities.

- (b) Scenario 1B: Only the Relevant Series 1 Convertible Securities are converted into Shares prior to the Books Closure Date

Based on the existing issued share capital of the of 649,077,268 Shares and assuming that (a) only the Relevant Series 1 Convertible Securities are converted into Shares (at the conversion price of S\$1.10 per Share with no adjustments) and, apart from that, no new Shares are issued on or prior to the Books Closure Date, and (b) all the Series 2 Convertible Securities under the Rights Issue are fully subscribed for and all the Warrants issued under the Proposed Exercises are exercised for Exercise Convertible Securities, 299,432,511 or approximately S\$389.3 million in aggregate principal amount of Series 2 Convertible Securities are expected to be issued. Assuming no adjustments to the Conversion Price of the Series 2 Convertible Securities, 299,432,511 Conversion Shares, representing approximately 46.1 per cent. of the total issued Shares as at the date of this Announcement and approximately 27.8 per cent. of the total issued Shares after adjusting for the above scenario, will be allotted and issued by the Company upon conversion of all these Series 2 Convertible Securities.

Scenario 2: All the Series 2 Convertible Securities are fully subscribed for and none of the Warrants are exercised for Exercise Convertible Securities

- (a) Scenario 2A: All Series 1 Convertible Securities are converted into Shares prior to the Books Closure Date

Based on the existing issued share capital of the Company of 649,077,268 Shares and assuming that (a) all the outstanding Series 1 Convertible Securities are converted into Shares (at the conversion price of S\$1.10 per Share with no adjustments) and, apart from that, no new Shares are issued on or prior to the Books Closure Date, and (b) all the Series 2 Convertible Securities under the Rights Issue are fully subscribed for but none of the Warrants issued under the Proposed Exercises are exercised for Exercise Convertible Securities, 113,749,959 or approximately S\$147.9 million in aggregate principal amount of Series 2 Convertible Securities are expected to be issued. Assuming no adjustments to the Conversion Price of the Series 2 Convertible Securities, 113,749,959 Conversion Shares, representing approximately 17.5 per cent. of the total issued Shares as at the date of this Announcement and approximately 12.5 per cent. of the total issued Shares after adjusting for the above scenario, will be allotted and issued by the Company upon conversion of all these Series 2 Convertible Securities.

- (b) Scenario 2B: Only the Relevant Series 1 Convertible Securities are converted into Shares prior to the Books Closure Date

Based on the existing issued share capital of the Company of 649,077,268 Shares and assuming that (a) only the Relevant Series 1 Convertible Securities are converted into

Shares (at the conversion price of S\$1.10 per Share with no adjustments) and, apart from that, no new Shares are issued on or prior to the Books Closure Date, and (b) all the Series 2 Convertible Securities under the Rights Issue are fully subscribed for but none of the Warrants issued under the Proposed Exercises are exercised for Exercise Convertible Securities, 110,900,930 or approximately S\$144.2 million in aggregate principal amount of Series 2 Convertible Securities are expected to be issued. Assuming no adjustments to the Conversion Price of the Series 2 Convertible Securities, 110,900,930 Conversion Shares, representing approximately 17.1 per cent. of the total issued Shares as at the date of this Announcement and approximately 12.5 per cent. of the total issued Shares after adjusting for the above scenario, will be allotted and issued by the Company upon conversion of all these Series 2 Convertible Securities.

Scenario 3: Only the Series 2 Convertible Securities which are the subject of the Rights Issue Undertakings (as defined in Section 7 of this Announcement) are subscribed for and all the Warrants are exercised for Exercise Convertible Securities

- (a) Scenario 3A: All Series 1 Convertible Securities are converted into Shares prior to the Books Closure Date

Based on the existing issued share capital of the Company of 649,077,268 Shares and assuming that (a) all the outstanding Series 1 Convertible Securities are converted into Shares (at the conversion price of S\$1.10 per Share with no adjustments) and, apart from that, no new Shares are issued on or prior to the Books Closure Date, and (b) only the Series 2 Convertible Securities which are the subject of the Rights Issue Undertakings are subscribed for and all the Warrants issued under the Proposed Exercises are exercised for Exercise Convertible Securities, 263,503,363 or approximately S\$342.6 million in aggregate principal amount of Series 2 Convertible Securities are expected to be issued. Assuming no adjustments to the Conversion Price of the Series 2 Convertible Securities, 263,503,363 Conversion Shares, representing approximately 40.6 per cent. of the total issued Shares as at the date of this Announcement and approximately 24.9 per cent. of the total issued Shares after adjusting for the above scenario, will be allotted and issued by the Company upon conversion of all these Series 2 Convertible Securities.

- (b) Scenario 3B: Only the Relevant Series 1 Convertible Securities are converted into Shares prior to the Books Closure Date

Based on the existing issued share capital of the Company of 649,077,268 Shares and assuming that (a) only the Relevant Series 1 Convertible Securities are converted into Shares (at the conversion price of S\$1.10 per Share with no adjustments) and, apart from that, no new Shares are issued on or prior to the Books Closure Date, and (b) only the Series 2 Convertible Securities which are the subject of the Rights Issue Undertakings are subscribed for and all the Warrants issued under the Proposed Exercises are exercised for Exercise Convertible Securities, 261,509,043 or approximately S\$340.0 million in aggregate principal amount of Series 2 Convertible Securities are expected to be issued. Assuming no adjustments to the Conversion Price of the Series 2 Convertible Securities, 261,509,043 Conversion Shares, representing approximately 40.3 per cent. of the total issued Shares as at the date of this Announcement and approximately 25.2 per cent. of the total issued Shares after adjusting for the above scenario, will be allotted and issued by the Company upon conversion of all these Series 2 Convertible Securities.

Scenario 4: Only the Series 2 Convertible Securities which are the subject of the Rights Issue Undertakings are subscribed for and none of the Warrants are exercised for Exercise Convertible Securities

- (a) Scenario 4A: All Series 1 Convertible Securities are converted into Shares prior to the Books Closure Date

Based on the existing issued share capital of the Company of 649,077,268 Shares and assuming that (a) all the outstanding Series 1 Convertible Securities are converted into Shares (at the conversion price of S\$1.10 per Share with no adjustments) and, apart from that, no new Shares are issued on or prior to the Books Closure Date, and (b) only the Series 2 Convertible Securities which are the subject of the Rights Issue Undertakings are subscribed for but none of the Warrants issued under the Proposed Exercises are exercised for Exercise Convertible Securities, 91,939,196 or approximately S\$119.5 million in aggregate principal amount of Series 2 Convertible Securities are expected to be issued. Assuming no adjustments to the Conversion Price of the Series 2 Convertible Securities, 91,939,196 Conversion Shares, representing approximately 14.2 per cent. of the total issued Shares as at the date of this Announcement and approximately 10.4 per cent. of the total issued Shares after adjusting for the above scenario, will be allotted and issued by the Company upon conversion of all these Series 2 Convertible Securities.

- (b) Scenario 4B: Only the Relevant Series 1 Convertible Securities are converted into Shares prior to the Books Closure Date

Based on the existing issued share capital of the Company of 649,077,268 Shares and assuming that (a) only the Relevant Series 1 Convertible Securities are converted into Shares (at the conversion price of S\$1.10 per Share with no adjustments) and, apart from that, no new Shares are issued on or prior to the Books Closure Date and (b) only the Series 2 Convertible Securities which are the subject of the Rights Issue Undertakings are subscribed for but none of the Warrants issued under the Proposed Exercises are exercised for Exercise Convertible Securities, 91,939,196 or approximately S\$119.5 million in aggregate principal amount of Series 2 Convertible Securities are expected to be issued. Assuming no adjustments to the Conversion Price of the Series 2 Convertible Securities, 91,939,196 Conversion Shares, representing approximately 14.2 per cent. of the total issued Shares as at the date of this Announcement and approximately 10.6 per cent. of the total issued Shares after adjusting for the above scenario, will be allotted and issued by the Company upon conversion of all these Series 2 Convertible Securities.

#### 1.4 **SGX-ST Confirmations in Respect of Requirements under the Listing Manual**

As the Warrants are exercisable into Series 2 Convertible Securities (and not Shares) and the Warrants will not provide for adjustment events, the Company had on 25 January 2019 made an application to the SGX-ST (the "**Application**") to seek, *inter alia*:

- (a) (i) a confirmation that Rules 827 and 828(1) of the SGX-ST Mainboard Rules (the "**Listing Manual**") (which require warrants to be exercisable into equity securities listed on the SGX-ST and to give the holder the right to subscribe for one share) will be satisfied in respect of the Warrants and (ii) a waiver of Rule 828(1) of the Listing Manual

in the event that adjustment is made to the Conversion Price (such that each Warrant gives the holder the right to subscribe for more or less than one (1) Share); and

- (b) a waiver of Rule 829(1) of the Listing Manual (which requires warrants to provide for adjustments to the exercise price or the number of warrants).

Pursuant to the Application, the Company wishes to announce that the SGX-ST had, on 11 February 2019, provided the following confirmations that:

- (a) it has no objections to the view that the Warrants comply with Rules 827 and 828(1) of the Listing Manual;
- (b) it is of the view that the Warrants comply with Rule 828(1) of the Listing Manual as it gives the Warrantholder (as defined in Section 4 of this Announcement) the right to subscribe for one (1) Series 2 Convertible Security; and
- (c) it is of the view that Rule 829(1) of the Listing Manual has been complied with as the Terms and Conditions of the Series 2 Convertible Securities will provide for adjustments to the Series 2 Convertible Securities, subject to a confirmation by the Company that the terms of Series 2 Convertible Securities will comply with the requirements under Rule 829(1) of the Listing Manual.

The SGX-ST reserves the right to amend and/or vary the above confirmations and such confirmations are subject to changes in the SGX-ST's policies.

## 2. PROPOSED RIGHTS ISSUE

Subject to the relevant approvals being obtained for the Rights Issue, the principal terms of the proposed Rights Issue are summarised below:

Basis of Provisional Allotment of the Series 2 Convertible Securities : The Rights Issue will be made on a renounceable basis to the Rights Issue Entitled Shareholders on the basis of one (1) Series 2 Convertible Security for every seven (7) existing Shares held by the Rights Issue Entitled Shareholders as at the Rights Issue Books Closure Date, fractional entitlements to be disregarded.

The Series 2 Convertible Securities will be constituted by a trust deed (the "**Trust Deed**") to be entered into between the Company and Perpetual (Asia) Limited (the "**Trustee**"), which will set out the terms and conditions of the Series 2 Convertible Securities (the "**Terms and Conditions of the Series 2 Convertible Securities**") and which may from time to time be amended, modified or supplemented in accordance with its terms. Please refer to the section titled "Principal Terms of the Series 2 Convertible Securities and the Warrants – Principal Terms of the Series 2 Convertible Securities" of this Announcement for the principal terms of the Series 2 Convertible Securities.

Basis of Provisional Allotment of the Warrants : One (1) Warrant for each Series 2 Convertible Security validly subscribed for.



The Warrants will be constituted by a deed poll (the "**Deed Poll**") to be executed by the Company, which will set out the terms and conditions of the Warrants (the "**Terms and Conditions of the Warrants**") and which may from time to time be amended, modified or supplemented in accordance with its terms.

Please refer to the section titled "Principal Terms of the Series 2 Convertible Securities and the Warrants – Principal Terms of the Warrants" of this Announcement for the principal terms of the Warrants.

Each Warrant will carry the right to subscribe for one (1) Series 2 Convertible Security. Please refer to the section titled "Principal Terms of the Series 2 Convertible Securities and the Warrants – Principal Terms of the Series 2 Convertible Securities" of this Announcement for the principal terms of the Series 2 Convertible Securities.

- Eligibility to Participate : Please refer to the section titled "Eligibility of Shareholders to participate in the Proposed Exercises" of this Announcement.
- Irrevocable Undertakings : Please refer to the section titled "Irrevocable Undertakings in respect of the Rights Issue" of this Announcement for details of the Undertakings provided by M&C UK, FSCL, TTAPL and CDTF in respect of the Rights Issue.

The terms and conditions of the Rights Issue, the Series 2 Convertible Securities, the Conversion Shares and the Warrants may be subject to such changes as the Directors may, after consultation with the Manager, deem fit in the interests of the Company. The final terms and conditions of the Rights Issue, the Series 2 Convertible Securities, the Conversion Shares and the Warrants will also be contained in the offer information statement (the "**Offer Information Statement**") to be lodged with the Monetary Authority of Singapore (the "**MAS**") and to be despatched by the Company to Entitled Shareholders at the appropriate time.

No underwriting commitment has been arranged with any financial institution for the Rights Issue. To incentivise Shareholders to subscribe for the Series 2 Convertible Securities, the Company will issue one (1) Warrant for each Series 2 Convertible Security validly subscribed for under the Rights Issue. In addition, the Company believes that there is no minimum amount which must be raised from the Rights Issue. In view of the above, the Rights Issue Undertakings and the savings enjoyed for not having to bear underwriting fees, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

### 3. PROPOSED BONUS ISSUE

The Bonus Issue will be made to the Bonus Issue Entitled Shareholders on the basis of one (1) Warrant for every ten (10) existing Shares held by the Bonus Issue Entitled Shareholders as at the Bonus Issue Books Closure Date, fractional entitlements to be disregarded.

The Warrants will be constituted by the Deed Poll. Please refer to the section titled "Principal Terms of the Series 2 Convertible Securities and the Warrants – Principal Terms of the Warrants" of this Announcement for the principal terms of the Warrants.

Each Warrant will carry the right to subscribe for one (1) Exercise Convertible Security. Please refer to the section titled "Principal Terms of the Series 2 Convertible Securities and the Warrants – Principal Terms of the Series 2 Convertible Securities" of this Announcement for the principal terms of the Series 2 Convertible Securities.

The terms and conditions of the Bonus Issue may be subject to such changes as the Directors may deem fit in the interest of the Company. The final terms and conditions of the Bonus Issue and the Warrants will also be contained in the Offer Information Statement to be lodged with the MAS and to be despatched by the Company to Entitled Shareholders at the appropriate time.

#### 4. PRINCIPAL TERMS OF THE SERIES 2 CONVERTIBLE SECURITIES AND THE WARRANTS

##### Principal Terms of the Series 2 Convertible Securities

The principal terms of the Series 2 Convertible Securities (including the Exercise Convertible Securities) are summarised below:

Issue Price of the Series 2 Convertible Securities : 100 per cent. of the principal amount of the Series 2 Convertible Securities at S\$1.30 for each Series 2 Convertible Security.

Maturity Date : The Series 2 Convertible Securities are perpetual securities in respect of which there is no fixed redemption date.

Distributions : Each Series 2 Convertible Security confers a right to receive distributions on its outstanding principal amount ("**Distributions**") from (and including) the date of the issuance of the Series 2 Convertible Securities (the "**Issue Date**").

Subject to "Optional Deferral of Distribution" below and unless otherwise provided in the Terms and Conditions of the Series 2 Convertible Securities, Distributions shall be payable on the Series 2 Convertible Securities at the Distribution Rate (as defined herein) semi-annually in arrear and on the dates falling on 1 January and 1 July in each year (each a "**Distribution Payment Date**").

Distribution Rate : The rate of Distribution (the "**Distribution Rate**") applicable to the Series 2 Convertible Securities shall be 3.98 per cent. per annum and shall be calculated on the principal amount of S\$1.30 for each Series 2 Convertible Security.

Form and Denomination : The Series 2 Convertible Securities will be issued in registered form and in the specified denomination of S\$1.30 each and integral multiples thereof and will initially be represented by a global certificate registered in the name of, and deposited with, The Central Depository (Pte) Limited ("**CDP**").

Except in the limited circumstances described in the provisions of the global certificate representing the Series 2 Convertible Securities, owners of interests in the Series 2 Convertible Securities represented by such global certificate will not be entitled to receive definitive security certificates in respect of their individual holdings of the Series 2 Convertible Securities. The Series 2 Convertible Securities which are represented by such global certificate will be transferable only in accordance with the rules and procedures for the time being of CDP.

Optional Deferral of Distributions : The Company may, at its sole discretion, elect to defer any Distribution, in whole or in part, which is otherwise scheduled to be paid on a Distribution Payment Date by giving notice (an "**Optional Deferral Notice**") of such election to the Trustee, the Paying Agent (as defined below), the Conversion Agent (as defined below), the Transfer Agent (as defined below), the Calculation Agent (as defined below), the Registrar (as defined below) and the Securityholders (as defined herein) not more than 15 nor less than five (5) business days prior to a scheduled Distribution Payment Date. Each Optional Deferral Notice shall be conclusive and binding on the holders of the Series 2 Convertible Securities ("**Securityholders**").

Arrears of Distribution : Any Distribution deferred shall constitute "**Arrears of Distribution**". The Company may, at its sole discretion, elect to further defer any Arrears of Distribution by complying with the notice requirement applicable to any deferral of an accrued Distribution. The Company is not subject to any limit as to the number of times Distributions and Arrears of Distribution can or shall be deferred except that "Restrictions in the case of Deferral" below shall be complied with until all outstanding Arrears of Distribution have been paid in full.

In any event, no interest on any Arrears of Distribution will be payable to Securityholders.

Restrictions in the case of Deferral : If on any Distribution Payment Date, payment of Distributions (including Arrears of Distribution) scheduled to be made on such date is not made in full, the Company shall not:

(i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Company's Junior Obligations or (except on a *pro rata* basis with the Series 2 Convertible Securities) any of the Company's Parity Obligations; or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration, any of the Company's Junior Obligations or (except on a *pro rata* basis with the Series 2 Convertible Securities) any of the Company's Parity Obligations,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, officers, directors or consultants of the Company or (2) as a result of the exchange or conversion of the Company's Parity Obligations for the Company's Junior Obligations unless and until (A) the Company has satisfied in full all outstanding Arrears of Distribution or (B) the Company is permitted to do so by a resolution passed at a meeting of Securityholders duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast.

Where:

**"Junior Obligation"** means any ordinary shares of the Company and any class of the Company's share capital and any other instruments or securities (including without limitation any preference shares, preferred units or subordinated perpetual securities) issued, entered into or guaranteed by the Company that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Series 2 Convertible Securities; and

**"Parity Obligation"** means any instrument or security (other than shares) issued, entered into or guaranteed by the Company (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Series 2 Convertible Securities and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Company and/or, in the case of an instrument or security guaranteed by the Company, the issuer thereof.

Extinction of Arrears of Distribution upon exercise of Conversion Right : Any Arrears of Distribution due in respect of a Series 2 Convertible Security shall be extinguished by the Company in full through the delivery by the Company of the Conversion Shares upon the exercise of the Securityholder's Conversion Right (as defined below) in respect of such Series 2 Convertible Security. Upon compliance in full of the requirement under the Terms and Conditions of the Series 2 Convertible Securities to deliver the Conversion Shares, the Company shall have no liability to pay the Arrears of Distribution due in respect of the converted Series 2 Convertible Security and, no converting Securityholder shall have any claim in respect of such Arrears of Distribution.

Conversion Terms : Securityholders will have the right to convert any Series 2 Convertible Securities held into Conversion Shares, at the Conversion Price (as defined below), credited as fully-paid ("**Conversion Right**"), at any time on or after the 41<sup>st</sup> day after the Issue Date subject to the Terms and Conditions of the Series 2 Convertible Securities.

The number of Conversion Shares to be issued on the conversion of each Series 2 Convertible Security will be determined by

dividing the principal amount of the Series 2 Convertible Security to be converted by the Conversion Price. If more than one (1) Series 2 Convertible Security held by the same Securityholder is converted at any one time, the number of Conversion Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Series 2 Convertible Securities to be converted and rounded down to the nearest whole number of Conversion Shares. Fractions of Conversion Shares will not be issued on conversion and no cash payment or other adjustment will be made in lieu thereof.

Conversion Price : Subject to adjustments to the Conversion Price (as set out in the Terms and Conditions of the Series 2 Convertible Securities) referred to in "Adjustment to the Conversion Price" below and provided always that the Conversion Price shall not be less than the nominal or par value of a Share, the price at which one (1) Series 2 Convertible Security will be converted into one (1) Conversion Share shall be S\$1.30 (the "**Conversion Price**"). The Conversion Price of S\$1.30 represents a premium of approximately 5.7 per cent. over the last transacted price of the Shares on the Official List of the SGX-ST on 13 February 2019, being the last trading day on which trades were done on the Shares prior to the date of this Announcement.

For the avoidance of doubt, no further cash outlay will be required from the Securityholders for the conversion of the Series 2 Convertible Securities into Conversion Shares.

Adjustment to the Conversion Price : The Conversion Price will be subject to adjustments under certain circumstances, including, without limitation, the following:

- (a) consolidation or subdivision;
- (b) capitalisation of profits or reserves;
- (c) capital distribution (excluding cash dividends);
- (d) rights issues of ordinary shares or options over ordinary shares at less than 95 per cent. of the market price (excluding for the avoidance of doubt, the current Rights Issue);
- (e) rights issues of other securities;
- (f) issues of ordinary shares or other securities at less than 95 per cent. of the market price;
- (g) other issues by the Company or any other person (at the direction or request of or pursuant to any arrangements with the Company) of other securities at less than 95 per cent. of the market price;

- (h) modifications of rights of conversion, exchange or subscription attaching to any other securities issued and which are convertible into Shares such that the consideration per Share is less than 95 per cent. of the market price;
- (i) issues of securities in the context of an offer to holders of at least 60 per cent. of the Shares outstanding (at the time such offer is made) and there is no adjustment carried out under other provisions of the Terms and Conditions of the Series 2 Convertible Securities; and
- (j) in events or circumstances not otherwise provided in the Terms and Conditions of the Series 2 Convertible Securities, subject to, among other things, the use by the Company of an independent financial adviser to determine if such adjustment is fair and reasonable,

provided always that no adjustment shall be made to the Conversion Price on the issuances of, *inter alia*, the Warrants, the Exercise Convertible Securities and the Conversion Shares.

Status of the Series 2 Convertible Securities : The Series 2 Convertible Securities will constitute direct, unconditional, subordinated and unsecured obligations of the Company and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Company.

Subject to the insolvency laws of the Cayman Islands and other applicable laws, in the event of the winding-up of the Company, the rights of the Securityholders to payment of the principal amount of the relevant Series 2 Convertible Security together with accrued and unpaid Distributions (including any Arrears of Distribution) are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Company but at least *pari passu* with all other subordinated obligations of the Company that are not expressed by their terms to rank junior to the Series 2 Convertible Securities, but always in priority to the claims of Shareholders.

No Set-Off : Subject to applicable law, no Securityholder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Company in respect of, arising under or in connection with the Series 2 Convertible Securities, and each Securityholder shall, by virtue of his holding of any Series 2 Convertible Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Company. If at any time any Securityholder receives payment or benefit of any amount in respect of the Series 2 Convertible Securities (including any benefit received pursuant to any set-off, deduction, withholding or retention) other than in accordance with the Terms and Conditions of the Series 2

Convertible Securities, the payment of such amount or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Securityholder shall immediately pay an amount equal to the amount of such discharge to the Company (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Company) and, until such time as payment is made, shall hold such amount in trust for the Company (or the liquidator or, as appropriate, administrator of the Company) and accordingly any such discharge shall be deemed not to have taken place.

- Ranking of the Conversion Shares : The Conversion Shares shall be free from all claims, mortgages, charges, liens and other encumbrances whatsoever and will upon allotment and issue rank *pari passu* in all respects with the existing Shares, provided that the Conversion Shares will rank for, including without limitation, any entitlements, distributions, dividends or rights, the record date in respect of which falls on or after the date of issuance of the Conversion Shares.
- Redemption at the Option of the Company : The Company may, at its option, at any time on or after the date falling six (6) months from the Issue Date, on giving not less than 30 nor more than 60 days' irrevocable notice to the Securityholders, redeem all or some of the Series 2 Convertible Securities at their specified denomination or integral multiples thereof in the manner set out in the Terms and Conditions of the Series 2 Convertible Securities.
- Redemption for Taxation Reasons : The Series 2 Convertible Securities may be redeemed at the option of the Company in whole or in part, at any time on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Trustee and the Paying Agent (which notice shall be irrevocable), at their specified denomination or integral multiples thereof, (together with Distribution (including Arrears of Distribution) accrued to (but excluding) the date fixed for redemption), if:
- (a) the Company receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:
    - (i) the Series 2 Convertible Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("ITA"), and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or
    - (ii) the Distributions (including any Arrears of Distribution) will not be regarded as interest payable by the Company for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or

- (b) (i) the Company has or will become obliged to pay additional amounts as provided or referred to in the Terms and Conditions of the Series 2 Convertible Securities, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax;
- (ii) any change in, or amendment to, the application or official interpretation of any such laws, regulations, rulings or other administrative pronouncements by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued, becomes effective or is made public otherwise on or after the Issue Date; and
- (iii) such obligations cannot be avoided by the Company taking reasonable measures available to it (which shall not require the Company to incur unreasonable costs),

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Series 2 Convertible Securities then due.

Redemption for Accounting Reasons : The Series 2 Convertible Securities may be redeemed at the option of the Company in whole or in part, at any time on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Trustee and the Paying Agent (which notice shall be irrevocable), at their specified denomination or integral multiples thereof (together with Distribution (including Arrears of Distribution) accrued to (but excluding) the date fixed for redemption) if, as a result of any changes or amendments to the International Financial Reporting Standards ("**IFRS**") or any other accounting standards that may replace IFRS or otherwise adopted by the Company for the purposes of the consolidated financial statements of the Company (the "**Relevant Accounting Standard**"), the Series 2 Convertible Securities will not or will no longer be recorded as "equity" of the Company pursuant to the Relevant Accounting Standard.

Redemption for Tax Deductibility : The Series 2 Convertible Securities may be redeemed at the option of the Company in whole or in part, at any time on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Trustee and the Paying Agent (which notice shall be irrevocable), at their specified denomination or integral



multiples thereof (together with Distribution (including Arrears of Distribution) accrued to (but excluding) the date fixed for redemption), if:

- (a) the Company receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the Distributions (including any Arrears of Distribution) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA; or
- (b) as a result of:
  - (i) any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having the power to tax;
  - (ii) any change in, or amendment to, the application or official interpretation of any such laws, regulations, rulings or other administrative pronouncements by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued, becomes effective or is made public otherwise on or after the Issue Date; or
  - (iii) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date,

the Distributions (including any Arrears of Distribution) by the Company are no longer, or would no longer be, regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA.

Redemption in the case of Minimal Outstanding Amount : The Series 2 Convertible Securities may be redeemed at the option of the Company in whole or in part, at any time on giving not less than 30 nor more than 60 days' notice to the Securityholders, the Trustee and the Paying Agent (which notice shall be irrevocable), at their specified denomination or integral multiples thereof (together with Distribution (including Arrears of Distribution) accrued to (but excluding) the date fixed for redemption) if, before giving such notice, the aggregate principal amount of the Series 2 Convertible Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Clearing and Settlement : The Series 2 Convertible Securities will be cleared through CDP and represented by a global certificate registered in the name of, and deposited with, CDP as authorised depository.

Listing of the Series 2 Convertible Securities and the Conversion Shares : An application will be made by the Company to obtain the SGX-ST's approval for the dealing in, listing of, and quotation for, the Series 2 Convertible Securities and the Conversion Shares on the Official List of the SGX-ST. An announcement on the outcome of the application will be made in due course.

For the avoidance of doubt, the listing of the Series 2 Convertible Securities is subject to there being a sufficient spread of holdings to provide for an orderly market in the Series 2 Convertible Securities. The Rights Issue is subject to, amongst others, the (a) approval in-principle from the SGX-ST for the dealing in, listing of, and quotation for, the Series 2 Convertible Securities and the Conversion Shares on the Official List of the SGX-ST having been obtained and not having been withdrawn; and (b) the lodgement of the Offer Information Statement, together with all other accompanying documents with the MAS.

Trading : Upon the listing of and quotation of the Series 2 Convertible Securities and Conversion Shares on the SGX-ST, the Series 2 Convertible Securities and Conversion Shares, when issued, will be traded on the SGX-ST under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) of the Series 2 Convertible Securities and Conversion Shares effected through the SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited" and (in the case of the Series 2 Convertible Securities) the application form to be executed by the Company and accepted by CDP (together with the terms and conditions for the provision of depository services by CDP referred to therein), as the same may be amended from time to time.

For the purposes of trading on the Main Board of the SGX-ST, each board lot of Series 2 Convertible Securities will comprise 100 Series 2 Convertible Securities with a principal amount of S\$130 and each board lot of Conversion Shares will comprise 100 Shares. Holders who hold odd lots of Series 2 Convertible Securities (that is, lots other than board lots of 100 Series 2 Convertible Securities with a principal amount of S\$130) or odd lots of Shares (that is, lots other than board lots of 100 Shares) and who wish to trade in odd lots on the SGX-ST are able to trade odd lots of S\$1.30 in principal amount of Series 2 Convertible Securities and odd lots of Shares in board lots of one Share on the Unit Share Market. Holders who hold odd lots of Series 2 Convertible Securities or Shares may have difficulty and/or have to bear disproportionate transaction costs in realising the fair

market price of such Series 2 Convertible Securities or Shares, as the case may be.

- Taxation : All payments of principal and Distributions (including any Arrears of Distribution) by or on behalf of the Company in respect of the Series 2 Convertible Securities shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Company shall pay such additional amounts as will result in the receipt by the Securityholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Series 2 Convertible Security presented in certain circumstances as set out in the Terms and Conditions of the Series 2 Convertible Securities.
- Trustee : Perpetual (Asia) Limited
- Paying Agent : Perpetual (Asia) Limited
- Registrar : Tricor Barbinder Share Registration Services  
(a division of Tricor Singapore Pte. Ltd.)
- Calculation Agent : Perpetual (Asia) Limited
- Conversion Agent : Tricor Barbinder Share Registration Services  
(a division of Tricor Singapore Pte. Ltd.)
- Transfer Agent : Tricor Barbinder Share Registration Services  
(a division of Tricor Singapore Pte. Ltd.)
- Governing Law : Laws of Singapore (except for "Status of the Series 2 Convertible Securities" and "No Set-Off" which are governed by laws of the Cayman Islands)

### Principal Terms of the Warrants

The principal terms of the Warrants are summarised below:

- Exercise Price of the Warrants : S\$1.30, being the sum payable in respect of each new Exercise Convertible Security (the "**Exercise Price**").

The Exercise Price of S\$1.30 is equal to the initial Conversion Price of the Series 2 Convertible Securities.

- Exercise Period : Each holder of a Warrant (a "**Warrantholder**") will have the right, by way of exercise of such Warrant, during the period (the "**Exercise Period**") commencing on (and including) the date of

issue of the Warrants (the "**Warrants Issue Date**") and expiring at 5.00 p.m. on the day immediately preceding the fifth anniversary of the Warrants Issue Date, to subscribe for one (1) Exercise Convertible Security at the Exercise Price.

- Conversion Price of the Exercise Convertible Security : The Conversion Price of the Exercise Convertible Security shall be the same as that of the then outstanding Series 2 Convertible Securities issued at the time of the Rights Issue as the Exercise Convertible Securities will form the same series as the then outstanding Series 2 Convertible Securities.
- Adjustment to the Exercise Price : The Exercise Price will not be subject to any adjustments under any circumstances.

Please refer to the Application with regard to the compliance with Rule 829(1) of the Listing Manual in respect of the Warrants and the response of the SGX-ST dated 11 February 2019 as described in the section titled "SGX-ST Confirmations in Respect of Requirements under the Listing Manual".

As the Warrants are exercisable into Exercise Convertible Securities, investors should look to the adjustment provisions under the Terms and Conditions of the Series 2 Convertible Securities in respect of anti-dilution protection. Please refer to the section titled "Principal Terms of the Series 2 Convertible Securities and the Warrants – Principal Terms of the Series 2 Convertible Securities – Adjustment to the Conversion Price".

- Form : The Warrants will be issued in registered form and will be constituted by the Deed Poll.
- Listing of the Warrants and the Exercise Convertible Securities : An application will be made by the Company to obtain the SGX-ST's approval for the dealing in, listing of, and quotation for, the Warrants and the Exercise Convertible Securities on the Official List of the SGX-ST. An announcement on the outcome of the application will be made in due course.

For the avoidance of doubt, the listing of the Warrants and the Exercise Convertible Securities are subject to there being a sufficient spread of holdings to provide for an orderly market in the Warrants and/or the Exercise Convertible Securities, respectively. The Proposed Exercises are subject to, amongst others, the (a) approval in-principle from the SGX-ST for the dealing in, listing of, and quotation for, the Warrants and the Exercise Convertible Securities on the Official List of the SGX-ST having been obtained and not having been withdrawn; and (b) the lodgement of the Offer Information Statement, together with all other accompanying documents with the MAS.

- Detachability and Trading : The Warrants issued under the Rights Issue will on allotment and issue be detached from the Series 2 Convertible Securities

issued under the Rights Issue, and will trade separately on the Main Board of the SGX-ST.

Upon the listing of and quotation of the Warrants and the Exercise Convertible Securities on the SGX-ST, the Warrants and the Exercise Convertible Securities, when issued, will be traded on the SGX-ST under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) of the Warrants and the Exercise Convertible Securities effected through the SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited", (in the case of the Warrants) the "Terms and Conditions for the Central Depository (Pte) Limited to act as Depository for the Warrants" and (in the case of the Exercise Convertible Securities) the application form executed by the Company and accepted by CDP (together with the terms and conditions for the provision of depository services by CDP referred to therein), as the same may be amended from time to time.

Each board lot of the Warrants will consist of 100 Warrants or such other board lot size which the SGX-ST may require and as may be notified by the Company. Following the Proposed Exercises, Warrantholders who hold odd lots of Warrants (i.e. lots other than board lots of 100 Warrants) and who wish to trade in odd lots on the SGX-ST should note that they are able to do so on the Unit Share Market of the SGX-ST. Warrantholders who hold odd lots of Warrants may have difficulty and/or have to bear disproportionate transaction costs in realising the fair market price of such Warrants.

Warrant Agent : Tricor Barbinder Share Registration Services  
(a division of Tricor Singapore Pte. Ltd.)

Governing Law : Laws of Singapore

The Terms and Conditions of the Series 2 Convertible Securities and the Terms and Conditions of the Warrants may be subject to such changes as the Directors may, after consultation with the Manager, deem fit in the interests of the Company. The final Terms and Conditions of the Series 2 Convertible Securities and the final Terms and Conditions of the Warrants will also be contained in the Offer Information Statement to be lodged with the MAS and to be despatched by the Company to Entitled Shareholders at the appropriate time.

## 5. RATIONALE AND USE OF PROCEEDS

### 5.1 Rationale

The Company is undertaking the Rights Issue to provide the Company with the financial flexibility to fund its expansion plans. To incentivise Shareholders to subscribe for the Series 2 Convertible Securities, the Company will issue one (1) free detachable Warrant for each Series 2 Convertible Security validly subscribed for under the Rights Issue.

By undertaking the Bonus Issue and issuing Warrants for the Series 2 Convertible Securities validly subscribed under the Rights Issue, the Warrantheolders will be given the opportunity to increase their investment in the Company during the Exercise Period by exercising the Warrants for Exercise Convertible Securities. The Company's rationale for structuring the Warrants as such (i.e. with an intermediate step of exercise into Exercise Convertible Securities) is to further reward its Shareholders as compared to a conventional structure of warrants over Shares. A registered holder of the Warrants will have the additional option to exercise into Exercise Convertible Securities which may be held for a fixed percentage distribution whilst maintaining the flexibility of converting such Exercise Convertible Securities into Shares at a time which the registered holder deems fit. The exercise of these Warrants, if any, will also raise further funds for the Company.

### 5.2 Use of Proceeds

#### Proceeds from the issuance of the Series 2 Convertible Securities under the Rights Issue

Assuming that the maximum of S\$147,874,946.70 in aggregate principal amount of Series 2 Convertible Securities are issued pursuant to the Rights Issue at the Issue Price, the estimated gross proceeds from the issue of such Series 2 Convertible Securities are expected to be approximately S\$147.9 million.

After deducting professional fees and related expenses estimated to be incurred in connection with the Rights Issue and the Bonus Issue of approximately S\$1.0 million (the "**Related Fees and Expenses**"), the estimated net proceeds from the issuance of the Series 2 Convertible Securities under the Rights Issue are expected to be approximately S\$146.9 million (the "**Net Proceeds from the Series 2 Convertible Securities Issued Under the Rights Issue**"). As the Proposed Exercises are being undertaken concurrently and the Warrants to be issued under the Proposed Exercises will be fungible, the professional fees and related expenses estimated to be incurred in connection with the Bonus Issue is also comprised within the Related Fees and Expenses.

As at the date of this Announcement, the Company intends to use approximately:

- (a) 75.0 per cent. of the Net Proceeds from the Series 2 Convertible Securities Issued Under the Rights Issue to fund property development projects and/or acquisition of properties (including hotels) held for income, and/or its property financing business;
- (b) 10.0 per cent. of the Net Proceeds from the Series 2 Convertible Securities Issued Under the Rights Issue for general working capital purposes; and
- (c) 15.0 per cent. of the Net Proceeds from the Series 2 Convertible Securities Issued Under the Rights Issue to redeem all the Series 1 Convertible Securities outstanding after completion of the Proposed Exercises. The gross proceeds of approximately S\$162.2 million from the issue of the Series 1 Convertible Securities have been fully utilised. Please refer to the Announcements dated 27 July 2018, 26 October 2018 and

13 February 2019 for details on the uses of the proceeds from the issue of the Series 1 Convertible Securities.

The foregoing represents the Company's best estimate of its allocation of the Net Proceeds from the Series 2 Convertible Securities Issued Under the Rights Issue based on its current plans and estimates regarding its anticipated expenditures. Actual expenditures may vary from these estimates and the Company may find it necessary or advisable to re-allocate the Net Proceeds from the Series 2 Convertible Securities Issued Under the Rights Issue within the categories described above or to use the Net Proceeds from the Series 2 Convertible Securities or portions of it for other purposes. In the event that the Company decides to re-allocate the Net Proceeds from the Series 2 Convertible Securities Issued Under the Rights Issue or use portions of it for other purposes, the Company will publicly announce its intention to do so. For instance, if the Company is unable to identify any suitable property development projects, acquisition opportunities or property financing loans, it may utilise part of the Net Proceeds from the Series 2 Convertible Securities Issued Under the Rights Issue to repay any amounts owing under its banking facilities.

#### Future Proceeds from the Exercise of the Warrants

As the Warrants are offered free, there will be no proceeds raised initially from the issue of the Warrants under the Proposed Exercises.

Assuming that the maximum number of 193,374,930 Warrants are issued under the Proposed Exercises and all such Warrants are exercised at the Exercise Price, the estimated gross proceeds from the exercise of the Warrants are expected to be approximately S\$251.4 million (the "**Gross Proceeds from the Exercise of the Warrants**" and, together with the Net Proceeds from the Series 2 Convertible Securities issued under the Rights Issue, the "**Total Proceeds**").

As at the date of this Announcement, the Company intends to use the Gross Proceeds from the Exercise of the Warrants to fund property development projects and/or acquisition of properties (including hotels) held for income, and/or its property financing business and for general working capital purposes. As the actual amount of Gross Proceeds from the Exercise of the Warrants will depend on when and the number of Warrants which are exercised, the percentage allocation for the aforementioned intended uses cannot be determined as of the date of this Announcement.

The Company believes that there is no minimum amount that needs to be raised from the Proposed Exercises. The Directors are also of the opinion that, after taking into consideration the present bank facilities and the operating cash flows of the Group as well as the Net Proceeds from the Series 2 Convertible Securities Issued Under the Rights Issue, the working capital available to the Group is sufficient to meet its present funding requirements.

Pending the deployment of the Total Proceeds, the Total Proceeds may also be used for general corporate purposes, including without limitation, to repay the existing borrowings of the Company, deposited with banks and/or financial institutions, used for investment in short-term money markets or debt instruments and/or used for other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Company. The Company will make periodic announcements on the utilisation of the Total Proceeds as and when they are materially disbursed and provide a status report on the use of such proceeds in the Company's annual report.

## 6. ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE PROPOSED EXERCISES

### 6.1 Entitled Shareholders

The Company proposes to provisionally allot the Series 2 Convertible Securities with Warrants under the Rights Issue to all Shareholders<sup>(1)</sup> who are eligible to participate in the Rights Issue (the "**Rights Issue Entitled Shareholders**") and to issue the Warrants under the Bonus Issue to all Shareholders who are eligible to participate in the Bonus Issue (the "**Bonus Issue Entitled Shareholders**", either of which shall be referred to as the "**Entitled Shareholders**" for the purpose of this Announcement), comprising Entitled Depositors and Entitled Scripholders (each term as defined herein) on the basis of their shareholdings in the Company as at the Books Closure Date.

#### Note:

- (1) As at the date of this Announcement, 307,682 Shares are held by a subsidiary of the Company (the "**Subsidiary**"). Although the Subsidiary is a Rights Issue Entitled Shareholder, it will not be subscribing for its *pro rata* provisional allotment of the Series 2 Convertible Securities with Warrants under the Rights Issue. However, the Subsidiary will be able to trade its provisional allotments of the Series 2 Convertible Securities with Warrants on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST. In addition, as the Subsidiary is a Bonus Issue Entitled Shareholder, it will be entitled to participate in the Bonus Issue.

### 6.2 Entitled Depositors

The "**Rights Issue Entitled Depositors**" or, as the case may be, the "**Bonus Issue Entitled Depositors**" are Depositors with Shares standing to the credit of their securities accounts (the "**Securities Accounts**") with CDP as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days<sup>1</sup> prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents; but excludes Depositors who are located, resident or who have a registered address in any jurisdiction in which the Rights Issue or, as the case may be, the Bonus Issue may not be lawfully made. Either of the Rights Issue Entitled Depositors or the Bonus Issue Entitled Depositors shall be referred to as the "**Entitled Depositors**" for the purpose of this Announcement. The term "**Depositor**" means an account holder or a depository agent but does not include a sub-account holder.

### 6.3 Entitled Scripholders

The "**Rights Issue Entitled Scripholders**" or, as the case may be, the "**Bonus Issue Entitled Scripholders**" are Shareholders whose share certificates have not been deposited with CDP as well as transferees who have tendered to Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), the share registrar of the Company (the "**Share Registrar**"), registrable transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents ("**Entitled Scripholders**"); but excludes Shareholders who are located, resident or who have a registered address in any jurisdiction in which the Rights Issue or, as the case may be, the Bonus Issue may not be lawfully made. Either of the Rights Issue Entitled Scripholders or the Bonus Issue Entitled Scripholders shall be referred to as the "**Entitled Scripholders**" for the purpose of this Announcement.

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<sup>1</sup> "**Market Day**" is a day on which the SGX-ST is open for securities trading.



As described in "Principal Terms of the Series 2 Convertible Securities and the Warrants – Principal Terms of the Series 2 Convertible Securities – Form and Denomination" above, except in the limited circumstances described in the provisions of the global certificate, owners of interests in the Series 2 Convertible Securities represented by the global certificate will not be entitled to receive definitive security certificates.

**Accordingly, Entitled Scripholders who wish to participate in the Rights Issue must open Securities Accounts if they have not already done so and deposit their share certificates with CDP prior to the Books Closure Date so that their Securities Accounts may be credited by CDP with the provisional allotments of Series 2 Convertible Securities with Warrants. After the issue of the Warrants, Warrantholders who wish to exercise their Warrants and receive Exercise Convertible Securities must open Securities Accounts so that their Securities Accounts may be credited by CDP with Exercise Convertible Securities.**

#### 6.4 Participation by Entitled Shareholders

Entitled Shareholders will be eligible to participate in the Proposed Exercises and receive the Offer Information Statement together with the Product Highlights Sheet and, in respect of the Rights Issue, (a) the application and acceptance form for the Series 2 Convertible Securities with Warrants and excess Series 2 Convertible Securities with Warrants to be issued to an Entitled Depositor in respect of the provisional allotment of Series 2 Convertible Securities with Warrants of such Entitled Depositor under the Rights Issue (the "**ARE for the Rights Issue**") or (b) the provisional allotment letter to be issued to an Entitled Scripholder, setting out the provisional allotment of Series 2 Convertible Securities with Warrants of the Entitled Scripholder under the Rights Issue (the "**PAL for the Rights Issue**"), as the case may be, and other accompanying documents at their respective Singapore addresses.

Entitled Depositors who do not receive the Offer Information Statement, the Product Highlights Sheet and the ARE for the Rights Issue may obtain them from CDP, the Share Registrar or any stockbroking firm during the period from the date the Rights Issue commences up to the closing date of the Rights Issue.

Entitled Scripholders who do not receive the Offer Information Statement, the Product Highlights Sheet and the PAL for the Rights Issue may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the closing date of the Rights Issue.

#### Rights Issue – Provisional Allotments of Series 2 Convertible Securities with Warrants

Entitled Shareholders will be provisionally allotted the Series 2 Convertible Securities with Warrants under the Rights Issue on the basis of their shareholdings in the Company as at the Books Closure Date. They are at liberty to accept (in full or in part), decline, renounce (in the case of their provisional allotment of Series 2 Convertible Securities with Warrants) or, in the case of Entitled Depositors only, trade on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Series 2 Convertible Securities with Warrants, and are eligible to apply for additional Series 2 Convertible Securities with Warrants in excess of their provisional allotments under the Rights Issue.

Provisional allotments which are not taken up for any reason shall be used to satisfy applications for excess Series 2 Convertible Securities with Warrants or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company. Excess Series 2 Convertible Securities with Warrants will be allotted in such manner

as the Directors may, in their absolute discretion, deem fit in the interests of the Company subject to applicable laws and the Listing Manual. In the allotment of excess Series 2 Convertible Securities with Warrants, (a) preference will be given to the rounding of odd lots and (b) the Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board, including RHRL, MCHIL and CDTF, will rank last in priority for the rounding of odd lots and the allotment of excess Series 2 Convertible Securities with Warrants.

The procedures for acceptance, excess application and payment by Entitled Shareholders will be set out in the Offer Information Statement.

## 6.5 Foreign Shareholders

For practical reasons and in order to avoid any violation of securities laws applicable in countries other than Singapore, the Offer Information Statement and its accompanying documents will not be despatched to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents at least three (3) Market Days prior to the Books Closure Date (the "**Foreign Shareholders**").

Foreign Shareholders will not be entitled to participate in the Proposed Exercises. Accordingly, no provisional allotment of Series 2 Convertible Securities with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application by Foreign Shareholders will be valid. In addition, no Warrants will be issued to Foreign Shareholders under the Bonus Issue.

## 7. IRREVOCABLE UNDERTAKINGS IN RESPECT OF THE RIGHTS ISSUE

In addition to the Undertakings to Convert as set out in Section 1.2 of this Announcement, in respect of FSCL, M&C UK (on behalf of its wholly-owned subsidiaries, RHRL and MCHIL), TTAPL and CDTF, the Deeds of Undertaking include additional undertakings in relation to the Rights Issue (the "**Rights Issue Undertakings**").

The Rights Issue Undertakings are based on the number of Shares which will be held by FSCL, RHRL, MCHIL, TTAPL and CDTF following the conversion of the Relevant Series 1 Convertible Securities, which will be:

- (a) for FSCL, 286,764,270 Shares (the "**Relevant FSCL Shares**");
- (b) for RHRL, 253,614,321 Shares (the "**Relevant RHRL Shares**");
- (c) for MCHIL, 31,852,326 Shares (the "**Relevant MCHIL Shares**" and, together with the Relevant RHRL Shares, the "**Relevant M&C Shares**");
- (d) for TTAPL, 65,173,697 Shares (the "**Relevant TTAPL Shares**"); and
- (e) for CDTF, 6,169,770 Shares (the "**Relevant CDTF Shares**").

M&C UK has undertaken to the Company (the "**M&C UK Undertaking**"), *inter alia*, that:

- (a) as at the Books Closure Date, M&C UK will, through its wholly-owned subsidiaries, RHRL and MCHIL, be the registered holder of the Relevant M&C Shares; and
- (b) it will, in accordance with the terms and conditions of the Rights Issue, and in any case not later than the last day for acceptance and payment of the Series 2 Convertible Securities (the "**Closing Date**"), procure that RHRL and MCHIL will accept, subscribe and pay in full for their respective *pro rata* provisional allotments of the Series 2 Convertible Securities under the Rights Issue arising from the Relevant RHRL Shares and as the case may be, the Relevant MCHIL Shares.

FSCL has undertaken in favour of the Company and TTAPL (the "**FSCL Undertaking**"), which holds 32.5 per cent. of the ordinary shares of US\$1.00 each in FSCL, *inter alia*, that:

- (a) as at the Books Closure Date, it and/or its nominee(s) will be the registered holders of the Relevant FSCL Shares; and
- (b) in accordance with the terms and conditions of the Rights Issue, and in any case not later than the Closing Date, it will (and/or will procure that its nominee(s)) renounce in TTAPL's favour its *pro rata* provisional allotments of the Series 2 Convertible Securities under the Rights Issue arising from the Relevant FSCL Shares.

TTAPL has undertaken in favour of the Company and FSCL (the "**TTAPL Undertaking**") that, *inter alia*:

- (a) as at the Books Closure Date, it and/or its nominee(s) will be the registered holders of the Relevant TTAPL Shares; and
- (b) in accordance with the terms and conditions of the Rights Issue and, in any case not later than the Closing Date it will (and/or will procure that its nominee(s)) accept, subscribe and pay in full for (i) its *pro rata* provisional allotments of the Series 2 Convertible Securities in relation to the Relevant TTAPL Shares and (ii) the *pro rata* provisional allotments of the Series 2 Convertible Securities of FSCL and/or its nominees under the Rights Issue which FSCL and/or its nominees has undertaken to renounce in its favour.

CDTF has undertaken to the Company (the "**CDTF Undertaking**"), *inter alia*, that:

- (a) as at the Books Closure Date, it and/or its nominee(s) will be the registered holders of the Relevant CDTF Shares; and
- (b) in accordance with the terms and conditions of the Rights Issue, and in any case not later than the Closing Date, it will (and/or will procure that its nominee(s)) accept, subscribe and pay in full for its *pro rata* provisional allotments of the Series 2 Convertible Securities under the Rights Issue arising from the Relevant CDTF Shares.

M&C UK, TTAPL and CDTF will each furnish a confirmation of their financial resources to the SGX-ST to support the M&C UK Undertaking, the TTAPL Undertaking and the CDTF Undertaking respectively.

Each of the Rights Issue Undertakings is conditional upon the following:

- (a) the AIP having been obtained and not having been withdrawn; and
- (b) the lodgement of the Offer Information Statement, together with all other accompanying documents with the MAS.

## **8. APPROVALS AND OTHER CONDITIONS TO THE PROPOSED EXERCISES**

The Proposed Exercises are subject to, amongst others, the following:

- (a) the AIP having been obtained and not having been withdrawn; and
- (b) the lodgement of the Offer Information Statement, together with all other accompanying documents with the MAS.

## **9. CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Proposed Exercises are subject to certain conditions. As at the date of this Announcement, there is no certainty or assurance that the Proposed Exercises will be commenced or completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors should read this Announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

## **10. TAKEOVER IMPLICATION**

The Singapore Code on Take-overs and Mergers (the "**Code**") regulates the acquisition of ordinary shares of, *inter alia*, corporations with a primary listing on the SGX-ST, including the Company. Except with the consent of the Securities Industry Council, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares) held or acquired by parties acting in concert with him carry 30.0 per cent. or more of the voting rights of the company; or
- (b) any person who, together with parties acting in concert with him, holds not less than 30.0 per cent. but not more than 50.0 per cent. of the voting rights of the company and such person, or any party acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0 per cent. of the voting rights,

such person must extend a mandatory take-over offer immediately to the shareholders for the remaining shares in the company in accordance with the provisions of the Code. In addition to such person, each of the principal members of the group of parties acting in concert with him may, according to the circumstance of the case, have the obligation to extend an offer.

In general, the acquisition of instruments convertible into securities which carry voting rights or warrants which are exercisable into instruments convertible into securities is not considered an acquisition of voting rights that would give rise to an obligation to make a mandatory take-over offer under the Code. However, the exercise of such conversion rights will be considered an acquisition of voting rights for the purposes of the Code.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Code as a result of any acquisition of and conversion of the Series 2 Convertible Securities into Conversion Shares or Warrants (as the case may be) pursuant to the Rights Issue or Bonus Issue (as the case may be) should consult the Securities Industry Council and/or their professional advisers.

BY ORDER OF THE BOARD

Neo Teck Pheng  
Group Chief Executive Officer and Executive Director  
14 February 2019

## Important Notice

This Announcement is for information only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any Series 2 Convertible Securities, Conversion Shares and/or Warrants (collectively, the "**Securities**") in any jurisdiction in which such an offer or solicitation is unlawful. No person should acquire any Securities except on the basis of the information contained in the Offer Information Statement. The information contained in this Announcement is not for release, publication or distribution to persons in the United States and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations. The issue, exercise or sale of "nil-paid" Rights (from the provisional allotments of Series 2 Convertible Securities with Warrants) ("**Rights**") and/or the Securities and the acquisition or purchase of the Securities is subject to specific legal or regulatory restrictions in certain jurisdictions. The Company assumes no responsibility in the event there is a violation by any person of such restrictions.

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All statements contained in this Announcement, press releases and oral statements that may be made by the Company or its Directors, officers or employees acting on its behalf, that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by words that have a bias towards the future or, are forward-looking such as, without limitation, "anticipate", "aim", "believe", "could", "estimate", "expect", "forecast", "if", "intend", "may", "plan", "possible", "predict", "probable", "project", "seek", "should", "will" and "would" or other similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group's future financial position, operating results, business strategies, plans and future prospects are forward-looking statements. These forward-looking statements, including but not limited to, statements as to the Group's revenue and profitability, prospects, future plans and other matters discussed in this Announcement regarding matters that are not historical facts, are merely predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group's actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements.

Given the risks (both known and unknown), uncertainties and other factors that may cause the Group's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Announcement, undue reliance must not be placed on these statements. The Group's actual future results, performance or achievements may differ materially from those anticipated in these forward-looking statements. Neither the Company nor any other person represents or warrants that the Group's actual future results, performance or achievements will be as discussed in those statements. Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future.

The value of the Securities and the income derived from them may fall as well as rise. The Securities are not obligations of, deposits in, or guaranteed by, the Company or any of its affiliates. An investment in the Securities is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request that the Company redeem or purchase the Securities while the Securities are listed. It is intended that holders of the Securities may only deal in the Securities through trading on the SGX-ST.

Listing of the Securities on the SGX-ST does not guarantee a liquid market for the Securities.

**This Announcement is not an offer for sale of securities into the United States or elsewhere. The Rights and the Securities are not being registered under the Securities Act, and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from registration under the Securities Act. The Company does not intend to register any portion of any offering in the United States or to conduct a public offering of securities in the United States.**

**The Conversion Shares may not be offered to the public in the Cayman Islands unless the Conversion Shares are listed on the Cayman Islands Stock Exchange.**

## FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL YEARLY RESULTS

### Issuer & Securities

#### Issuer/ Manager

FIRST SPONSOR GROUP LIMITED

#### Securities

FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN

#### Stapled Security

No

### Announcement Details

#### Announcement Title

Financial Statements and Related Announcement

#### Date & Time of Broadcast

14-Feb-2019 07:27:58

#### Status

New

#### Announcement Sub Title

Full Yearly Results

#### Announcement Reference

SG190214OTHRX3VI

#### Submitted By (Co./ Ind. Name)

Neo Teck Pheng

#### Designation

Group Chief Executive Officer and Executive Director

#### Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please see attached presentation slides and news release related to the 4Q2018/FY2018 financial results.

### Additional Details

#### For Financial Period Ended

31/12/2018

### Attachments

[FSG\\_L - 4Q2018\\_Press\\_Release.pdf](#)



[FSGI - 4Q2018 Investor Presentation.pdf](#)

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Total size =4235K MB

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# FIRST SPONSOR GROUP LIMITED

Co Reg. No: AT-195714 | Business Address: 63 Market Street, #06-03 Bank of Singapore Centre, Singapore 048942

## Press Release

**FIRST SPONSOR ACHIEVED NET PROFIT OF S\$113.0 MILLION FOR FY2018, A 28% GROWTH FROM THAT OF FY2017**

**THE BOARD IS RECOMMENDING A FINAL TAX-EXEMPT (ONE-TIER) DIVIDEND OF 1.3 SINGAPORE CENTS PER ORDINARY SHARE, AN INCREASE OF 8.3% FROM THAT OF FY2017**

*Singapore, 14 February 2019* – Singapore Exchange (“SGX”) mainboard-listed First Sponsor Group Limited (“**First Sponsor**” or the “**Company**”, and together with its subsidiaries, associated companies and joint ventures, the “**Group**”), a mixed property developer in the Netherlands and the People’s Republic of China (the “**PRC**”), an owner of commercial properties (including hotels) and a provider of property financing services mainly in the Netherlands, Germany, and the PRC, today announced the Group’s unaudited financial results for the fourth quarter ended 31 December 2018 (“**4Q 2018**”).

### Financial Highlights

<b>In S\$'000</b>	<b>4Q 2018</b>	<b>4Q 2017</b>	<b>Change %</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>Change %</b>
Revenue	131,952	180,279	(26.8%)	277,361	384,392	(27.8%)
Profit attributable to equity holders of the Company	58,238	42,660	36.5%	113,008	88,283	28.0%

- The Group’s property financing business registered a significant revenue growth of more than 70% in FY2018 underpinned by the full year effect of loans disbursed in the prior year, new loans disbursed to associates for property acquisitions and the strong demand for credit in the PRC.
- In January 2019, the 30%-owned Star of East River project in Dongguan commenced the handover of two of the six fully sold residential apartment blocks, with the remaining four blocks expected to be handed over in the second half of 2019. The 1,528 units from two SOHO blocks launched in late September 2018 are 54% sold. The sales permit for the 250-metre high office tower was obtained in late November 2018 and pre-sales performance had been encouraging. The retail mall which will be operational in late 2019 is currently 54% pre-leased. The 20.4%-owned Emerald of the Orient project in Dongguan, acquired in July 2018, had its first sales launch of 91 villas in December 2018 and more than 50% of these properties launched were sold.
- On 24 January 2019, the Group acquired a bare shell 65-room hotel located in one of Milan’s busiest high streets, Corso Buenos Aires, for a total consideration of approximately €10.7 million (S\$16.5 million) including estimated acquisition costs. The hotel will be fully refurbished into a hostel to tap on the youth hospitality market.

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**Mr Neo Teck Pheng, Group Chief Executive Officer, said**

“The Group has recorded a significant revenue growth of over 70% in its property financing business for FY2018 underpinned by the full year effect of loans disbursed in the prior year, new loans disbursed to associates for property acquisitions and the strong demand for credit in the PRC. This is also the first time since IPO that the Group’s property financing business segment surpassed the property development business segment as the largest gross profit contributor, accounting for 45.7% of FY2018’s gross profit. In addition, the Group has, via a 50-50 joint venture with Tai Tak, disbursed a A\$50.0 million loan secured on a prime income producing property located on Collins Street, Melbourne during 4Q2018. This expansion into the Australian property financing market marks another milestone achieved for the property financing business.

In January 2019, the 30%-owned Star of East River project in Dongguan commenced the handover of two of the six fully sold residential apartment blocks, with the remaining four residential blocks expected to be handed over in the second half of 2019. The 1,528 units from two SOHO blocks launched in late September 2018 are 54% sold. The sales permit for the 250-metre high office tower was obtained in late November 2018 and pre-sales performance had been encouraging. The retail mall which will be operational in late 2019 is currently 54% pre-leased. The 20.4%-owned Emerald of the Orient project in Dongguan, acquired in July 2018, had its first sales launch of 91 villas in December 2018 and more than 50% of these properties launched were sold.

On 24 January 2019, the Group expanded its footprint into the Italian hospitality market through the acquisition of a bare shell 65-room hotel located in one of Milan’s busiest high streets, Corso Buenos Aires, for a total consideration of approximately €10.7 million (S\$16.5 million) including estimated acquisition costs. The hotel will be fully refurbished into a hostel to tap on the youth hospitality market.

The redevelopment of the Munthof property in the Amsterdam city centre has been completed in January 2019. The office component of the property (approximately 92% of the total lettable floor area of 3,355 sqm) is fully leased to a utility supplier in the Netherlands for 8 years. The office will house approximately 300 people. The rest of the property comprising retail units and car park lots are substantially leased too. The Group’s 31.4%-owned Queens Bilderberg (Nederland) B.V., which has a hotel portfolio of 16 hotels, was acquired in August 2017. During the course of FY2018 and January 2019, five non-core hotels were sold for an aggregate gross consideration of €23.6 million (S\$37.6 million) which represents a premium of more than 140% over the hotels’ allocated cost.

The Group will be embarking on a second equity fund raising exercise to further strengthen its balance sheet so as to arm the Group with the necessary financial resources to capitalise on any expansion opportunity. The Company will undertake a renounceable rights issue (“**Rights Issue**”) of (a) 3.98% perpetual convertible capital securities which can be converted into new ordinary shares (“**Shares**”) at a conversion price of S\$1.30 per Share (“**Series-2 PCCS**”), on the basis of 1 Series-2 PCCS for every 7 Shares held and (b) 1 free warrant carrying the right to subscribe for 1 Series-2 PCCS at the exercise price of S\$1.30 during an exercise period of 5 years from its date of issue (“**Free Warrant**”), on the basis of 1 Free Warrant for every 1 Series-2 PCCS validly subscribed for pursuant to the Rights Issue.

The Group would also like to reward its shareholders for their continuous support with a bonus issue of one bonus warrant ("**Bonus Warrant**") for every 10 Shares held, with each Bonus Warrant carrying the right to subscribe for 1 Series-2 PCCS."

- End -

Please refer to the Group's unaudited financial results announcement for 4Q2018 and the investor presentation slides dated 14 February 2019 for a detailed review of the Group's performance and prospects. For media enquiries, please contact:

Mr Zhang Jiarong  
Senior Vice President – Financial Planning & Analysis  
First Sponsor Group Limited  
Email: [ir@1st-sponsor.com.sg](mailto:ir@1st-sponsor.com.sg)  
Tel: (65) 6436 4920 Fax: (65) 6438 3170

### **About First Sponsor Group Limited**

First Sponsor Group Limited ("**First Sponsor**", and together with its subsidiaries, associated companies and joint ventures, the "**Group**"), a mixed property developer in the Netherlands and the People's Republic of China (the "**PRC**"), an owner of commercial properties (including hotels) and a provider of property financing services mainly in the Netherlands, Germany, and the PRC, was listed on the Mainboard of the Singapore Exchange Securities Trading Limited on 22 July 2014. The Group is supported by both its established key controlling shareholders, the Hong Leong group of companies, through its shareholding interests in Millennium & Copthorne Hotels plc, and Tai Tak Estates Sendirian Berhad, a private company with a long operating history, which was incorporated in Singapore in 1954.

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Please visit [www.1st-sponsor.com.sg](http://www.1st-sponsor.com.sg) for the Group's SGX announcements, financial statements, investor presentations and press releases.

# First Sponsor Group Limited Investor Presentation 14 February 2019



Emerald of the Orient Project, Dongguan, PRC  
Artist's impression

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## Section 1

## Key Message

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## Key Message

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1. The Group achieved a net profit of S\$58.2 million and S\$113.0 million in 4Q2018 and FY2018, a 36.5% quarter on quarter growth and 28.0% annual growth respectively.
2. The Board is therefore recommending a final tax-exempt (one-tier) dividend of 1.3 Singapore cents per ordinary share, which is an increase of 8.3% from FY2017's final dividend. Since its IPO in July 2014, the Company has steadily increased its total annual dividend payout in line with the good performance of the Group.
3. The Group's property financing business registered significant revenue growth of more than 70% in FY2018 underpinned by the full year effect of loans disbursed in the prior year, new loans disbursed to associates for property acquisitions and the strong demand for credit in the PRC. The property financing business segment has overtaken the property development business segment as the largest profit contributor for the Group, accounting for 45.7% of FY2018's gross profit. The average PRC property financing loan book has more than doubled for FY2018. The PRC property financing loan book stood at a record RMB2.8 billion as at 31 December 2018.



## Key Message

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4. Capitalising on the tightening of banking credit in the Australian real estate market, the Group, via a 50-50 joint venture with Tai Tak, entered the Australian property financing market with the disbursement of a A\$50 million loan, secured on a prime income producing property located on Collins Street, Melbourne.
5. In January 2019, the 30%-owned Star of East River project in Dongguan commenced the handover of two of the six fully sold residential apartment blocks. The remaining four residential blocks are expected to be handed over in the second half of 2019. The 1,528 units from the two blocks of SOHO apartments which were launched for pre-sale in late September 2018 are 54% sold. The sales permit for the 250-metre high office tower was obtained in late November 2018 and pre-sales performance had been encouraging. The retail mall which will be operational in late 2019 is currently 54% pre-leased.
6. The Emerald of the Orient project in Dongguan, acquired in July 2018, achieved sales of more than 50% of its first phase of 91 villas launched for sale in December 2018. The Group has an indirect effective stake of 20.4% in the project which has 168 villas and 1,076 residential apartments for sale and lease.

## Key Message

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7. On 24 January 2019, the Group expanded its footprint into the Italian hospitality market through the acquisition of a bare shell 65-room hotel located in one of Milan's busiest high streets, Corso Buenos Aires, for a total consideration of approximately €10.7 million (S\$16.5 million) including estimated acquisition costs. The Group will completely refurbish the property into a hostel to tap on the youth hospitality market.
8. The redevelopment of the Munthof property in the Amsterdam city centre has been completed in January 2019. The office component of the property (approximately 92% of the total lettable floor area of 3,355 sqm) is fully leased to a utility supplier in the Netherlands for 8 years. The office will house approximately 300 people. The rest of the property comprising retail units and car park lots are substantially leased too.
9. The disposal of four non-core Bilderberg hotels in FY2018, held under the Group's 31.4%-owned Queens Bilderberg (Nederland) B.V., was completed in December 2018 and January 2019. Together with the sale of the Landgoed Lauswolt hotel which was completed in July 2018, the aggregate gross consideration received amounted to €23.6 million (S\$37.6 million) which represents a premium of more than 140% over the hotels' allocated cost.

## Key Message

10. Following the successful rights issue of perpetual convertible capital securities in April 2018 (“Series-1 PCCS”) which raised approximately S\$162.2 million in gross proceeds, the Company will be embarking on a second equity fund raising exercise to further strengthen its balance sheet so as to arm the Group with the necessary financial resources to capitalise on any expansion opportunity. The Company will undertake a renounceable rights issue (“Rights Issue”) of (a) 3.98% perpetual convertible capital securities which can be converted into new ordinary shares (“Shares”) at a conversion price of S\$1.30 per Share (“Series-2 PCCS”), on the basis of 1 Series-2 PCCS for every 7 Shares held and (b) 1 free warrant carrying the right to subscribe for 1 Series-2 PCCS at the exercise price of S\$1.30 during an exercise period of 5 years from its date of issue (“Free Warrant”), on the basis of 1 Free Warrant for every 1 Series-2 PCCS validly subscribed for pursuant to the Rights Issue. Save for the conversion price, the terms and conditions of the Series-2 PCCS are similar to those of the Series-1 PCCS. Up to approximately S\$295.8 million in gross cash proceeds comprising (a) aggregate subscription monies of up to S\$147.9 million for the subscription of the Series-2 PCCS and (b) an aggregate exercise price of up to S\$147.9 million assuming full exercise of the Free Warrants issued under the Rights Issue may be raised.
11. To reward shareholders for their continuous support, the Board has approved a bonus issue of one bonus warrant (“Bonus Warrant”) for every 10 Shares held, with each Bonus Warrant carrying the right to subscribe for 1 Series-2 PCCS on the same terms as the Free Warrants. The Group may raise estimated gross cash proceeds of up to S\$103.5 million assuming full exercise of the Bonus Warrants.

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## Section 2 **Financial Highlights**

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## 2.1 Statement of Profit or Loss - Highlights

### Statement of Profit or Loss - Highlights

In S\$'000	4Q2018	4Q2017	Change %	FY2018	FY2017	Change %
<b>Revenue</b>	131,952	180,279	(26.8%)	277,361	384,392	(27.8%)
<b>Gross profit</b>	69,992	75,198	(6.9%)	161,500	153,032	5.5%
<b>Profit before tax</b>	73,630	59,697	23.3%	144,548	121,233	19.2%
<b>Attributable profit <sup>(1)</sup></b>	58,238	42,660	36.5%	113,008	88,283	28.0%
<b>Basic EPS (cents) <sup>(2)</sup></b>	8.73	6.58	32.7%	16.72	13.61	22.9%
<b>Diluted EPS (cents) <sup>(2)</sup></b>	7.32	6.58	11.2%	15.02	13.61	10.4%
<b>Interest cover <sup>(3)</sup></b>	41.7x	n.m <sup>(4)</sup>	n.a.	130.3x	n.m <sup>(4)</sup>	n.a.

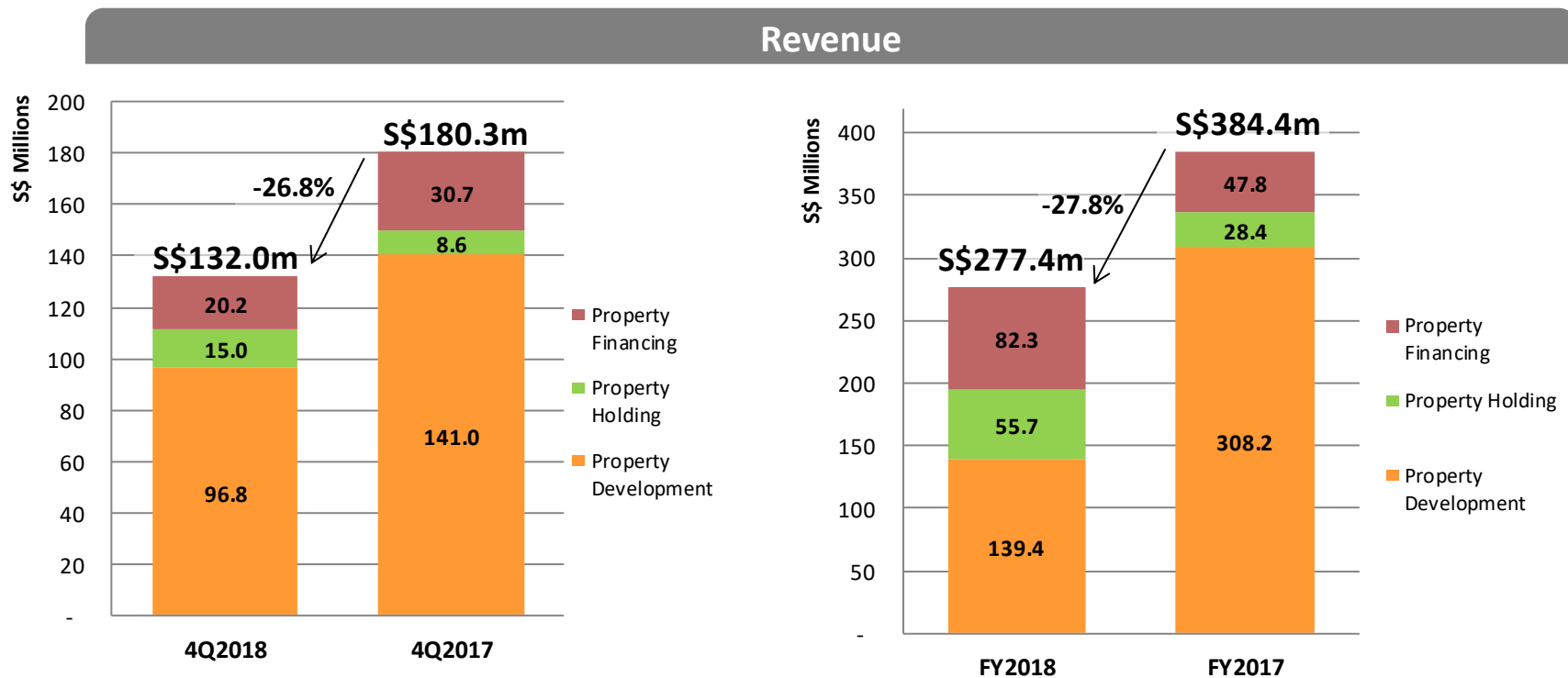
(1) "Attributable profit" refers to profit attributable to equity holders of the Company.

(2) The prior period comparatives have been restated for the effect of the bonus shares issued in April 2018.

(3) Interest cover = PBT (excluding accounting interest due to or from financial institutions) ÷ net accounting interest expense due to or from financial institutions.

(4) The Group has net interest income from financial institutions.

## 2.2 Statement of Profit or Loss – Revenue



### Property Development

The decrease was due mainly to lower number of residential units handed over for the Millennium Waterfront project (4Q2018: 502 units vs 4Q2017: 1,080 units).

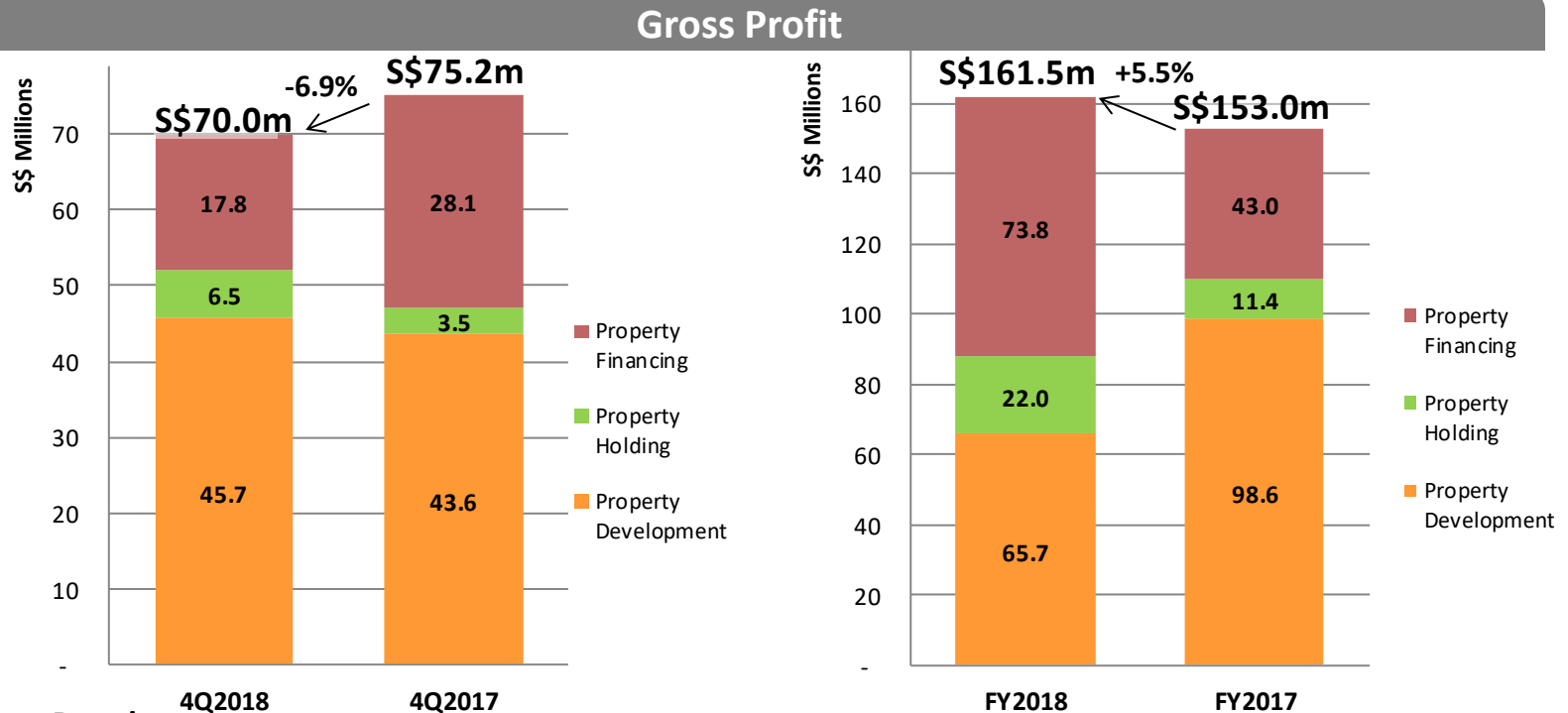
### Property Holding

The increase in 4Q2018 was due largely to full quarter revenue contribution from the Hilton Rotterdam hotel which was leased by the Group with effect from 1 February 2018 and higher revenue contributions from the Crowne Plaza Chengdu Wenjiang, Holiday Inn Express Chengdu Wenjiang Hotspring hotels and Wenjiang hotspring operations.

### Property Financing

The decrease in 4Q2018 was due to the absence of one off penalty interest income of S\$22.0m which was recognised in 4Q2017, partially offset by income from a larger loan portfolio.

## 2.3 Statement of Profit or Loss – Gross Profit



### Property Development

Despite the decrease in property development revenue, 4Q2018 registered a net increase in gross profit of S\$2.1m due to higher number of commercial units and car park lots handed over for the Millennium Waterfront project. Commercial units have a higher profit margin than residential units while the car park lots in the Millennium Waterfront project are carried at nil cost.

### Property Holding

The increase was due mainly to the full quarter income contribution from the Hilton Rotterdam hotel which was leased by the Group with effect from 1 February 2018 and higher gross profit contributions from the Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels.

### Property Financing

The decrease in 4Q2018 was due to the absence of one off penalty interest income of S\$22.0m which was recognised in 4Q2017, partially offset by income from a larger loan portfolio.

## 2.4 European Property Portfolio Performance

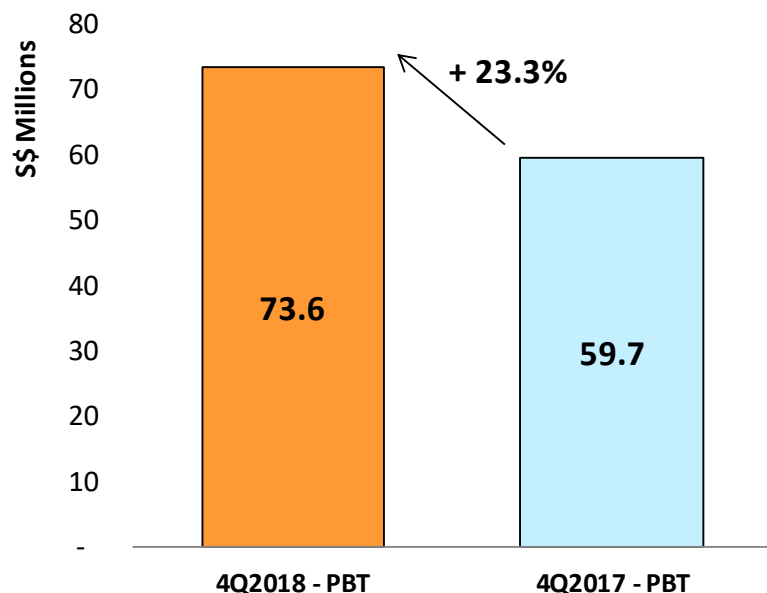
In S\$'000	4Q2018	4Q2017	Change %	FY2018	FY2017	Change %
<b>Dutch office income</b>	<b>4,410</b>	<b>3,286</b>	<b>34.2%</b> <sup>(3)</sup>	<b>19,956</b>	<b>19,465</b>	<b>2.5%</b>
<b>European hotel income</b>	<b>11,221</b>	<b>4,965</b>	<b>126.0%</b>	<b>40,077</b>	<b>15,839</b>	<b>153.0%</b>
- Operating hotels <sup>(1)</sup>	8,421	3,379	149.2% <sup>(4)</sup>	28,488	9,626	196.0%
- Leased hotels <sup>(2)</sup>	2,800	1,587	76.5% <sup>(5)</sup>	11,588	6,213	86.5%
<b>Total</b>	<b>15,631</b>	<b>8,251</b>	<b>89.4%</b>	<b>60,033</b>	<b>35,305</b>	<b>70.0%</b>

- (1) Includes the Bilderberg Portfolio and Hilton Rotterdam hotel.
- (2) Includes the Le Méridien Frankfurt hotel and Arena Towers Amsterdam (Holiday Inn/Holiday Inn Express).
- (3) Due mainly to income contribution from the Meerparc office property which was acquired in late 2017, and higher rent contribution from the Mondriaan Tower arising from its higher occupancy.
- (4) Relates to the better performance of the Bilderberg Portfolio and the contribution from Hilton Rotterdam hotel which was acquired in January 2018.
- (5) Due mainly to contribution from Le Méridien Frankfurt hotel which was acquired in January 2018.
- (6) The redevelopment of Munthof Amsterdam and development of Oliphant Amsterdam are completed. These properties are substantially leased and will further contribute to the income of the Group's European property portfolio accordingly in FY2019.

**Excluding Poortgebouw, Boompjes, Dreeftoren, Oliphant and Munthof, the Dutch office portfolio and European leased hotels (LFA: 122,349 sqm, occupancy of 89%) have a WALT of approximately 9.7 years.**

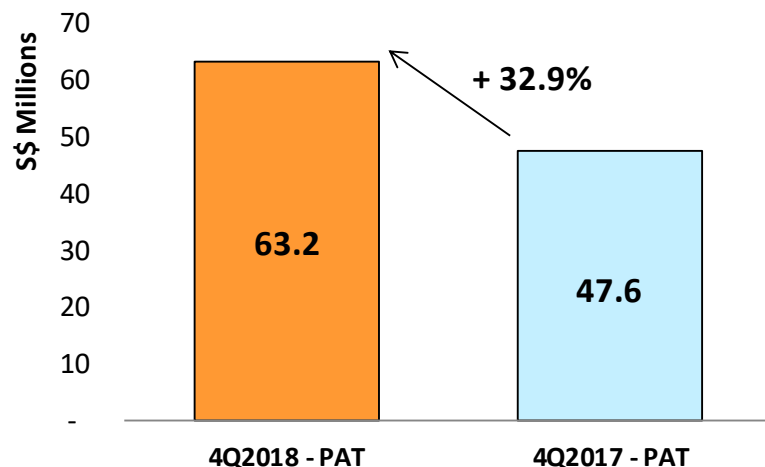


## 2.5 Statement of Profit or Loss – 4Q2018 vs 4Q2017



The increase in profit before tax was due mainly to:

- Fair value gain on the Group's investment in East Sun [S\$12.8m increase]
- Higher share of after-tax profit from associates and joint ventures [S\$6.0m increase]
- Higher gross profit contributions from the property development and property holding business segments [S\$5.1m increase]
- Higher fair value gain (net) on cross-currency swaps net of foreign exchange loss [S\$2.1m increase]

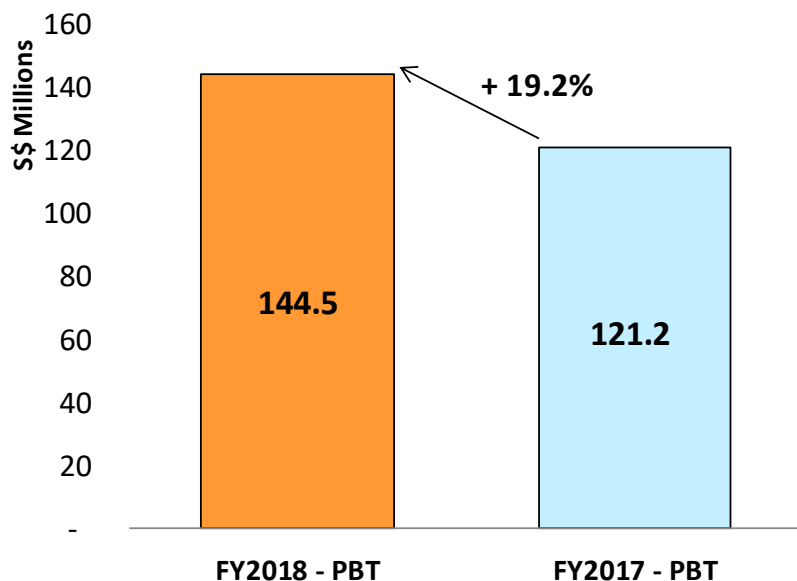


The increase was partially offset by:

- Lower gross profit contribution from the property financing business segment [S\$10.3m decrease]
- Impairment loss on Wenjiang hotspring operations and write-down on unsold car park lots in Chengdu Cityspring, net of fair value gain on investment properties [S\$4.0m increase]

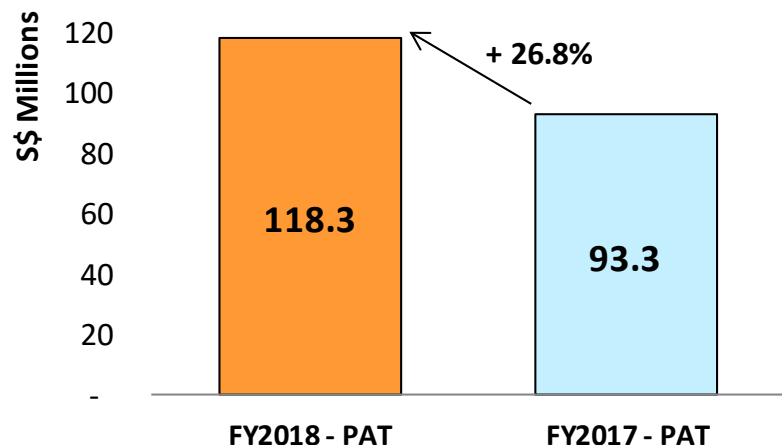
The adjusted effective tax rate was 21.1% for 4Q2018.

## 2.6 Statement of Profit or Loss – FY2018 vs FY2017



The increase in profit before tax was due mainly to:

- Higher gross profit contributions from the property financing and property holding business segments [S\$41.4m increase]
- Fair value gain on the Group's investment in East Sun [S\$12.8m increase]
- Higher fair value gain (net) on cross-currency swaps net of foreign exchange loss [S\$7.8m increase]
- Higher share of results from associates and joint ventures [S\$1.9m increase]



The increase was partially offset by:

- Lower gross profit contribution from the property development business segment [S\$32.9m decrease]
- Higher administrative expenses incurred arising mainly from payroll costs and professional fees [S\$3.4m increase]
- Impairment loss on Wenjiang hotspring operations and write-down on unsold car park lots in Chengdu Cityspring, net of fair value gain on investment properties [S\$3.4m increase]

The adjusted effective tax rate was 22.9% for FY2018.

## 2.7 Statement of Financial Position – Highlights

### Statement of Financial Position - Highlights

In S\$'000	31-Dec-18	30-Sep-18	Change %
<b>Total assets</b>	2,381,813	2,375,612	0.3%
<b>Cash and structured deposits <sup>(1)</sup></b>	164,973	291,478	(43.4%)
<b>Contract liabilities <sup>(2)</sup></b>	169,487	249,242	(32.0%)
<b>Total debt <sup>(3)</sup></b>	686,728	673,782	1.9%
<b>Net asset value (NAV) <sup>(4)</sup></b>	1,311,781	1,259,296	4.2%
<b>NAV per share (cents)</b>	202.21	194.16	4.1%
<b>Adjusted NAV per share (cents) <sup>(5)</sup></b>	164.81	158.21	4.2%
<b>Gearing ratio <sup>(6)</sup></b>	0.40x	0.31x	n.a.

(1) Relates to principal-guaranteed structured deposits placed with financial institutions classified as other investments (current).

(2) Represents receipts in advance.

(3) Comprises gross borrowings of S\$695.7m and S\$683.3m net of unamortised upfront fee of S\$9.0m and S\$9.5m for 31 December 2018 and 30 September 2018 respectively.

(4) NAV excludes non-controlling interests and includes perpetual convertible capital securities (“Series-1 PCCS”) of S\$161.3m and translation reserve of S\$12.9m (Sep 2018: S\$14.1m).

(5) Represents NAV per share adjusted for full conversion of Series-1 PCCS to ordinary shares.

(6) Computed as net debt ÷ total equity including non-controlling interests.

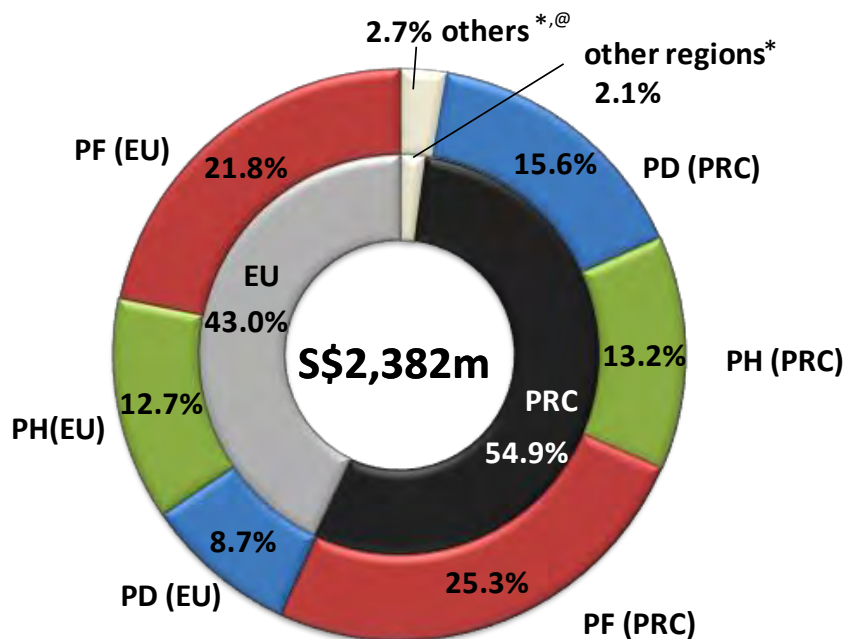
Net debt = gross borrowings – cash and structured deposits.

## 2.8 Statement of Financial Position - Total Assets

### Total Assets – by business and geographic segments

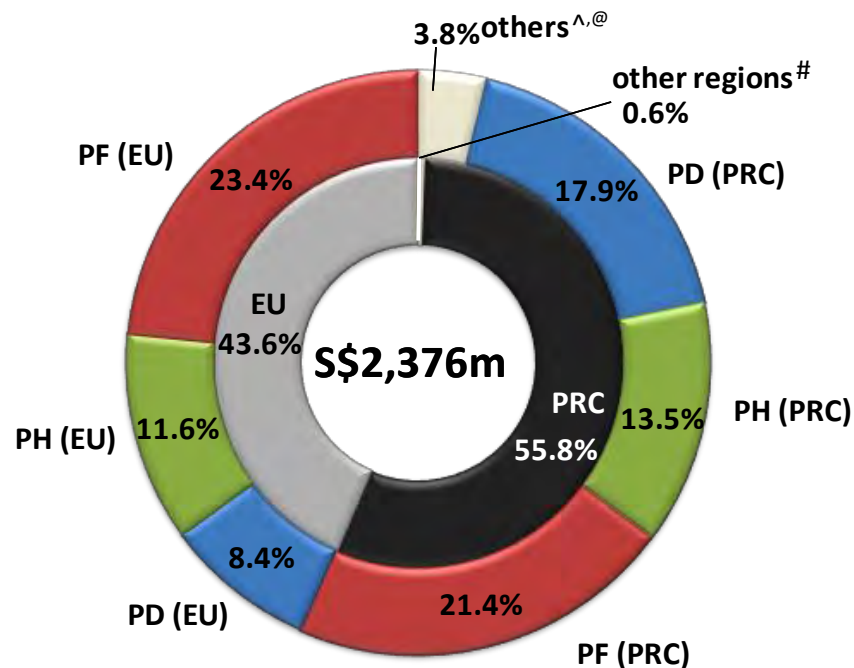
**As at 31 December 2018**

**Total assets: S\$2,382m**



**As at 30 September 2018**

**Total assets: S\$2,376m**



\* Includes S\$36.8m cash held in Singapore/Hong Kong bank accounts.

@ Includes unallocated tax pertaining to the PRC.

- EU = The Netherlands + Germany
- PRC = The People's Republic of China
- PD = Property Development
- PH = Property Holding
- PF = Property Financing

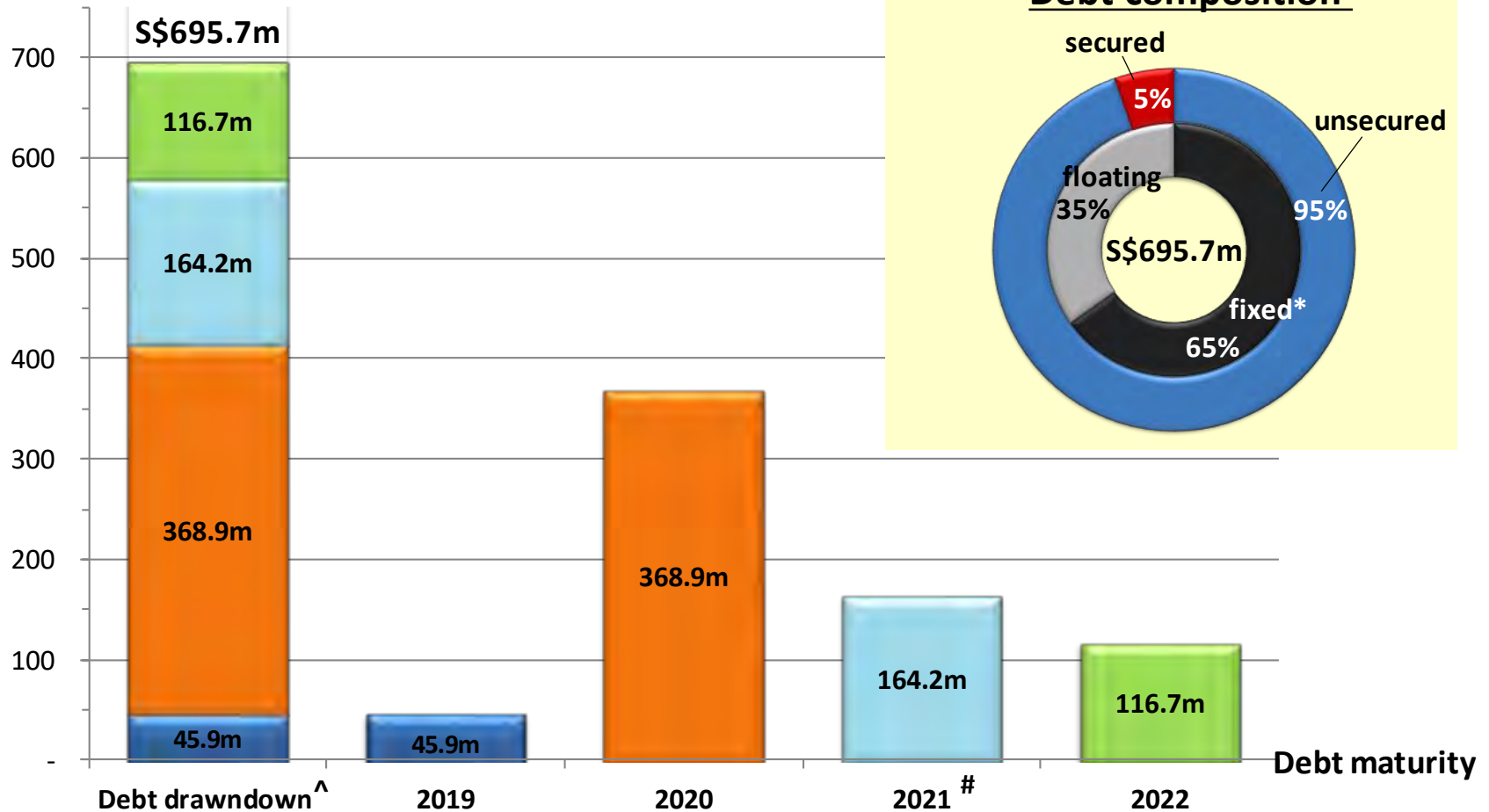
^ Includes S\$52.8m cash held by certain PRC subsidiaries that are in the process of voluntary liquidation.

# Includes S\$10.6m cash held in Singapore/Hong Kong bank accounts.

@ Includes unallocated tax pertaining to the PRC.

## 2.9 Debt Maturity and Composition as at 31 December 2018

S\$ Millions



\* Done via cross currency swaps.

<sup>^</sup> Available remaining headroom of S\$341.4m comprises S\$263.3m of committed and S\$78.1m of uncommitted credit facilities.

<sup>#</sup> The Group has signed down a new 3-year S\$70.0m committed unsecured credit facility with a bank in December 2018.

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## Section 3

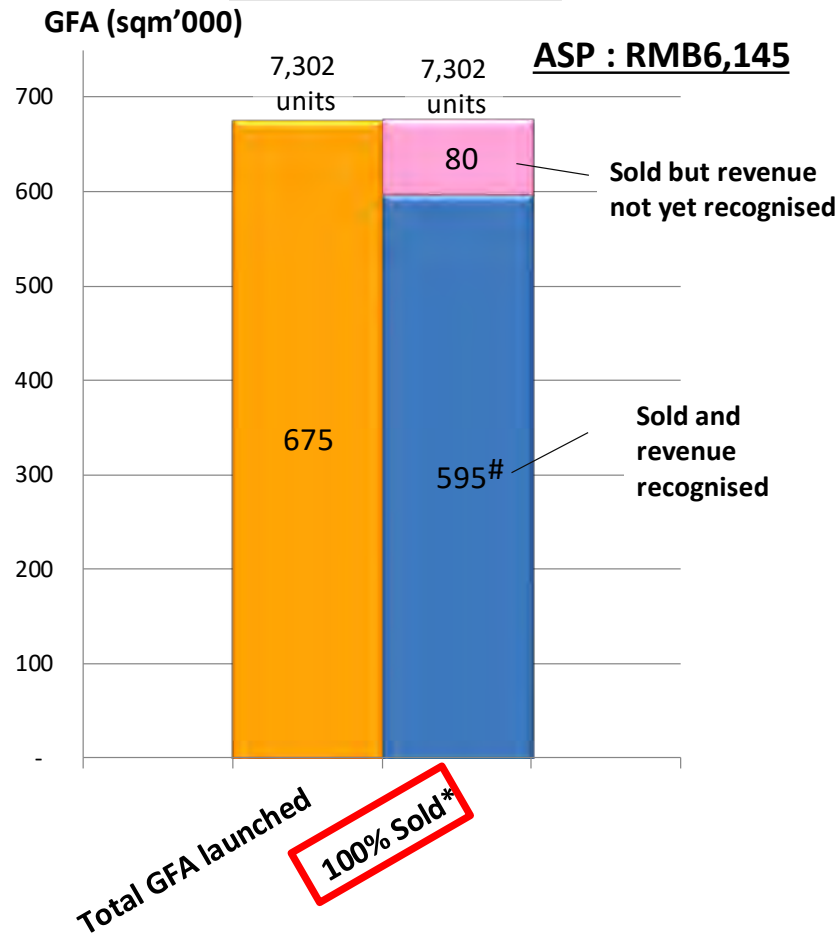
# Key Business Review 4Q2018 – Property Development

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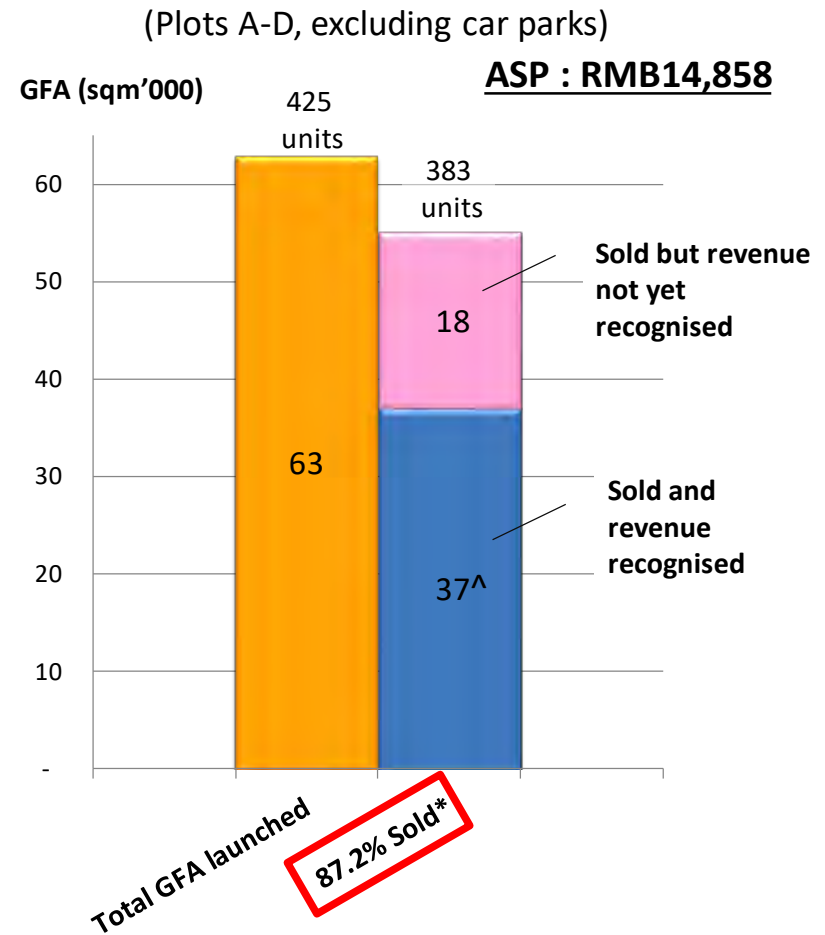
# 3.1 Property Development – Millennium Waterfront Project, Chengdu

## Pre-sale Performance as at 31 December 2018

### Overall Residential



### Commercial



# Residential : recognised 6,435 units, 595,275 sqm GFA, S\$738.8m gross sales value as at 31 December 2018 .

^ Commercial : recognised 253 units, 36,876 sqm GFA, S\$106.6m gross sales value as at 31 December 2018 .

\* Includes sales under option agreements or sale and purchase agreements, as the case may be.



# 3.1 Property Development – Millennium Waterfront Project, Chengdu

## Plot A

- 2,000 residential units, 118 commercial units and 1,722 car park lots
- % of total saleable GFA launched for sale sold<sup>3</sup>:
  - Residential: 100.0%
  - Commercial: 80.1%
- Cumulative handover of 2,000 residential and 90 commercial units as at 31 December 2018

## Plot D

- 1,274 residential units, 66 commercial units, 1,295 car park lots and two commercial blocks
- % of total saleable GFA launched for sale sold<sup>3</sup>:
  - Residential: 100.0%
  - Commercial: 95.3%
- Cumulative handover of 408 residential and 9 commercial units as at 31 December 2018

## Plot C

- 1,778 residential units, 91 commercial units and 1,508 car park lots
- % of total saleable GFA launched for sale sold<sup>3</sup>:
  - Residential: 100.0%
  - Commercial: 80.4%
- Cumulative handover of 1,778 residential and 65 commercial units as at 31 December 2018

## Plot B

- 2,250 residential units, 96 commercial units, 1,905 car park lots and a three-storey commercial building
- % of total saleable GFA launched for sale sold<sup>3</sup>:
  - Residential: 100.0%
  - Commercial: 94.8%
- Cumulative handover of 2,249 residential and 89 commercial units as at 31 December 2018

## Plot G

- Commenced operations of Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels on 28 December 2016 and ancillary hotspring facility on 27 October 2017

## Plot E

## Plot F

## Plots E&F

- Expected to comprise elderly care living quarters, a hospital and ancillary commercial facilities
- Commenced construction in 3Q2018 with primary focus initially on Plot F

### Notes:

- This diagram is not drawn to scale.
- Based on artist's impression which may not be fully representative of the actual development.
- As at 31 December 2018 and includes sales under option agreements or sale and purchase agreements, as the case may be.



## 3.2 Property Development – Star of East River Project, Dongguan

Star of East River Project, Dongguan  
Residential Blocks



- In January 2019, the Star of East River project commenced the handover of two of the six fully sold residential apartment blocks.
- The remaining four residential blocks are expected to be handed over in the second half of 2019.



## 3.2 Property Development – Star of East River Project, Dongguan

### Residential Blocks

- Six blocks of 1,221 residential units, 1,961 sqm of commercial space and 1,157 car park lots
- All residential units from the six blocks and commercial space have been launched for sale
- % of total saleable GFA launched for sale sold<sup>3</sup>:
  - Residential : 100%
  - Commercial : 100%
- Commenced the first handover of two residential blocks in January 2019

### SOHO Blocks

- Two blocks of 2,328 SOHO units
- % of total 49,364 sqm saleable GFA launched for sale sold<sup>3</sup>: 54.2%

### Office Block

- 250m high office tower block with approx. 107,000 sqm of office space
- % of total 53,219 sqm saleable GFA launched for sale sold<sup>3</sup>: 47.6%

**54.2% OF 1,528  
LAUNCHED SOHO  
UNITS SOLD<sup>3</sup>**

**100% OF ALL  
1,221 RESIDENTIAL  
UNITS SOLD<sup>3</sup>**

### Commercial Podium

- Common podium with approx. 69,000 sqm of commercial/retail space
- Expected to commence operations from 4Q2019
- 54.0% of total 31,078 sqm lettable floor area is pre-leased as at 31 December 2018

#### Notes:

1. This diagram is not drawn to scale.
2. Based on artist's impression which may not be fully representative of the actual development.
3. As at 31 December 2018 and includes sales under option agreements or sale and purchase agreements, as the case may be.

### 3.3 Property Development – Emerald of the Orient, Dongguan



#### High-rise Residential Blocks

- Six blocks of 1,076 residential units, including 222 units to be kept for a minimum holding period of 5 years as per land tender conditions, and approx. 2,300 car park lots
- Expected to be launched for sale in phases from mid 2019

#### Villa Cluster

- 168 residential villas, including 31 villas to be kept for a minimum holding period of 5 years as per land tender conditions
- Launched its first batch of 91 villas for sale in December 2018 with more than half sold in the same month

#### Others:

- Approx. 89,500 sqm to be built for the municipal comprising office, residential, kindergarten and other general amenities as per the land tender conditions

**61.3% OF 91  
LAUNCHED VILLA  
UNITS SOLD<sup>3</sup>**

1. This diagram is not drawn to scale.
2. Based on artist's impression which may not be fully representative of the actual development.
3. As at 31 December 2018 and includes sales under option agreements or sale and purchase agreements, as the case may be.

## 3.4 Property Development – Munthof, Amsterdam

### Munthof Office Redevelopment

- The redevelopment of the 1969-built, majority office Munthof property in the Amsterdam city centre, which entails the conversion of certain car park spaces into additional office space resulting in an increase of approximately 94% in the property's lettable floor area to 3,355 sqm, has been completed.
- The office component of the property (approximately 92% of the total lettable floor area of 3,355 sqm) is fully leased to a utility supplier in the Netherlands for 8 years. The office will house approximately 300 people. The rest of the property comprising retail units and car park lots are substantially leased too.
- The long lease tenure of 8 years will generate stable recurring cash flows for FSMC group.



New office loft at the top of the building



New office space on old car park ramp

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## Section 4

# Key Business Review 4Q2018 – Property Holding

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## 4.1 Property Holding – Wenjiang Hotspring Hotels and Hilton Rotterdam Hotel



### Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring Hotels

- Strong revenue growth in both the room and F&B segments have underpinned the significant improvement in the gross operating profit ("GOP") of the Wenjiang hotels to RMB16.3m in FY2018 as compared to a mere breakeven in FY2017.



### Hilton Rotterdam

- The Hilton Rotterdam hotel managed to secure a higher market share while increasing average room rate for FY2018. The hotel achieved a GOP of €4.8m for the year which translates to a growth of 14.9% over FY2017.

## 4.2 Property Holding – Bilderberg Hotel Portfolio in The Netherlands



<b>Bilderberg Hotel Portfolio <sup>(1)</sup></b>	<b>4Q2018</b>	<b>4Q2017 (restated)</b>	<b>Change</b>	<b>FY2018</b>	<b>FY2017 (restated)</b>	<b>Change</b>
Occupancy	64.1%	63.5%	0.6%	68.5%	66.2%	2.3%
ADR	€ 100	€ 99	1.1%	€ 99	€ 97	2.7%
RevPar	€ 64	€ 63	2.0%	€ 68	€ 64	6.2%
TrevPar	€ 130	€ 131	(0.9%)	€ 133	€ 129	2.9%

(1) The trading results of Bilderberg Hotel Portfolio comprises 15 owned hotels and one leased hotel, and excludes the Landgoed Lauswolt hotel which was disposed in July 2018. The prior period comparatives have been restated to conform with such presentation.

- The Bilderberg Hotel Portfolio recorded a GOP of €23.5m for FY2018, a 4.3% growth from FY2017, after having achieved a 9.6% GOP growth in FY2017 over FY2016.
- The disposal of four non-core hotels, namely Hotel Klein Zwitserland, Hotel de Buunderkamp, Hotel de Klepperman and Hotel Wolfheze was completed in December 2018 and January 2019. Together with the sale of the Landgoed Lauswolt hotel which was completed in July 2018, the aggregate gross disposal consideration amounts to €23.6m which represents a premium of more than 140% over the hotels' allocated cost.

## 4.3 Property Holding – Update on Sale of Certain Parts of Chengdu Cityspring

### First Instalment (RMB206.5m) + Deposit for Final Instalment (RMB40.4m)

The Group has collected  
RMB246.9m cash.



- Interim First Tranche Properties transferred
- Transferring 20th to 29th floors of Block 9 (substantial portion of M Hotel Chengdu).

### Second Instalment (RMB152.1m) + Deposit for Final Instalment (RMB5m)

RMB152.1m expected to be received in parts,  
with last payment on 27-May-19.  
To-date, the Group has collected RMB32.2m of Second  
Instalment and RMB5m of Deposit for Final Instalment.  
Relevant parts of the Property to be transferred  
accordingly.

### Final Instalment RMB106.4m (utilises RMB45.4m of Deposit)

RMB61.0m expected to be received by 27-May-19.  
Relevant parts of the Property to be transferred  
accordingly.

The Group has entered into a sale and purchase agreement on 30 May 2018 and subsequent various supplemental agreements<sup>1</sup> in relation to the disposal of certain parts of Chengdu Cityspring, including the 196-room M Hotel Chengdu, bare shell commercial spaces and basement car park lots, for a total cash consideration of approximately RMB465.0 million (approx. S\$94.8 million).

The Group has agreed with the Purchaser to defer interim payment obligations with no change in the final payment obligation date. In return, cash deposits received will only be utilised in the final instalment which will further enhance deal security.

To-date, the Group has collected RMB284.1 million (S\$57.9 million) cash proceeds including RMB45.4 million (S\$9.3 million) in deposits, and another RMB10.1 million (S\$2.1 million) cash in liquidated damages.

The disposal is to be completed in tranches, with the last tranche expected to be completed in May 2019.

<sup>1</sup> Reference is made to the announcements dated 30-May-18, 12-Jul-18, 25-Sept-18, 23-Nov-18 and 28-Jan-19.



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## Section 5

# Key Business Review 4Q2018 – Property Financing

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## 5.1 Property Financing - Overview of Financial Performance

In S\$'000	4Q2018	4Q2017	Change %	FY2018	FY2017	Change %
<b>Secured PRC PF loans to third parties</b>						
- interest	6,425	1,051	511.3%	15,373	3,616	325.1%
- penalty interest	-	22,041	n.m.	12,947	26,433	(51.0%)
<b>Share of secured non-PRC PF loan by Group's members to third parties</b> <sup>(1),(2)</sup>	295	-	n.m.	295	-	n.m.
<b>Unsecured PF loans to the Group's members</b>						
- European associates and JV <sup>(2)</sup>	9,010	6,663	35.2%	35,140	16,601	111.7%
- Star of East River Project Co	3,662	492	n.m.	14,940	492	n.m.
- Dongguan East Sun Limited <sup>(3)</sup>	52	311	(83.3%)	1,200	311	285.9%
<b>Others</b>	1,086	98	n.m.	2,740	331	n.m.
<b>Total PF Interest Income</b>	<b>20,530</b>	<b>30,656</b>	<b>(33.0%)</b>	<b>82,635</b>	<b>47,784</b>	<b>72.9%</b>

(1) Income recognised through share of joint venture's profit

(2) Relates to non-PRC property financing business

(3) Repaid in October 2018

## 5.2 Property Financing - PRC PF Loan Book

	Average PRC PF Loan Book <sup>(1)</sup> for the quarter ended	Average PRC PF Loan Book <sup>(1)</sup> for the year to date ended	PRC PF Loan Book <sup>(1)</sup> as at
<b>31 December 2018</b>	RMB1,943.2m (S\$396.2m)	RMB1,581.3m (S\$322.4m)	RMB2,790.0m (S\$556.0m)
<b>30 September 2018</b>	RMB1,850.6m (S\$380.9m)	RMB1,459.4m (S\$300.3m)	RMB1,931.7m (S\$385.0m)

(1) Includes the defaulted loan cases.

- The average PRC property financing loan book has more than doubled for FY2018 (FY2017: RMB697.2m).
- The PRC property financing loan book stood at a record RMB2.8 billion as at 31 December 2018.

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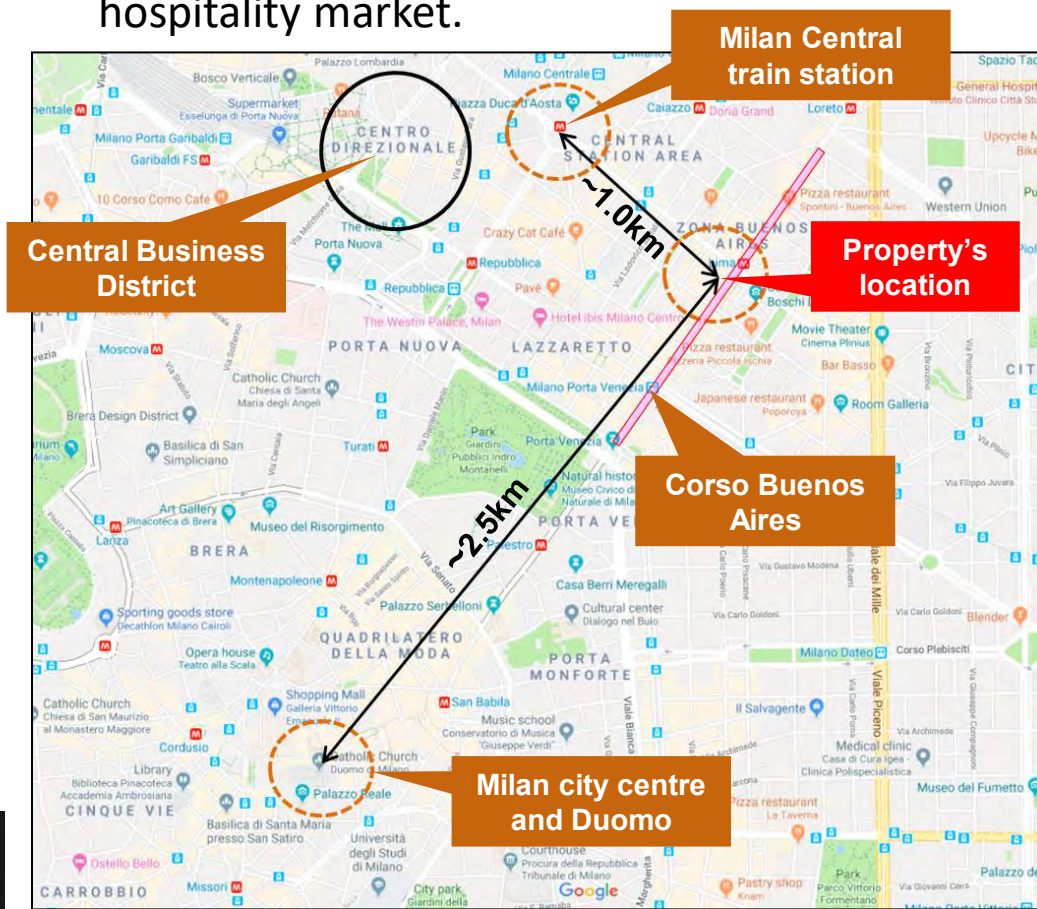
## Section 6

# Acquisition of a 65-room Milan hotel

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## 6.1 Property Holding – Acquisition of a 65-room Milan hotel

- On 24 January 2019, the Group expanded its footprint into the Italian hospitality market through the acquisition of a bare shell 65-room hotel located in the heart of Milan city centre for a total consideration of approximately €10.7 million (\$16.5 million) including estimated acquisition costs.
- The Group will completely refurbish the property into a hostel to tap on the youth hospitality market.



- The property is located along Corso Buenos Aires, one of the busiest high streets in Milan, with a metro station within two-minute walk and a 10-minute walk to Milan Central train station.
- It is 2.5 km away (or 4 metro stops) from Milan city centre and Duomo, the busiest tourist area.

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**Thank You**

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# Disclaimer

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This document may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, customers and partners, expected levels of occupancy rate, property rental income, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.