

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached second supplemental information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached second supplemental information memorandum. In accessing the attached second supplemental information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached second supplemental information memorandum or make an investment decision with respect to the securities, investors must not be (i) a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)) or (ii) located within the United States (“U.S.”). The attached second supplemental information memorandum is being sent at your request and by accepting the e-mail and accessing the attached second supplemental information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached second supplemental information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached second supplemental information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached second supplemental information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or a person to whom an offer is being made pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, and (B) agree to be bound by the limitations and restrictions described therein. Any reference to the “**SFA**” is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The attached second supplemental information memorandum has been made available to you in electronic form. You are reminded that documents or information transmitted via this medium may be altered or changed during the process of transmission and consequently none of First Sponsor Group Limited (the “**Issuer**”), DBS Bank Ltd. or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the second supplemental information memorandum distributed to you in electronic format and the hard copy version.

Restrictions: The attached second supplemental information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer or DBS Bank Ltd. to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached second supplemental information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of the Issuer in such jurisdiction. The attached second supplemental information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached second supplemental information memorandum on the basis that you are a person into whose possession this second supplemental information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this second supplemental information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this second supplemental information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED SECOND SUPPLEMENTAL INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH SECOND SUPPLEMENTAL INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED SECOND SUPPLEMENTAL INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this second supplemental information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

**SUBJECT TO AMENDMENT AND COMPLETION
PRELIMINARY SUPPLEMENTAL INFORMATION MEMORANDUM DATED 13 FEBRUARY 2020**

Second Supplemental Information Memorandum dated [●] 2020 to Information Memorandum dated 15 May 2015 as supplemented by the Supplemental Information Memorandum dated 7 February 2018



FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands on 24 September 2007)
(Company Registration No. AT-195714)

**S\$[●] [●] Per Cent. Notes Due 2025 Pursuant to the
S\$1,000,000,000
Multicurrency Debt Issuance Programme
(the “Programme”)**

This Second Supplemental Information Memorandum (the “**Second Supplemental Information Memorandum**”) is issued solely in respect of the S\$[●] [●] per cent. Notes due 2025 (the “**Notes**”) by First Sponsor Group Limited (the “**Issuer**”). This Second Supplemental Information Memorandum is supplement to, and should be read in conjunction with, the Information Memorandum dated 15 May 2015 (the “**Original Information Memorandum**”) as supplemented by the supplemental information memorandum dated 7 February 2018 relating to the Programme (the “**First Supplemental Information Memorandum**”, and together with the Original Information Memorandum and this Second Supplemental Information Memorandum, the “**Information Memorandum**”) and all other documents that are deemed to be incorporated by reference therein in relation to the S\$1,000,000,000 Multicurrency Debt Issuance Programme of the Issuer. Save to the extent defined in this Second Supplemental Information Memorandum, terms defined or otherwise attributed meanings in the Original Information Memorandum as supplemented by the First Supplemental Information Memorandum have the same meaning when used in this Second Supplemental Information Memorandum. References in the Original Information Memorandum, the First Supplemental Information Memorandum and this Second Supplemental Information Memorandum to “this Information Memorandum” mean the Original Information Memorandum as supplemented by the First Supplemental Information Memorandum and this Second Supplemental Information Memorandum. To the extent that the Original Information Memorandum and the First Supplemental Information Memorandum is inconsistent with this Second Supplemental Information Memorandum, the terms of this Second Supplemental Information Memorandum shall prevail.

This Second Supplemental Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Second Supplemental Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers and Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the “SFA” is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Application will be made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and the listing and quotation for the Notes. Such permission will be granted when the Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Notes, on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Programme or such Notes.

The Notes will initially be represented by a Permanent Global Note which will be deposited with The Central Depository (Pte) Limited (“**CDP**”) on or about the date of issue of the Notes.

Dealer



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NOTICE

DBS Bank Ltd. (the “**Relevant Dealer**”) has been authorised by the Issuer to lead manage the issue of the Notes.

This Second Supplemental Information Memorandum contains information with regard to the Issuer, its subsidiaries, its associated companies (if any), its joint venture companies (if any) and the Notes. The Issuer confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, the facts stated and the opinions expressed in the Information Memorandum are fair and accurate in all material respects as at the date of this Second Supplemental Information Memorandum and that there are no material facts the omission of which would make any statement in the Information Memorandum (as supplemented by this Second Supplemental Information Memorandum) misleading.

No person has been authorised to give any information or to make any representation other than those contained in this Second Supplemental Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Relevant Dealer. Save as expressly stated in this Second Supplemental Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries, associated companies (if any) or joint venture companies (if any). Neither this Second Supplemental Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Notes may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer or the Relevant Dealer to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Second Supplemental Information Memorandum or any part thereof or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Second Supplemental Information Memorandum or any part thereof or any such other document or information or into whose possession this Second Supplemental Information Memorandum or any part thereof or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

Neither this Second Supplemental Information Memorandum nor any other document or information (or any part hereof or thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer or the Relevant Dealer to subscribe for or purchase, any of the Notes.

This Second Supplemental Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the Relevant Dealer of the Notes. This Second Supplemental Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the Relevant Dealer or for any other purpose. Recipients of this Second Supplemental Information Memorandum shall not reissue, circulate or distribute this Second Supplemental Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Second Supplemental Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries, associated companies (if any) or joint venture companies (if any) or in the information herein since the date hereof or the date on which this Second Supplemental Information Memorandum has been most recently amended or supplemented.

The Relevant Dealer has not separately verified the information contained in this Second Supplemental Information Memorandum. None of the Relevant Dealer or any of its respective officers, employees or agents is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries, associated companies (if any) or joint venture companies (if any). Further, the Relevant Dealer does not make any representation or warranty as to the Issuer, its subsidiaries, associated companies (if any) or joint venture companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Second Supplemental Information Memorandum.

Neither this Second Supplemental Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Relevant Dealer that any recipient of this Second Supplemental Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries, associated companies (if any) and joint venture companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and its subsidiaries, associated companies (if any) and joint venture companies (if any). Accordingly, notwithstanding anything herein, none of the Relevant Dealer or any of its respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Second Supplemental Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Second Supplemental Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Second Supplemental Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, the Relevant Dealer does not accept any responsibility for the contents of the Information Memorandum or for any other statement, made or purported to be made by the Relevant Dealer or on its behalf in connection with the Issuer, the Group (as defined in the Information Memorandum), the Programme or the issue and offering of the Notes. The Relevant Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of the Information Memorandum or any such statement.

In connection with the issue of the Notes, the Relevant Dealer, if named as stabilising manager (in such capacity, the “**Stabilising Manager**”) (or persons acting on behalf of the Stabilising Manager) in the Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin at any time, on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended or discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action will be conducted in accordance with the law.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, the Information Memorandum: (1) any annual reports, audited consolidated accounts and/or publicly announced unaudited financial statements of the Issuer, its subsidiaries, associated companies (if any) and joint ventures (if any), and (2) any supplement or amendment to the Information Memorandum issued by the Issuer. The Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, the Pricing Supplement in respect of the Notes.

Any statement contained in the Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of the Information Memorandum to the extent that a statement contained in the Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference in the Information Memorandum modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Relevant Issuing and Paying Agent (as defined in the Information Memorandum).

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined in the Original Information Memorandum) and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Second Supplemental Information Memorandum shall (without any liability or responsibility on the part of the Issuer or the Relevant Dealer) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included in the Information Memorandum between the listed amounts and totals thereof are due to rounding.

The distribution of this Second Supplemental Information Memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer and the Relevant Dealer to inform themselves about and to observe any such restrictions. The attention of recipients of this Second Supplemental Information Memorandum is drawn to the restrictions on resale of the Notes and the distribution of the Information Memorandum set out under “Subscription, Purchase and Distribution” on pages 84 and 85 of this Second Supplemental Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Second Supplemental Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to purchase or subscribe for any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

Notification under Section 309B of the SFA: The Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Packaged Retail Investment and Insurance Products – Prohibition of Sales to Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the “**Prospectus Directive**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

CORPORATE INFORMATION

The section "**Corporate Information**" appearing on page 13 of the Information memorandum shall be amended as follows:

1. by deleting the paragraph "Board of Directors" in its entirety and substituting therefor the following:

"Board of Directors : Ho Han Leong Calvin
Ho Han Khoon (Alternate Director to Mr Ho Han Leong Calvin)
Kingston Kwek Eik Huih
Neo Teck Pheng
Ting Ping Ee, Joan Maria
Yee Chia Hsing
Wee Guan Oei Desmond"; and

2. by deleting the paragraph "Registered Office" in its entirety and substituting therefor the following:

"Registered Office : P.O. Box 31119, Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands"

PRICING SUPPLEMENT FOR THE NOTES

Pricing Supplement

FIRST SPONSOR GROUP LIMITED
(Company Registration No. AT-195714)
(Incorporated with limited liability in the Cayman Islands)

S\$1,000,000,000
Multicurrency Debt Issuance Programme

SERIES NO: 002
TRANCHE NO: 001
S\$[●] [●] Per Cent. Notes Due 2025
Issue Price : 100 per cent.

Dealer
DBS Bank Ltd.

Relevant Issuing and Paying Agent

DBS Bank Ltd.
10 Toh Guan Road
#04-11 (Level 4B)
DBS Asia Gateway
Singapore 608838

The date of this Pricing Supplement is [●].

This Pricing Supplement relates to the Tranche of Notes referred to above.

This Pricing Supplement, under which the Notes described herein (the “Notes”) are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum dated 15 May 2015 as supplemented by the Supplemental Information Memorandum dated 7 February 2018 and the Second Supplemental Information Memorandum dated [●] 2020 (as revised, supplemented, amended, updated or replaced from time to time, the “Information Memorandum”) issued in relation to the S\$1,000,000,000 Multicurrency Debt Issuance Programme (the “Programme”) of First Sponsor Group Limited (the “Issuer”). Terms defined in the Information Memorandum have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Information Memorandum. The Issuer accepts responsibility for the information contained in this Pricing Supplement.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “ITA”), shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

Notification under Section 309B of the SFA: The Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Packaged Retail Investment and Insurance Products – Prohibition of Sales to Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the “Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the “Prospectus Directive”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

First Sponsor Group Limited

Signed: _____
Director

The terms of the Notes and additional provisions relating to their issue are as follows:

- | | | |
|-----|---|---|
| 1. | Series No.: | 002 |
| 2. | Tranche No.: | 001 |
| 3. | Currency: | Singapore Dollars (S\$) |
| 4. | Principal Amount of Series: | S\$[●] |
| 5. | Principal Amount of Tranche: | Not Applicable |
| 6. | Denomination Amount: | S\$250,000 |
| 7. | Calculation Amount (if different from Denomination Amount): | Not applicable |
| 8. | Issue Date: | [●] |
| 9. | Redemption Amount (including early redemption): | Denomination Amount |
| 10. | Interest Basis: | Fixed Rate |
| 11. | Interest Commencement Date: | [●] |
| 12. | Fixed Rate Note | |
| | (a) Maturity Date: | Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their Redemption Amount on [●] |
| | (b) Day Count Fraction: | Actual/365 (fixed) |
| | (c) Interest Payment Date(s): | Interest on the Notes will be payable semi-annually in arrear on the dates falling on [●] and [●] in each year, commencing on [●] |
| | (d) Initial Broken Amount: | Not applicable |
| | (e) Final Broken Amount: | Not applicable |
| | (f) Interest Rate: | [●] per cent. per annum |
| 13. | Floating Rate Note | Not applicable |
| 14. | Variable Rate Note | Not applicable |
| 15. | Hybrid Note | Not applicable |
| 16. | Zero Coupon Note | Not applicable |
| 17. | Issuer's Redemption Option | No |
| | Issuer's Redemption Option Period (Condition 6(d)): | Not applicable |

18.	Noteholders' Redemption Option Noteholders' Redemption Option Period Condition 6(e)(i):	No Not applicable
19.	Change of Control Redemption Option Change of Control Redemption Option Period (Condition 6(e)(ii)): Change of Control Redemption Amount: (Condition 6(e)(ii)):	Yes Denomination Amount
20.	Issuer's Purchase Option Issuer's Purchase Option Period (Condition 6(b)):	No Not applicable
21.	Noteholders' VRN Purchase Option Noteholders' VRN Purchase Option Period (Condition 6(c)(i)):	No Not applicable
22.	Noteholders' Purchase Option Noteholders' Purchase Option Period (Condition 6(c)(ii)):	No Not applicable
23.	Redemption for Taxation Reasons: (Condition 6(f))	Yes
24.	Redemption in the case of Minimal Outstanding Amount: (Condition 6(g)):	Yes
25.	Form of Notes:	Bearer Permanent Global Security
26.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	No
27.	Applicable TEFRA exemption:	C Rules
28.	Listing:	Singapore Exchange Securities Trading Limited
29.	ISIN Code:	[●]
30.	Common Code:	[●]
31.	Clearing System(s):	The Central Depository (Pte) Limited
32.	Depository:	The Central Depository (Pte) Limited
33.	Delivery:	Delivery free of payment
34.	Method of issue of Notes:	Individual Dealer
35.	The following Dealer is subscribing for the Notes:	DBS Bank Ltd.

36.	The aggregate principal amount of Notes issued has been translated in Singapore dollars at the rate of [●] producing a sum of (for Notes not denominated in Singapore dollars):	Not applicable
37.	Issuing and Paying Agent or Registrar, Transfer Agent and (where applicable) Agent Bank	DBS Bank Ltd.
38.	Date of Further Agency Agreement	Not applicable
39.	Other terms:	
	Details of any additions or variations to terms and conditions of the Notes as set out in the Information Memorandum:	Not applicable
	Any additions or variations to the selling restrictions:	Not applicable

DEFINITIONS

The section “**Definitions**” appearing on pages 5 to 9 of the Information Memorandum shall be amended as follows:

1. by inserting as a new paragraph after the definition of “**Arrangers**” appearing on page 5 of the Information Memorandum the following:

“**AUD**” : Australian dollars, the lawful currency of the Commonwealth of Australia.

2. by inserting as a new paragraph after the definition of “**Bearer Securities**” appearing on page 5 of the Information Memorandum the following:

“**Bilderberg Portfolio**” : A portfolio of 11 owned hotels under the “**Bilderberg**” brand located in Amsterdam, Rotterdam, The Hague, and other cities across the Netherlands. The portfolio is held by the Group via its effective interest of 31.4 per cent. in the ordinary shares of QBN.

3. by inserting as new paragraphs after the definition of “**Directors**” appearing on page 6 of the Information Memorandum the following:

“**East Sun Portfolio**” : A portfolio of out-dated properties held by Dongguan East Sun Limited and Dongguan East Sun No. 1 Property Management Co., Ltd. comprising mainly the Wanli Portfolio and six other core properties consisting of two commercial properties and four industrial properties located in various parts of Dongguan.

“**Emerald of the Orient Project**” : Emerald of the Orient (翡翠东望), is a mixed-use development comprising residential and commercial buildings, including approximately 89,500 sq m of office space, residential units and general amenities to be built for the municipal, located in the Nancheng District of Dongguan.

“**Entrusted Loan Agent Banks**” : In respect of the Group’s property financing business, the PRC-incorporated and licensed financial institutions through which the Group provides entrusted loans to borrowers in the PRC.

4. by inserting as a new paragraph after the definition of “**Programme Agreement**” appearing on page 7 of the Information Memorandum the following:

“**Properties**” : The properties comprised in the Group’s portfolio (whether held directly or indirectly) located in the Netherlands, Germany, Italy and the PRC.

5. by inserting as a new paragraph after the definition of “**US\$**” appearing on page 9 of the Information Memorandum the following:

“**Wanli Portfolio**” : A portfolio of out-dated properties comprising four commercial properties and one industrial property located in various parts of Dongguan.

6. by deleting the definition of **“Trust Deed”** appearing on page 9 of the Information Memorandum in its entirety and substituting therefor the following:

“Trust Deed” : The Trust Deed dated 15 May 2015 made between (1) the Issuer, as Issuer, and (2) the Trustee, as trustee, as amended and supplemented by the Supplemental Trust Deed dated 7 February 2018 made between the same parties, as further amended and supplemented by the Second Supplemental Trust Deed dated 20 December 2019 made between the same parties, and as further amended, varied or supplemented from time to time.”.

SUMMARY OF THE PROGRAMME

*The section “**Summary of the Programme**” appearing on pages 15 to 30 of the Information Memorandum shall be amended as follows:*

1. by deleting paragraph (b) under the heading “Financial Covenants” appearing on page 20 of the Information Memorandum and by substituting therefor the following:

“(b) the ratio of Consolidated Net Debt to Consolidated Total Equity shall not at any time be more than 0.8:1.”; and

2. by inserting as a new paragraph after the first paragraph under the heading “Listing” appearing on page 20 of the Information Memorandum the following:

“If application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).”

TERMS AND CONDITIONS OF THE NOTES

The section "**Terms and Conditions of the Notes**" appearing on pages 31 to 57 of the Information Memorandum shall be amended as follows:

1. by deleting the words "as further amended, restated or supplemented from time to time, the **Trust Deed**")" appearing in lines 1 and 2 of the second paragraph appearing on page 31 of the Information Memorandum and substituting therefor the words "as further amended and supplemented by a second supplemental trust deed dated 20 December 2019 and as further amended, restated or supplemented from time to time, the **Trust Deed**")"; and
2. by deleting Condition 4(b) appearing on pages 34 to 36 of the Information Memorandum in its entirety and substituting therefor the following:

"(b) Financial Covenants

The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Notes or Coupons remains outstanding, it will ensure that:

- (i) the Consolidated Total Equity shall not at any time be less than S\$620,000,000; and
- (ii) the ratio of Consolidated Net Debt to Consolidated Total Equity shall not at any time be more than 0.8:1.

For the purposes of these Conditions:

- (i) **"Consolidated Net Debt"** means Consolidated Total Debt less (1) cash and cash equivalent balances (including fixed deposits) and (2) the carrying values of principal-guaranteed structured deposits placed with banks and/or financial institutions, each as set out in the latest audited or, as the case may be, unaudited consolidated accounts of the Group;

"Consolidated Total Debt" means an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with IFRS, equal to the aggregate of (and where such aggregate amount is to be calculated, no amount shall be taken into account more than once in the same calculation):

- (1) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months;
- (2) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;
- (3) the liabilities of the Issuer under the Trust Deed or the Notes;
- (4) all other indebtedness whatsoever of the Group for borrowed moneys; and
- (5) any redeemable preference shares (which for the avoidance of doubt shall exclude any redeemable preference shares issued between members of the Group) issued by any member of the Group and which is regarded by IFRS as debt or other liability of the Group.

For the avoidance of doubt, lease liabilities where the Issuer or any member of the Group is a lessee and the ownership of the asset is not transferred to the lessee by the end of the lease term shall not be included in the determination of Consolidated Net Debt;

- (ii) **“Consolidated Total Equity”** means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with IFRS, equal to the aggregate of:
- (1) the amount paid up or credited as paid up on the issued share capital of the Issuer;
 - (2) the amounts standing to the credit of the capital and revenue reserves (including share premium account, capital redemption reserve fund, revaluation reserves, distributable reserves and profit and loss account) of the Group on a consolidated basis; and
 - (3) the amount reflected as non-controlling interests of the Group on a consolidated basis,
- all as shown in the then latest audited or unaudited consolidated balance sheet of the Group but after:
- (A) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital, the share premium account and the capital redemption reserve fund of the Group since the date of the latest financial statements of the Group, and making such adjustments relating to the revaluation of the assets and/or the properties owned by the Group provided that any revaluation for the purpose of this Clause shall be made by reputable independent valuers (including DTZ, Cushman and Wakefield, Knight Frank, CBRE and their respective groups of entities);
 - (B) excluding any sums set aside for future taxation; and
 - (C) deducting:
 - (aa) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited or unaudited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet; and
 - (bb) (to the extent not already accounted for) any debit balances on consolidated profit and loss account.

For the avoidance of doubt, for the purposes of these definitions, any perpetual securities issued by the Issuer or any other member of the Group which are accounted for as “equity” in accordance with IFRS shall be treated as such (and not as debt).”

THE ISSUER

The section below should be read in conjunction with the section “The Issuer” appearing on pages 85 to 135 of the Information Memorandum.

1. BACKGROUND

The Issuer was incorporated in the Cayman Islands on 24 September 2007 as an exempted company limited by shares under the Cayman Companies Law.

The principal business activities of the Singapore-based Group are property development, property holding and property financing.

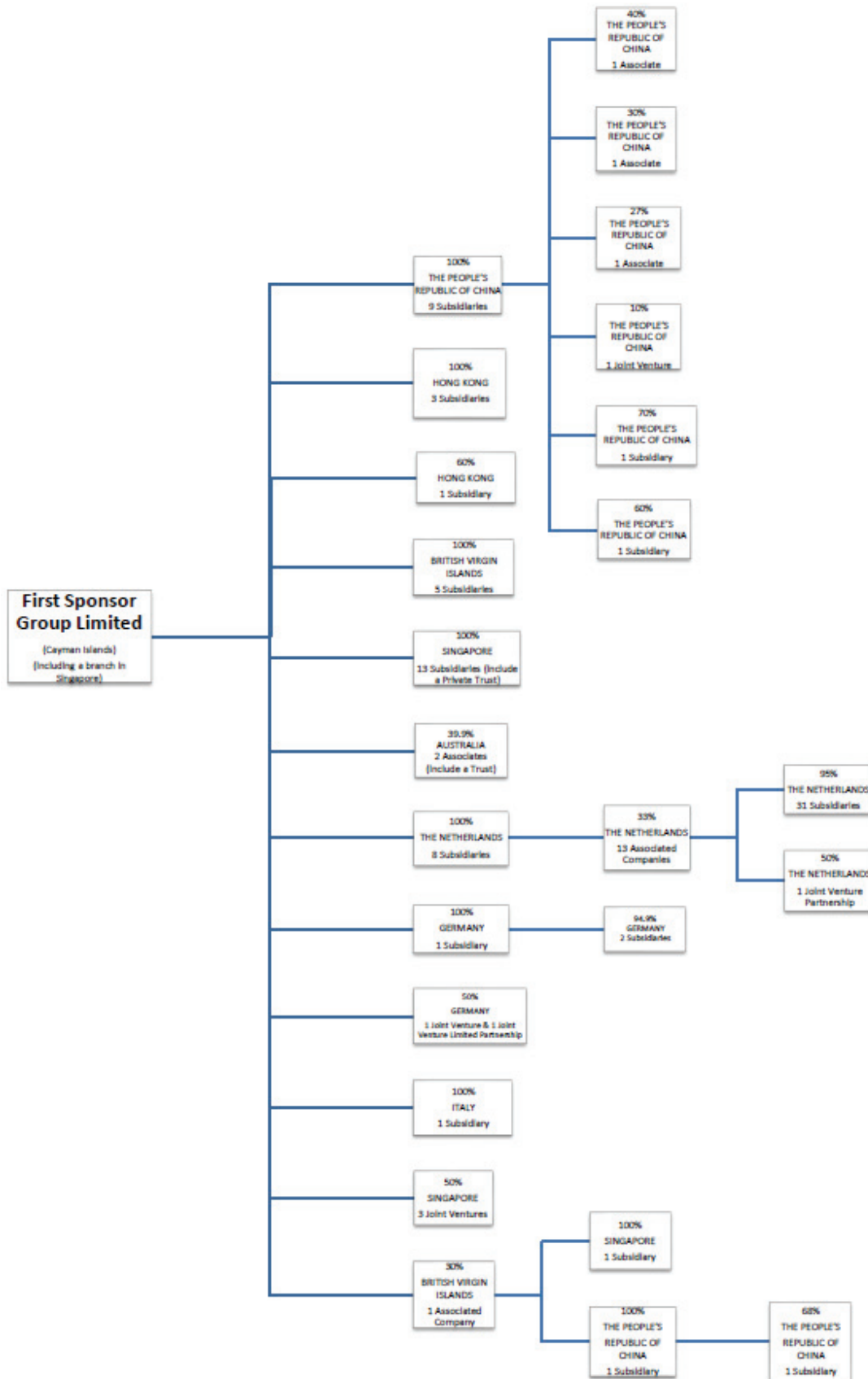
The Group’s property development projects include offices, retail, residential and hotel developments in the Netherlands, Australia and the PRC. The Group’s property portfolio comprises commercial properties (including hotels) in the Netherlands, Germany, Italy and the PRC. The Group provides property financing services mainly in the Netherlands, Germany, Australia and the PRC.

As at 31 January 2020, the Group holds, either on its own or together with co-investor(s), 16 hotels in the Netherlands, two hotels in Germany and one vacant hotel in Italy which it intends to refurbish into a hostel, as well as eight office properties in the Netherlands (of which six are in Amsterdam). The Group believes that it is one of the largest hotel owners in the Netherlands with more than 2,000 rooms in the 16 hotels in which it has a direct or indirect interest (through its associated companies) as at 31 January 2020. The Group is also undertaking the redevelopment of a residential building in Rotterdam.

The Group is supported by both its established key controlling shareholders, the Hong Leong Singapore group of companies (“**Hong Leong Group Singapore**”), through its shareholding interests in City Developments Limited (“**CDL**”), as well as Tai Tak Estates Sendirian Berhad (“**Tai Tak**”), both of which are well recognised and respected in Asia, including the PRC. As at 31 January 2020, Hong Leong Investment Holdings Pte. Ltd. and Tai Tak are deemed to be interested in 35.9 per cent. and 45.4 per cent. of our Shares, respectively. Their collective business experience and networks in the Netherlands and the PRC have contributed significantly to the Group’s growth. For instance, in January 2018, the Group, in partnership with CDL (which is also part of the Hong Leong Group Singapore) and Tai Tak, acquired the Le Méridien Frankfurt. The acquisition marked the Group’s first foray into Germany.

2. CORPORATE STRUCTURE

The chart below sets out the Group's corporate structure as at 31 January 2020:



Note: The above shareholding chart includes direct and indirect shareholdings.

3. BUSINESS STRATEGY

(a) Focus on growing the Group's property development business with selective expansion into growth markets

By leveraging on its strong management expertise and the extensive business networks of its key controlling shareholders, the Group has in recent years expanded its property development business in and beyond the PRC to rebalance its asset allocation and overall business risk amidst economic uncertainties in the global market and challenging headwinds in the PRC market.

For instance, the Group, through FSMC NL Property Group B.V. ("**FSMC**"), a 33.0 per cent.-owned associated company, is re-developing The Terraced Tower in Rotterdam from an office building into a residential development which is expected to comprise 340 residential units and retail spaces. This was the Group's maiden entry into the Dutch residential property development market. In January 2019, FSMC completed the redevelopment of the Munthof, an office in the Amsterdam city centre. This redevelopment involved the conversion of certain car park spaces into office space and the addition of an office loft with a high ceiling. The entire office space at the Munthof has been leased out on a long-term basis. In February 2019, through an indirect wholly-owned subsidiary, the Group completed the office redevelopment of the Oliphant in Amsterdam Southeast and has since substantially leased out the office space of the building. The Group disposed its entire 100% equity shareholding in the entity that owns the Oliphant to FSMC in November 2019. The disposal generated a profit of S\$53.3 million while allowing the Group to retain a 33% stake in the property for future capital appreciation and recurring income. The Group is also seeking to re-develop two office buildings in Amsterdam, namely, Dreeftoren in Amsterdam Southeast and Meerparc in the Amsterdam South Axis, the central business district of Amsterdam, as well as develop the residential component of the Dreeftoren. Taking into account the construction costs in the Netherlands, the Group will closely monitor the construction market and only commence construction if it is able to secure a construction contract at a reasonable contract price.

In the PRC, the Group acquired a 60% equity interest in a mixed development site in May 2019, namely The Pinnacle, Chang'an in Dongguan. This site is being developed into residential and SOHO units. The Group is working towards an initial sales launch of the residential component from April 2020. In June 2019, the Group entered into a joint venture with *inter alia*, Poly Bay Area Investment Development Co., Ltd to co-invest and develop The Skyline Garden, a mixed-use development site located in Wanjiang, Dongguan. The Group has a 27% equity stake in this project. Development of the project is on track and pre-sale of the residential component is expected to commence from late 2020/early 2021. In December 2019, the Group signed a cooperation agreement with, amongst others, subsidiaries of the renowned developer, Hong Kong listed Sunac China Holdings Limited, in relation to an ongoing predominantly residential development project in Dongguan. In addition to taking a 30% equity interest, the Group will be extending a property financing loan to finance the development project. Completion of the acquisition of the 30% equity interest in the project by the Group is subject to certain conditions precedent, which are expected to be satisfied within 1H2020. The project commenced pre-sale in December 2019 and results have been good.

The Group continues to look out for good property development opportunities in Dongguan. Similar to the Sunac deal, this may be by way of an equity participation in, and financing of, property development projects, which will serve to balance out the Group's risk exposure to such property development projects.

In Australia, the Group led a consortium of investors in partnering with Australia's ICD Property to redevelop the iconic 125-year old City Tattersalls Club ("**Club**") in Sydney, marking the Group's first Australian property development project. Besides holding an equity stake of 39.9% in ICD SB Pitt Street Trust (the "**Development Trust**") which will undertake the renovation of the Club's premises and develop the airspace above into a hotel and residential apartments in return for a development fee calculated based on the gross proceeds from the sale of the residential apartments and any other income or gain arising from the residential apartment less certain agreed deductions, the Group will also provide a

A\$370 million construction financing facility to fund the project. The project has received the approval for its Stage 1 concept development application and construction of the project is expected to start in 2022, assuming a successful Stage 2 development application process during the year. The acquisition by the Group of the 39.9% equity stake in the Development Trust was completed on 15 January 2020.

(b) Develop and grow the Group's portfolio of long-term properties held for income

The Group's property holding business consists of commercial properties (including hotels) held for rental income, as well as hotels held for operating income. The Group plans to build up its portfolio of long-term properties (which may include other hospitality assets) to generate a stable stream of recurrent income and future capital gain.

In addition to the Group's interests in the East Sun Portfolio in the PRC, the Group owns Crowne Plaza Chengdu Wenjiang Hotel and Holiday Inn Express Chengdu Wenjiang Hotspring Hotel, both of which had their soft opening in December 2016 and are significant additions to the Group's property holding portfolio.

Since 2015, the Group has progressively acquired and currently holds interests in various commercial properties (including hotels) in key cities in the Netherlands (such as Amsterdam, Rotterdam, Utrecht and The Hague), Italy and Germany. These include the Bilderberg portfolio acquired in August 2017, of which the Group owns an effective 31.4% equity stake, the 94.9% owned Westin Bellevue Dresden Hotel acquired in March 2019 and rebranded as Bilderberg Bellevue Hotel Dresden on 1 January 2020 and the wholly-owned owner-managed Hampton by Hilton Utrecht Centraal Station which commenced operations in June 2019. The adjoining Crowne Plaza Utrecht Centraal Station is being fitted out and is expected to commence operations in 2Q2020. As at 31 January 2020, the Group owned 23 properties in its property holding portfolio in Europe of which 20 properties are located in the Netherlands and the remaining properties are located in Germany and Italy.

The Group expects the stable recurrent income from its property holding business to increase as the properties in its portfolio mature and complement the income from its property development business which is more project-driven. These properties may also be a source for potential capital gains in the future.

(c) Prudent expansion of the Group's property financing business

The Group intends to leverage on its healthy financial position and property market knowledge to prudently expand its property financing business in the PRC, Europe and other markets, such as Australia.

The continued scarcity of bank credit extended to PRC property developers and owners has led to an increasing demand for property financing through entrusted loan arrangements. To further capture this market opportunity, the Group plans to increase the aggregate amount of loans which may be advanced by the Group and expand the scale of its property financing operations with particular focus in Shanghai, though the Group may selectively expand its property financing business to other "tier-one cities" in the PRC, as well as other cities in the PRC, such as Chengdu and Dongguan. The Group will continue to extend entrusted loans where there is a reliable valuation of the property collateral and at an appropriate loan-to-value margin for risk management purposes.

The PRC property financing business has achieved a record average loan book of RMB2.2 billion for FY2019, which is a 40% increase over the previous year's average of RMB1.6 billion. The PRC property financing loan book stood at approximately RMB2.4 billion as at 31 December 2019.

In addition, where it is appropriate and commercially viable to do so, the Group intends to continue providing financing to its associated companies and joint ventures to finance their property related acquisitions and developments in Europe.

4. COMPETITIVE STRENGTHS

(a) Supported by Established Controlling Shareholders

Both the Group's ultimate controlling shareholders, the Hong Leong Group Singapore, through its shareholding interests in CDL, and Tai Tak are established names which are well recognised and respected in Asia, including in the PRC.

Hong Leong Group Singapore is a globally diversified conglomerate. Its core businesses include investment holding, property holding and development, hotel ownership and management, hospitality real estate management, financial services, manufacturing, trading and distribution.

Tai Tak is a private company which was incorporated in 1954. It has a long operating history which began in rubber plantation ownership and management. Subsequently, Tai Tak diversified into the oil palm business, undertook logging and sawmilling operations. It currently invests in a wide range of businesses, including plantations, listed and private equities and property holding and development.

The Group's controlling shareholders possess extensive business experience and networks in the PRC, which have contributed significantly to the Group's business and growth. The Group's first property development project in Chengdu and first investment property acquired in the Netherlands were each secured through leveraging on Tai Tak's business network in Chengdu and the Netherlands respectively. In addition, the strong financial position of the Group's controlling shareholders has provided the Group with the capability to expand its business.

The appointments of these controlling shareholders' representatives on the Issuer's Board as Non-Executive Chairman and Non-Executive Director demonstrate these controlling shareholders' commitment to the Group, and also allow the Group to leverage on the business expertise and networks of these prominent business leaders. Mr Ho Han Leong Calvin, the Non-Executive Chairman sitting on the Issuer's Board, joined Tai Tak in 1976 and was appointed as its chief executive officer in 1984. Having accumulated extensive experience from his tenure as chief executive officer of Tai Tak, he is able to provide guidance to the Group's senior management on matters pertaining to the strategic direction and corporate values of the Group. With his experience in the property markets in the PRC, the Netherlands and Australia as well as his extensive network of business contacts, the Group believes that he will be able to provide the Group with valuable insight into the opportunities and trends in the PRC, the Netherlands and Australia property market.

The Group's controlling shareholders' continued support will enable the Group to leverage on their business networks to grow the Group's business.

(b) Strong Management Team Combining Singapore Managerial Expertise with PRC and European Execution Capabilities

The Group is led by an experienced management team that has a proven track record in growing and expanding its business and operations. Under its management team, the Group has progressed to undertake property development projects on a larger scale. For example, the Group has fully developed and sold the residential component of the property development project in Chengdu, Millennium Waterfront, comprising more than 7,300 residential units at Plots A to D. The Group's management team has also successfully expanded the scope of its business from property development to include property holding and property financing.

The Group's management team is led by the Group Chief Executive Officer and Group Chief Financial Officer who are both based in Singapore but travel frequently to the PRC and the Netherlands to oversee the operations of the Group. The Group Chief Executive Officer has more than 15 years of managerial experience working in and with companies of

the Hong Leong Group Singapore, several of which are listed on international exchanges, including companies which are engaged principally in property development and hospitality businesses in different countries, including, among others, the PRC. The Group Chief Financial Officer has more than 20 years' experience in financial accounting, audit and financial management.

The Group Chief Executive Officer and Group Chief Financial Officer are supported by a team of experienced and dedicated Executive Officers in the PRC and Europe, comprising Mr Wang Gongyi, the Chief Executive Officer (Chengdu Operations), Mr Shu Zhen, the Chief Executive Officer (Guangdong Operations), Ms Zhang Jing, the Chief Executive Officer (Shanghai Operations) and Mr Alexander Barentsen, the Chief Executive Officer (European Operations). In addition to their experience in property development, the Chief Executive Officer (Chengdu Operations), and Chief Executive Officer (Guangdong Operations) also possess extensive business networks in their respective markets and have built up strong relationships with the local governments in Chengdu and Dongguan respectively. The Chief Executive Officer (Shanghai Operations), has more than 15 years of experience in the financing business and has been instrumental in the establishment and growth of the Group's property financing business. The Chief Executive Officer (European Operations), has more than 25 years of hospitality experience in the Netherlands, and also possesses, relevant experience in audit and finance.

The Group's management team has demonstrated strong leadership, combining entrepreneurial drive with financial and managerial prudence. With their extensive business networks, industry experience and local market knowledge, the Group's management team is able to identify suitable sites with development potential or properties which meet the Group's investment criteria. The Group believes its management team's acumen and understanding of market trends have helped the Group identify and seize significant business opportunities, enabling it to acquire sites at reasonable prices and opportune times, thereby positioning the Group to benefit from growth in the PRC property market. The Group believes its management team's extensive experience, together with its strong and proven execution capabilities, will ensure that the Group is well-positioned to achieve sustainable long-term growth both in the PRC and elsewhere.

(c) Ability to Leverage on Macroeconomic and Population Trends in the PRC through Focus on Tier-Two Cities and Mass Market Segment in the PRC

To support economic and social development in the PRC, the PRC government has announced an urbanisation drive in the PRC. According to the Independent Market Research Consultant, urbanisation rate was 52.6 per cent. in 2012 and is expected to increase to 60.0 per cent. by 2020, an increase in the urban population from approximately 712.0 million people in 2012 to approximately 900.0 million people in 2020. This urbanisation drive will be characterised by growth in rural towns and small cities (城镇化), instead of the continued expansion of megacities (都市化), and this according to the Independent Market Research Consultant, is expected to increase significantly the population of tier-two cities, particularly in Central and Western China. This in turn will support demand in the residential property market, especially within the mass market residential segment as demand in respect of commodity residential housing for first-time home buyers and first-time home upgraders increase in the tier-two cities in the PRC.

Previously, the Group primarily focused on the Chengdu property market in the Sichuan province. In recent years, it increased its focus on the property market in Dongguan, a tier-two city and a key industrial city situated in the south of Guangzhou, the provincial capital of Guangdong province. Dongguan is located in the central south of Guangdong province, east coast of the Pearl River Estuary and the lower reaches of the Pearl River Delta. The city is in the middle of Guangzhou and Shenzhen economy zone adjacent to Hong Kong and Macau. According to the Independent Market Research Consultant, Dongguan is one of the largest manufacturing bases in the world and possesses an export-oriented economy which has seen growth from RMB370.3 billion in 2008 to RMB501.0 billion in 2012. Despite its relatively low GDP growth rate of 6.1 per cent. in 2012, Dongguan's urban households enjoyed an annual disposable income of RMB42,944 in FY2012 which was significantly higher than the

average annual disposable income of urban households in the PRC. The Group's projects in Dongguan such as the Star of East River and Emerald of the Orient projects have achieved very good residential sales results, thereby substantially de-risking both projects.

As Dongguan is part of the Greater Bay Area, the Group will leverage on the prospects of the Greater Bay Area property market which is projected to become an economic centre for the PRC over the next decade. The Greater Bay Area region, covering only 0.6% of the total national land area, has contributed to approximately 12% of the PRC's GDP in 2017. The PRC's government 13th Five-Year Plan is aimed at building a world-class city cluster in Southern PRC and as a key facilitator of the Belt and Road Initiative, there is strong policy support to power strong growth in the Greater Bay Area, with such policy initiatives projected to allow the Greater Bay Area to grow at a faster rate than anticipated and to transform into an innovation hub competitive with peers such as the San Francisco Bay. In light of this, the Group has further increased its Dongguan property development exposure in 2019 with the acquisition of The Pinnacle, Chang'an and the Skyline Garden, Wanjiang (formerly known as Wanjiang Victory Land) projects. Both projects are expected to be launched for pre-sales in April 2020 and late 2020, respectively.

The Group's residential development projects are primarily mass market residential properties that are targeted at the middle-class and upper middle-class households and buyers.

The Group believes that its track record and expertise in the development of mass market residential projects in tier-two cities have positioned the Group to leverage on the macroeconomic and the population trends in the PRC, such as the projected urban population growth that will arise from the PRC government's urbanisation drive.

(d) Disciplined Business Strategy in Property Financing Business

The Group employs a disciplined business strategy in its property financing business. For example, the Group adopts stringent selection criteria in the evaluation of potential transactions and disburse loans prudently, taking into account appropriate capital management measures, such as whether the potential transaction has an appropriate LTV ratio.

The Group believes that its disciplined business strategy allows it to obtain an appropriate return for its loan exposures, or in the event of a default by the borrower, the opportunity to acquire properties that have been mortgaged as collateral for loans extended by the Group, at an appropriate discount to the fair value of these properties. In addition, the provision of property financing services in the PRC through an entrusted loan arrangement is not subject to any specific licensing requirement, which provides the Group with the flexibility to determine the loan structures and the property assets required as collateral for the loans.

(e) Mitigation against Downturns and Increasing Funding Costs through Prudent Financial Management

The Group believes in the prudent financial management of its business.

In the event of any downturn in the PRC economy and property market, highly geared property developers in the PRC may face severe financial difficulties, especially when sale of residential properties slow down significantly. However, the Group believes that it has the financial strength to weather such downturns. The Group's financial stability mitigates business and financial risks that arise.

This will provide the Group with significant advantage over its competitors especially during economic downturns and will place it in a good position to take advantage of business opportunities in a downturn. The Group is also able to weather potential external shocks, for example, increases in funding cost or liquidity tightening.

As at 31 December 2019, the Group had a net gearing ratio of 0.20 (net debt of S\$315.5 million) and unutilised credit headroom of S\$410.2 million, comprising mainly committed credit facilities. The Group's healthy financial position provides it with the financial flexibility to acquire sites for development and/or income generating properties at the appropriate time and in a timely manner, giving it a significant advantage over competitors with weaker financial positions. The Group's healthy financial position also provides it with the flexibility to obtain further bank borrowings and/or other debt facilities for its future property developments and to take advantage of any appropriate property holding and property financing business opportunities that may arise in the future. In addition, the Group is currently listed on the SGX-ST. This will enable the Group to tap the capital markets to fund its business growth.

5. BOARD OF DIRECTORS, KEY EXECUTIVES AND LEGAL REPRESENTATIVES

DIRECTORS

The Group's Board of Directors is entrusted with the responsibility for the overall management of the Group. The Group's Directors' particulars are listed below:

Name	Position
Mr Ho Han Leong Calvin	Non-Executive Chairman
Mr Ho Han Khooon (Alternate Director to Mr Ho Han Leong Calvin)	Alternate Director to the Non-Executive Chairman
Mr Kingston Kwek Eik Huih	Non-Executive Director
Mr Neo Teck Pheng	Group Chief Executive Officer and Executive Director
Ms Ting Ping Ee, Joan Maria	Independent Director
Mr Yee Chia Hsing	Lead Independent Director
Mr Wee Guan Oei Desmond	Independent Director

Notes:

- (1) The Issuer's Non-Executive Chairman, Mr Ho Han Leong Calvin, and Mr Ho Han Khooon, who is the alternate director to Mr Ho Han Leong Calvin, are cousins.
- (2) The Issuer's Non-Executive Director, Mr Kingston Kwek Eik Huih, is the son of Mr Kwek Leng Beng, the Executive Chairman of CDL.
- (3) Save as disclosed above, none of the Issuer's Directors is related by blood or marriage to one another or to the Issuer's shareholders who have interest(s) in shares representing not less than 5.0% of the total votes attached to all the voting shares of the Issuer.
- (4) None of the Issuer's independent directors sit on the board of any of the Group's principal subsidiaries that are based in jurisdictions other than Singapore.

Information on the business and working experience of the Group's Directors is set out below:

Mr Ho Han Leong Calvin was appointed as the Non-Executive Chairman of the Issuer on 2 April 2015. Prior to this, Mr Ho served as the Non-Executive Vice-Chairman since 1 October 2007. Mr Ho has accumulated extensive experience during his tenure as Chief Executive Officer of Tai Tak, having been involved in its businesses, including in plantations, listed and private equities and property holding and development. He has also been instrumental in assisting the Group's senior management in the conceptualisation and setting of the strategic direction and corporate values of the Group.

Mr Ho holds a Higher National Diploma in Business Studies from Polytechnic of The South Bank, United Kingdom.

Mr Ho Han Khoon was appointed as the alternate director to Mr Ho Han Leong Calvin on 19 May 2014. Mr. Ho is currently an Executive Vice-President of Tai Tak, where he is responsible for overseeing Tai Tak Group's overall business and financial strategy, investments and operations.

Mr Ho holds a Bachelor of Social Sciences Degree with Honours from the National University of Singapore.

Mr Kingston Kwek Eik Huih was appointed as a Non-Executive Director of the Issuer on 5 March 2019.

Mr Kwek is a private investor in the stock market as well as in the tech and private equity space. Mr Kwek previously worked at Hong Leong Management Services Pte Ltd, a subsidiary of Hong Leong Group Singapore which provides management, consultancy and other services to members of Hong Leong Group Singapore from 2010 to 2012, where he held the position of Assistant Vice President (Investment). He was also a director of various subsidiaries of Hong Leong Group Singapore.

Mr Kwek currently sits on the board of Beijing Fortune Hotel Co. Ltd., an indirect subsidiary of Millennium & Copthorne Hotels Limited (formerly known as Millennium & Copthorne Hotels plc) which owns and operates hotels in the PRC, and is an alternate director of Welland Investments Limited, an indirect subsidiary of CDL, which engages in UK-directed real estate investments. He is also a Governor of Hong Leong Foundation, the charity arm of Hong Leong Group Singapore.

Mr Kwek holds a Master of Arts degree from Columbia University, a Bachelor of Science degree from the Wharton School of Business and a Bachelor of Arts degree from the University of Pennsylvania. Mr Kwek is the son of Mr Kwek Leng Beng, the Executive Chairman of CDL.

Mr Neo Teck Pheng was appointed as the Group Chief Executive Officer and Executive Director of the Issuer on 1 October 2007. He has overall responsibility for management, operations and growth of the Group's businesses.

Mr Neo began his career with KPMG in 1994. In 1996, Mr Neo joined Hong Leong Group Singapore and held various roles within Hong Leong Group Singapore. Mr Neo was also previously the board member of various entities within Hong Leong Group Singapore.

Mr Neo holds a Bachelor of Accountancy Degree (First Class Honours) from Nanyang Technological University, Singapore.

Ms Ting Ping Ee, Joan Maria was appointed as an Independent Director of the Issuer on 19 May 2014. Ms Ting spent her entire career from 1977 to 2013 at DBS Bank Ltd. She is currently an Independent Director of Grand Union Holdings and Investments Incorporated. Ms Ting spent her entire career from 1977 to 2013 at DBS Bank Ltd.

Prior to opting for early retirement in June 2013, she held the position of Managing Director, Head Corporate Credit Group with responsibility for the development, organisation and oversight of the credit approval and credit risk management functions of portfolios under Investment Banking, Financial Institutions including banks and Private Banking.

During her career with DBS Bank she had management responsibility and worked in various departments including Corporate Finance, Corporate Banking including Trade Services and Funds Transfer Operations, Global Operations Centre (responsible for the operations of all the overseas branches of DBS Bank including China, India, Taiwan, Indonesia, Malaysia, Seoul, Tokyo, London and USA), Chairman's Office and Group Credit.

Ms Ting graduated with a Bachelor of Accountancy (Honours) from the University of Singapore. She had previously served as a committee member of the Financial Industry Competency Standards Committee (and Chairman of the FICS Corporate banking Sub-Committee), the Association of Banks in Singapore/Corporate Banking Committee, Singapore Shipping Association and the Singapore Business Federation/Services Industries Executive Committee. She also held past directorships in Ecobulk Shipping Sdn Bhd, Singapore Petroleum Company, CWT Ltd, Singapore Biotech Ltd and Grandland Shipping Limited.

Ms Ting holds a Bachelor of Accountancy (Second Class Honours) degree from the National University of Singapore. Ms Ting was a member of the Financial Industry Competency Standards Steering Committee and concurrently Chairman of the Financial Industry Competency Corporate Banking Sub-Committee from 2003 to 2009.

Mr Yee Chia Hsing was appointed as the Lead Independent Director of the Issuer on 19 May 2014. He is currently Head of Catalist of CIMB Bank Berhad, Singapore Branch, a position he has held since early 2011. At CIMB Bank, he is responsible for the introduction, supervision and continuing sponsorship of Catalist companies on the SGX-ST. Mr Yee has more than 20 years of experience in the banking and finance industry.

Mr Yee holds a Bachelor of Accountancy Degree (First Class Honours) from the Nanyang Technological University, Singapore. He currently serves on the audit committee of Ren Ci Hospital (a Singapore charity) and Ezion Holdings Limited (a company listed on SGX-ST).

Mr Yee is an elected Member of Parliament for Chua Chu Kang Group Representation Constituency in Singapore.

Mr Wee Guan Oei Desmond was appointed as an Independent Director of the Issuer on 6 February 2017. He is a partner and head of the Corporate Commercial Practice Group of Rajah & Tann Singapore LLP specialising in mergers and acquisitions, general commercial law and labour law. Mr Wee also has a particular focus in foreign direct investments into the emerging Asian economies. Mr Wee also has prior experience as a commercial litigator as well as being the group regional legal counsel of a Hong Kong public listed company.

Mr Wee is currently the Independent Director of Popular Holdings Limited and Non-Executive Director of Spartans Rugby Singapore Limited.

Mr Wee graduated with a Bachelor of Laws (Honours) from the University of Nottingham in 1994 and is admitted as an Advocate and Solicitor of the Supreme Court of Singapore and as a Barrister-at-law, Middle Temple in the United Kingdom.

MANAGEMENT

The day-to-day operations of the Group are entrusted to an experienced and qualified team of Executive Officers. The particulars of the Executive Officers are set out below:

Name	Position
Mr Neo Teck Pheng	Group Chief Executive Officer and Executive Director
Ms Lee Sau Hun	Group Chief Financial Officer
Mr Wang Gongyi	Chief Executive Officer (Chengdu Operations)
Mr Shu Zhen	Chief Executive Officer (Guangdong Operations)
Ms Zhang Jing	Chief Executive Officer (Shanghai Operations)
Mr Alexander Barentsen	Chief Executive Officer (European Operations)

Notes:

- (1) None of the Issuer's Executive Officers is related to one another, the Issuer's Directors or to the Issuer's Substantial Shareholders.

Information on the business and working experience of the Issuer's Executive Officers is set out below:

Ms Lee Sau Hun was appointed as the Group Chief Financial Officer of the Issuer in May 2011.

Ms Lee began her career at PricewaterhouseCoopers where her last held position was senior manager. Ms Lee then joined Hong Leong Management Services Pte. Ltd. as the Vice-President (Investment) between January 2006 and April 2011 where she engaged in corporate advisory services within Hong Leong Group Singapore. She was also a director of various subsidiaries of Hong Leong Group Singapore prior to the listing of the Issuer.

Ms Lee holds a Bachelor of Accountancy Degree (Second Class Honours) from the Nanyang Technological University, Singapore.

Mr Wang Gongyi was appointed as the Chief Executive Officer (Chengdu Operations) of the Issuer in October 2011. He oversees the day-to-day management and operations of the Group's business in Chengdu, PRC.

Prior to that, from June 1998 to May 2011, Mr Wang held the position of general manager of the former candy business operations of the Group, in charge of its general management and operations.

Mr Wang holds a Bachelor Degree in Machinery Design and Manufacturing from Sichuan Chengdu University, Chengdu, PRC. Mr Wang also achieved several awards, including the Sichuan Provincial Fourth Session of Excellent Entrepreneur award and the Model Worker award granted by the Sichuan Provincial Government.

Mr Shu Zhen was appointed as Chief Executive Officer (Guangdong Operations) of the Issuer in August 2012. Mr Shu is currently responsible for overseeing the Group's business operations in Dongguan, PRC. He first joined the Group in December 2007 as a director and vice-president of the Group's key subsidiary, First Sponsor (Guangdong) Group Limited ("**First Sponsor Guangdong**").

Mr Shu holds a Graduation Certificate in China Finance and Futures Higher Level Study from Beijing University, School of Economics, PRC.

Ms Zhang Jing was appointed as the Chief Executive Officer (Shanghai Operations) of the Issuer in November 2011. From her Shanghai office, Ms Zhang is responsible for the management and expansion of the Group's property financing business in the PRC.

Ms Zhang has extensive experience in the PRC financing and leasing operations from her role as general manager in various financing companies prior to joining the Group.

Ms Zhang holds a Bachelor Degree in Economics from the School of Economics, Aoyama Gakuin University, Japan.

Mr Alexander Barentsen was appointed as the Chief Executive Officer (European Operations) of the Issuer in July 2019. He is based in Amsterdam, the Netherlands, and is currently responsible for the management and operations of the Group's business in Europe.

Mr Barentsen joined the Group from Queens Bilderberg (Nederland) B.V. ("**QBN**") which holds the Bilderberg hotel portfolio, which was acquired by the Group in 2017. Shortly after the acquisition, he was promoted to Managing Director of QBN, after having held the positions of Finance Director and Director of Property & Development in 2012 and 2005 respectively. Prior to this, from 2001, he was in internal audit and carried out several finance and projects roles at Queens Moat Houses plc, the previous owner of QBN.

Mr Barentsen holds an Executive Master of Real Estate (MRE) from TiasNimbas, the business school of Tilburg University (the Netherlands) in association with Eindhoven University of Technology (the Netherlands), a Master of Business Administration in International Hospitality Management from IMHI (France), jointly administered by Cornell University School of Hotel Administration (USA) and The ESSEC Business School (France), and a Bachelor of Business Administration from the School of Hotel Management Maastricht (the Netherlands).

LEGAL REPRESENTATIVES

Identities of the legal representatives

As at 31 January 2020, the legal representatives of the Group's subsidiaries are as follows:

Subsidiaries	Name	Nationality
Chengdu Millennium Zhong Ren Real Estate Co., Ltd	Mr Neo Teck Pheng (梁德平)	Singaporean
Chengdu Zhong Ren No. 1 Management Consultancy Co., Ltd.	Mr Neo Teck Pheng (梁德平)	Singaporean
Chengdu Yong Chang Real Estate Co., Ltd	Mr Neo Teck Pheng (梁德平)	Singaporean
First Sponsor (Guangdong) Group Limited	Mr Neo Teck Pheng (梁德平)	Singaporean
Shanghai Sigma Enterprise Co., Ltd.	Ms Lee Sau Hun (李秀嫻)	Singaporean
Dongguan Kanghe Property Management Consulting Services Co., Ltd.	Mr Neo Teck Pheng (梁德平)	Singaporean
FS Dongguan No. 6 Investment Consultancy Co., Ltd.	Mr Shu Zhen (舒祜)	Hongkonger
FS Dongguan No. 9 Investment Consultancy Co., Ltd.	Mr Shu Zhen (舒祜)	Hongkonger
Chengdu Fuqing Commercial Operation Management Co., Ltd.	Mr Neo Teck Pheng (梁德平)	Singaporean
Chengdu Gaeronic Real Estate Co., Ltd	Mr Neo Teck Pheng (梁德平)	Singaporean
Chengdu Kaiser Management Consultancy Co., Ltd	Mr Zhang Jiarong (张家荣)	Singaporean

These legal representatives were appointed after consultations among the Group's senior management personnel, taking into account their experience in operating and managing corporate entities as well as their character and integrity.

6. RECENT DEVELOPMENTS

In March 2019, FS DE Property 2 GmbH, an indirect wholly-owned subsidiary of the Issuer incorporated under the laws of Germany, acquired 94.9 per cent. of the issued shares in the capital of BRE/GH II Dresden I Investor and Hotel Bellevue Dresden Betriebs which owns, and operates the Westin Bellevue Dresden Hotel, a hotel in Dresden, Germany, respectively, for a consideration which was based on a commercial property value of the hotel of approximately EUR49.5 million (including estimated acquisition costs).

In May 2019, Wanjiang (BVI) Limited, a wholly-owned subsidiary of the Issuer, acquired 60 per cent. of the issued shares in Concord Focus Development Limited (“**CFDL**”), a limited liability investment holding Company incorporated in Hong Kong from three individual vendors. The remaining 40 per cent. was acquired by Masaoka Realty Investment (H.K) Limited, an unrelated third party. CFDL’s wholly-owned subsidiary has the land use rights to the development site, namely, The Pinnacle, Chang’an in Dongguan, which has a gross floor area of approximately 78,400 sq m comprising approximately 607 residential apartments, 226 SOHO units, and 3,000 sq m of retail space is currently under development. The Group is working towards an initial sales launch of the residential component from March/April 2020.

In May 2019, Chengdu Gaeronic Real Estate Co., Ltd. (“**CGRE**”), Minyoun Industrial Group Corporation Limited (“**MIGCL**”) and Ningbo Meishan Bonded Port Area Nanshe Yachun Investment Management Partnership (Limited Partnership) (“**Ningbo Meishan**”) entered into a fifth supplemental agreement to the sale and purchase agreement in relation to the disposal Chengdu Cityspring, comprising (a) Block 9 (which is one of the 29-storey commercial buildings) certain parts of (excluding the basement and seven retail spaces on the first floor), (b) a retail space on the first floor of Block 8 (which is the other 29-storey commercial building), and (c) 318 basement car park lots to amend certain terms of the amended sale and purchase agreement. In August 2019, CGRE MIGCL and Ningbo Meishan entered into a sixth supplement agreement to further amend the amended sale and purchase agreement.

In June 2019, the Issuer announced that the gross proceeds from the rights issue of 3.98 per cent. subordinated perpetual convertible capital securities undertaken by the Issuer in May 2019 have been fully utilised. In June 2019, the Issuer also successfully redeemed and cancelled all outstanding perpetual convertible capital securities issued by the Issuer in April 2018.

In June 2019, the Issuer’s indirect wholly-owned subsidiary incorporated under the laws of the PRC, First Sponsor (Guangdong) Group Limited, entered into a joint venture agreement with Poly Bay Area Investment Development Co., Ltd and Shoucheng (Dongguan) Real Estate Co., Ltd. in relation to Dongguan Baozhu Industrial Investment Co., Ltd., to jointly develop three adjacent plots of mixed used development land situated in the southeast of Wanjiang District, Victory Community in Dongguan, Guangdong province, the PRC. The Group has an equity stake of 27% in the project named “Skyline Garden”. Development of the project is on track and pre-sale of the residential component is expected to commence from late 2020.

In November 2019, the Issuer’s indirect wholly-owned subsidiary, FS NL Holdings B.V., entered into a sale and purchase agreement with its 33.0%-owned associated Company, FSMC NL Property Group B.V. pursuant to which FS NL Holdings B.V. sold to FSMC NL Property Group B.V. one ordinary share in the capital of FS NL Zuidoost Property 15 B.V. (“**NLP15**”), representing the entire issued share capital of NLP15 (the “**Zuidoost Disposal**”). As a result of the Zuidoost Disposal, FS NLP15 has ceased to be a subsidiary of the Issuer and has become an associated Company of the Issuer. NLP15 has a perpetual leasehold interest in the land on which the Oliphant is situated.

In December 2019, the Issuer entered into a second supplemental trust deed with DBS Trustee Limited, as trustee, to, *inter alia*, amend the ratio of Consolidated Net Debt to Consolidated Total Equity under Clause 7.2.2 (Negative Pledge and Financial Covenants) of the Trust Deed entered into between the same parties in respect of the Programme.

In December 2019, the Issuer announced that the court decision in relation to the ongoing litigation between the seller which sold the Grand Hotel Puccini in Milan, Italy, to the Group, BNP Paribas REIM SGR p.A., acting as management Company of the Italian real estate close-ended alternative investment fund called “Fondo Kona” (the “**Corso Seller**”), and an ex-tenant of the property has been declared by the court of Milan to be final and non-appealable. The court of Milan declared that no preliminary sale and purchase agreement in relation to the property existed between the Corso Seller and the ex-tenant, rejected the Ex-Tenant’s request for a transfer of the property and ordered the cancellation of the registration of the ex-tenant’s claim with the competent real estate registry in Milan.

In December 2019, the Group signed a cooperation agreement with, among others, subsidiaries of the renowned developer, Hong Kong listed Sunac China Holdings Limited, in relation to an ongoing predominantly residential development project in Dongguan, comprising approximately 86,000 sqm of saleable residential GFA. In addition to taking a 30% equity interest, the Group will be extending a property financing loan to finance the development project. Completion of the acquisition of the 30.0% equity interest in the project by the Group is subject to certain conditions precedent, which are expected to be satisfied within 1H2020. The project commenced pre-sale in December 2019 and results have been good.

In January 2020, the Issuer completed its subscription of new units in the Development Trust and new ordinary shares in ICD SB Pitt Street Pty Ltd ("**ICD Trustee**") through its wholly-owned subsidiary incorporated in Singapore, FS Australia Property 5 Pte. Ltd. ("**FSAP5**"). The subscription price paid for the units and shares subscribed by FSAP5 amounted to a total of approximately A\$17.9 million (approximately S\$16.7 million). As a result of the subscription, the Issuer indirectly holds 39.9% of the units in the Development Trust and 39.9% of shares in ICD Trustee, and ICD Trustee has become a 39.9%-owned associated Company of the Issuer. ICD Trustee in its capacity as trustee of the Development Trust entered into a development management agreement dated 22 December 2015 (as varied and amended on 19 January 2018 and 20 May 2019) to redevelop the Club in Sydney, This is the Group's first Australian property development project since its inception in 2007.

7. INFORMATION ON MAJOR PROPERTIES IN THE GROUP'S PORTFOLIO

The following table provides brief details on the Group's major properties as at 31 January 2020:

PROPERTY DEVELOPMENT - PROPERTIES UNDER DEVELOPMENT ⁽¹⁾							
Name of Property/ Location	Description of the Property	Effective Group interest (per cent.)	Title/Year of expiry of land use rights	Project construction commencement date	Expected project handover/ completion date	Site area (sq m)	Approximate GFA (sq m) ⁽²⁾
PRC							
Millennium Waterfront (Plots E and F) Wenjiang District, Chengdu, Sichuan Province, PRC	Plot E is expected to comprise three blocks of approximately 2,900 SOHO units and an elder care centre of total 304,300 sqm (includes a hospital building of 69,500 sqm), 91,800 sqm of commercial/retail space and 3,200 underground car park lots. Plot F comprises 15 floors of 807 SOHO loft units and 5 floors of over 25,000 sqm of saleable retail and commercial space including F&B/restaurants, cinema, supermarket and 806 underground car park lots	100.0	Leasehold interest to year 2051	February 2018	Expected handover of Plot F SOHO loft units in phases from late 2020 / early 2021	48,237	534,409

PROPERTY DEVELOPMENT - PROPERTIES UNDER DEVELOPMENT ⁽¹⁾							
Name of Property/ Location	Description of the Property	Effective Group interest (per cent.)	Title/Year of expiry of land use rights	Project construction commencement date	Expected project handover/ completion date	Site area (sq m)	Approximate GFA (sq m) ⁽²⁾
The Pinnacle Project Chang'an Town, Dongguan, Guangdong Province, PRC	Expected to comprise eight blocks of 607 residential units, a cluster of 226 SOHO units, 3,000 sq m of retail space and 338 underground car park lots	60.0	(a) Leasehold interest to year 2088 (for the residential component); and (b) Leasehold interest to year 2058 (for the commercial component)	September 2019	Expected handover in phases from 2021	36,404	78,300
Star of East River Project Wanjiang District and Nancheng District, Dongguan, Guangdong Province, PRC	Comprising two blocks of 2,328 SOHO apartment units, 173,000 sq m of commercial space and 1,201 underground car park lots	30.0	Leasehold interest to years 2054 to 2055 (commercial component)	April 2017	Expected handover of one SOHO block each in 2020 and 2021	49,136	248,000
Skyline Garden Project Wanjiang District, Dongguan, Guangdong Province, PRC	Expected to comprise five blocks of 1,163 residential units, seven blocks of 1,715 SOHO units, 4,400 sq m of commercial space and 1,163 underground car park lots	27.0	(a) Leasehold interest to year 2089 (for the residential component); and (b) Leasehold interest to year 2059 (for the commercial component)	November 2019	Expected handover in phases from 2022	42,343	214,700

PROPERTY DEVELOPMENT - PROPERTIES UNDER DEVELOPMENT ⁽¹⁾							
Name of Property/ Location	Description of the Property	Effective Group interest (per cent.)	Title/Year of expiry of land use rights	Project construction commencement date	Expected project handover/ completion date	Site area (sq m)	Approximate GFA (sq m) ⁽²⁾
Emerald of the Orient Project Nancheng District, Dongguan, Guangdong Province, PRC	Comprising 168 villas and 1,076 residential units for sale and lease as well as approximately 89,500 sq m of office space, residential units, a kindergarten and other general amenities to be built for the municipal as per the land tender conditions	20.4	(a) Leasehold interest to year 2088 (for the residential component); and (b) Leasehold interest to year 2058 (for the commercial component)	October 2018	Late 2020 / early 2021	67,477	235,876
The Netherlands							
Meerparc Amstelveenseweg 638-730, Amsterdam, the Netherlands	Comprising approximately 12,200 sq m of office space, 5,646 sq m retail/commercial space and 230 car park lots.	100.0	Freehold	Under planning	Not applicable ⁽³⁾	9,744	Not applicable ⁽³⁾
Dreeftoren Haaksbergweg 3-73 (odd numbers), Amsterdam, the Netherlands	Comprising office space and 207 car park lots	100.0	Perpetual leasehold interest with ground rent paid until year 2039	Under planning	Not applicable ⁽³⁾	5,740	Not applicable ⁽³⁾
The Terraced Tower Boompjes 55 and 57, Rotterdam, the Netherlands	Expected to comprise 340 residential units, retail spaces and 212 car park lots	33.0	Freehold	October 2017	Expected to be in 2021	1,220	39,539

PROPERTY HOLDING - INVESTMENT PROPERTIES					
Name of Property / Location	Description of the Property	Effective Group interest (per cent.)	Title/Year of expiry of land use rights	Approximate lettable floor area (sq m) ⁽²⁾	
The Netherlands					
Arena Towers Hoogoorddreef 66 and 68, Amsterdam, the Netherlands	Comprising the Holiday Inn Amsterdam and the Holiday Inn Express Amsterdam hotels with 443 hotel rooms in aggregate, and 509 car park lots	100.0	Perpetual leasehold interest with ground rent paid until year 2053	17,396	
Berg & Bosch Professor Bronkhorstlaan 4, 4A, 6, 8, 10A - 10M, 12 - 20 and 26, Bilthoven, the Netherlands	Comprising buildings, some of which are national monuments amidst a rich green landscape and 627 car park lots	33.0	Freehold	34,024	
Oliphant Haaksbergweg 4-98 (even numbers), Amsterdam, the Netherlands	Comprising office space and 159 car park lots (to be increased to at least 183 car park lots on completion)	33.0	Perpetual leasehold interest with indexed ground rent payable on an annual basis until year 2048.	21,136	
Mondriaan Tower Amstelplein 6 and 8, Amsterdam, the Netherlands	Comprising office space and 249 car park lots	33.0	Freehold	24,936	
Zuiderhof I Jachthavenweg 121, Amsterdam, the Netherlands	Comprising office space, archive space and 111 car park lots	33.0	Perpetual leasehold interest with ground rent paid until year 2050	12,538	
Herengracht 21 Herengracht 21, The Hague, the Netherlands	Comprising office space	33.0	Freehold	473	

PROPERTY HOLDING - INVESTMENT PROPERTIES					
Name of Property / Location	Description of the Property	Effective Group interest (per cent.)	Title/Year of expiry of land use rights	Approximate lettable floor area (sq m)⁽²⁾	
Munthof Reguliersdwaarsstraat 50-64. Amsterdam, the Netherlands	Comprising mainly office space and 57 car park lots	33.0	Freehold	3,515	
Germany					
Le Méridien Frankfurt Weisenhüttenplatz 28, 30, 32 and Weisenhüttenstraße 36- 38 Frankfurt am Main, 60329, Germany	Comprising 300 hotel rooms and suites and 48 car park lots	50.0	Freehold	15,602	
PROPERTY HOLDING - HOTELS⁽⁴⁾					
Name of Property/ Location	Description of the Property	Effective Group interest (per cent.)	Title/Year of expiry of land use rights	Approximate GFA (sq m)⁽²⁾	
PRC Crowne Plaza Chengdu Wenjiang Hotel & Holiday Inn Express Chengdu Wenjiang Hotspring Hotel No. 619A/B North Phoenix Street, Wenjiang District, Chengdu, Sichuan Province, PRC	Comprising 608 hotel rooms and suites, and a hotspring facility	100.0	Leasehold interest to year 2051	81,041	

PROPERTY HOLDING - HOTELS⁽⁴⁾					
Name of Property/ Location	Description of the Property	Effective Group interest (per cent.)	Title/Year of expiry of land use rights	Approximate GFA (sq m)⁽²⁾	
The Netherlands					
Hampton by Hilton Utrecht Centraal Station & Crowne Plaza Utrecht Centraal Station (3rd floor up to and including the 9th floor of the Poortgebouw Hoog Catharijne) Catharijne Esplanade 13, 3511WK Utrecht, the Netherlands	Comprising 193-room Hampton by Hilton Utrecht Centraal Station (in operation) and 144-room Crowne Plaza Utrecht Centraal Station (expected to commence operations in second quarter of 2020)	100.0	Leasehold interest to year 2069	13,822	
Bilderberg Garden Hotel Amsterdam Dijsselhofplantsoen 7, 1077 BJ Amsterdam, the Netherlands	Comprising 124 hotel rooms and suites	31.4	Perpetual leasehold interest with indexed ground rent payable on an annual basis until year 2020. A one off payment will be made in 2021 to prepay the ground rent until year 2070.	6,920	
Bilderberg Parkhotel Rotterdam Westersingel 70, 3015 LB Rotterdam, Rotterdam, the Netherlands	Comprising 194 hotel rooms and suites	31.4	Freehold	12,875	
Bilderberg Europa Hotel Scheveningen Zwolesstraat 2, 2587 VJ Scheveningen, The Hague, the Netherlands	Comprising 174 hotel rooms and suites	31.4	Temporary leasehold interest with ground rent paid until year 2026	9,950	
Bilderberg Kasteel Vaalsbroek Vaalsbroek 1, 6291 NH, Vaals, the Netherlands	Comprising 130 hotel rooms and suites	31.4	Freehold	16,270	

PROPERTY HOLDING - HOTELS⁽⁴⁾						
Name of Property/ Location	Description of the Property	Effective Group interest (per cent.)	Title/Year of expiry of land use rights	Approximate GFA (sq m)⁽²⁾		
Hotel de Bilderberg Utrechtseweg 261, 6862 AK Oosterbeek, the Netherlands	Comprising 146 hotel rooms and suites	31.4	Freehold	12,685		
Bilderberg Hotel De Keizerskroon Koningstraat 7, 7315 HR Apeldoorn, the Netherlands	Comprising 93 hotel rooms and suites	31.4	Freehold	7,588		
Bilderberg Hotel 't Speulderbos Speulderbosweg 54, 3886 AP Garderen, the Netherlands	Comprising 102 hotel rooms and suites	31.4	Freehold	10,150		
Bilderberg Résidence Groot Heideborgh Hogesteeg 50, 3886 MA, Garderen, the Netherlands	Comprising 84 hotel rooms and suites	31.4	Freehold	7,530		
Bilderberg Grand Hotel Wientjes Stationsweg 7, 8011 CZ, Zwolle, the Netherlands	Comprising 57 hotel rooms and suites	31.4	Freehold	4,087		
Bilderberg Hotel De Bovenste Molen Bovenste Molenweg 12, 5912 TV, Venlo, the Netherlands	Comprising 82 hotel rooms and suites	31.4	Freehold	6,575		
Bilderberg Château Holtmühle Kasteellaan 10, 5932 AG Tegelen, the Netherlands	Comprising 66 hotel rooms and suites	31.4	Freehold	5,600		

PROPERTY HOLDING - HOTELS⁽⁴⁾					
Name of Property/ Location	Description of the Property	Effective Group interest (per cent.)	Title/Year of expiry of land use rights	Approximate GFA (sq m)⁽²⁾	
Hilton Rotterdam Weena 10, 3012 CM, Rotterdam, the Netherlands	Comprising 254 hotel rooms and suites	33.0	Freehold	20,800	
Germany					
Bilderberg Bellevue Hotel Dresden	Comprising 340 hotel rooms and suites	94.9	Freehold	40,678	
Große Meißner Straße 15, 01097 Dresden, Germany					
Italy					
Bare shell hotel formerly known as Grand Hotel Puccini Corso Buenos Aires No. 33, Milan, Italy	Comprising a bare shell former hotel to be completely refurbished into a hostel	100.0	Freehold	2,980	

Notes:

- (1) For the avoidance of doubt, this table does not include major Properties that have been completed or that were substantially sold, such as Chengdu Cityspring which was completed in 2012 (residential component) and 2013 (commercial component), Plots A, B, C and D of Millennium Waterfront, Star of East River Project (residential component) and the various non-core properties of FSMC including Terminal Noord which were sold in the course of 2016 and November 2017 respectively.
- (2) Excludes underground GFA and/or car park area.
- (3) Yet to be determined as the development plan relating to this project is currently in the preliminary stage.
- (4) Comprises hotels owned and operated by the Group.

RISK FACTORS

The risk factors in this section should be read in conjunction with the section “Risk Factors” appearing on pages 192 to 231 of the Information Memorandum.

GENERAL RISKS RELATING TO THE GROUP’S BUSINESSES

The Group is dependent on the performance of property markets which are cyclical in nature

The Group’s property development and property holding businesses are dependent on the performance of and the cyclical nature of the property markets, especially in markets where the Properties are located.

The Group’s key property development projects are generally located in Amsterdam and Rotterdam in the Netherlands, as well as Chengdu in Sichuan province and Dongguan in Guangdong province in the PRC. In January 2020, the Group acquired a 39.9% equity interest in the Development Trust which will undertake the renovation of the premises of the Club situated at 194 to 204 Pitt Street, Sydney, and the development of the airspace above the premises of the Club into a hotel and residential apartments. In return, the Development Trust will be paid a development fee calculated based on the gross proceeds from the sale of the residential apartments and any other income or gain arising from the residential apartment less certain agreed deductions. The Group’s key Properties under the property holding business are generally located in the Netherlands (including Amsterdam, Rotterdam, Utrecht and The Hague), in Germany (namely in Frankfurt and Dresden) and in the PRC (namely, Chengdu and Dongguan). Accordingly, the Group’s property development and property holding businesses are dependent on the performance and growth of the property markets in the Netherlands, Germany, Australia and the PRC and, in particular, Amsterdam, Rotterdam, Utrecht, The Hague, Frankfurt, Dresden, Chengdu, Dongguan and Sydney (collectively, the “Key Cities”) which are in turn cyclical in nature and may be adversely affected by economic, political, social and regulatory factors. These factors include, among others, the regional and local economic climate, local property conditions and perceptions of property purchasers with respect to the convenience and attractiveness of the development, competition from other developments, changes in market rates for comparable sales and increased business and operating costs. For example, the occurrence of any of the aforementioned factors may have an adverse effect on the demand and the selling prices of the Group’s property development projects, thereby materially and adversely affecting the Group’s business, operations, results of operations, financial position and prospects.

The Group is therefore vulnerable to any downturn in the property markets in the jurisdictions where the Properties and its property development projects are located, including in the Netherlands, Germany, the PRC, Australia and, in particular, the Key Cities. The cyclical nature of the residential and commercial property markets in the Netherlands, Germany, the PRC and Australia and, in particular, the Key Cities, are primarily due to changes in the supply and demand of such properties. There can be no assurance that any measures which the Group may take to mitigate the adverse effects of the cyclical nature of the residential and commercial property markets in the Netherlands, Germany, the PRC, Australia and, in particular, the Key Cities, on the Group’s business will be successful. A downturn in the property market in the Netherlands, Germany, the PRC and Australia and, in particular, the Key Cities, may materially and adversely affect the Group’s business, operations, results of operations, financial position and prospects.

The Group may be adversely affected by economic and real estate market conditions (including uncertainties and instability in global market conditions and increased competition in the real estate markets), political or constitutional instability, conflicts and/or crises, as well as changes in regulatory, fiscal and other governmental policies in Europe and/or the PRC

A substantial portion of the Group’s portfolio and property development projects is, and future properties and property development projects will be, located in Europe, the PRC and Australia. A substantial portion of the Group’s revenue is currently derived from properties located in Europe and the PRC and the results of operations depend upon the performance of Europe and the PRC. A downturn in the economies of Europe, the PRC and/or Australia, or the impact that an economic decline in Europe, the PRC and/or Australia, could result in reduced demand for office, commercial and/or residential space and in turn adversely affect the Group’s business, operations, results of operations, financial position and prospects.

In addition, Europe's, the PRC's and Australia's economies are affected by global economic and political conditions. For instance, it is unclear how the Brexit situation in Europe would affect the fiscal, monetary and regulatory landscape within the United Kingdom and Europe. Similarly, the PRC's economic growth may also slow down due to weakened exports as well as uncertainties arising from the trade negotiations with the United States and the 2019 Novel Coronavirus ("**Covid-19**"). These factors may also affect the Australian market given its dependency on the PRC in its education and tourism sectors on students and tourists from the PRC. Global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. These events could adversely affect the Group as they could result in:

- a negative impact on the ability of tenants to pay their rents in a timely manner or continue their leases, thus reducing the Group's cash flow;
- a decline in the demand for leased space for office and commercial purposes across Europe and/or the PRC and the rents that can be charged when leases are renewed or new leases entered into, as compared to rents that are currently charged;
- a decline in the market values of the Properties in the Group's portfolio; and/or
- an increase in counterparty risk (being the risk of monetary loss which the Group may be exposed to if any of its counterparties encounters difficulty in meeting its obligations under the terms of its respective transaction).

There is also uncertainty as to the potential for slowdown in consumer demand, the impact of any global downturn on Europe, the PRC and/or Australia and the impact of political or constitutional instability, conflicts and/or crises in any European countries, the PRC and/or Australia. These could contribute to an economic decline in Europe, the PRC and/or Australia, which may adversely affect the Group's business, operations, results of operations, financial position and prospects.

Further, the Group and the Properties will be subject to real estate laws, regulations and policies of European jurisdictions, the PRC as well as Australia in which the Properties and the Group's property development projects are located. Measures and policies adopted by European, the PRC and/or the Australian governments and regulatory authorities at national, state or local levels, such as government control over property investments or foreign exchange regulations, may adversely affect the Group's business, operations, results of operations, financial position and prospects.

The appraised value of the Group's property portfolio and the properties over which the Group has secured mortgages in connection with its property financing business may be different from their actual realisable value and is subject to change

The appraised value of the Group's property portfolio, as well as the properties over which the Group has secured mortgages in connection with its property financing business, is based on various assumptions that may be inherently subjective or uncertain.

The assumptions on which the appraised value of the properties are based include the following:

- in relation to the Group's property portfolio, as well as the properties over which the Group has secured mortgages in connection with its property financing business (the "**Mortgaged Properties**"), and unless otherwise stated, the transferable land use rights of the properties for their respective terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid;
- information and advice regarding the title to each of the Group's property portfolio, as well as the Mortgaged Properties and the interests of the Group in such properties relied on by the Group are accurate;

- the Group, and the entities through which the Group makes its investments, as the case may be, have enforceable title to each of the properties in the Group's property portfolio and the Mortgaged Properties, and have free and uninterrupted rights to use, occupy or assign such properties for the whole of the respective outstanding land use term as having been granted, or the term of the lease, as the case may be;
- unless otherwise stated, each of the properties in the Group's property portfolio, and the Mortgaged Properties, is free from encumbrances, restrictions and outgoings of any onerous nature which could affect their respective values;
- no allowance has been made for any charges, mortgages or amount owing on the properties in the Group's property portfolio, and the Mortgaged Properties, nor any expenses or taxation which may be incurred in effecting a sale; and
- estimated price inflations or deflations by special terms or circumstances such as a typical financing, sale and leaseback arrangement, special considerations or concessions granted by any party associated with the sale or any element of special value have been excluded.

Therefore, the appraised value of the Group's property portfolio and the Mortgaged Properties should not be taken as their actual realisable value or a forecast of their realisable value.

Unforeseeable changes to the development of the Group's property portfolio as well as national and local economic conditions may affect the value of the Properties. Furthermore, fair value gains on investment properties which the Group holds for income that are included in the Group's consolidated income statements reflect unrealised capital gains in the estimated fair value of such properties at the relevant reporting dates and do not generate any actual cash inflow to the Group unless and until such properties are sold at or above such estimated values. Favourable or unfavourable changes in the assumptions of market conditions used would result in changes to the fair value of the Group's investment properties which it holds for income and corresponding adjustments to the amount of gains or losses reported in the Issuer's consolidated income statements in the future. Accordingly, the occurrence of any of the aforementioned events may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group may not be able to identify and acquire suitable land sites for future developments at commercially acceptable prices or complete the acquisitions of land sites for its proposed pipeline

In respect of the Group's property development and holding business, it may not be able to identify and acquire suitable land sites at commercially acceptable prices for development and/or income purposes.

The Group believes that it needs to continuously identify and acquire suitable land sites for future development in order to sustain the growth of the Group's property development and property holding businesses. The Group's ability to acquire land use rights, or land sites, as the case may be, as well as the corresponding acquisition costs of such land use rights or land sites depend on factors beyond the Group's control, such as government policies with respect to land supply, development, pricing, as well as competition posed by other property developers. For instance, in the Netherlands and the PRC, the supply of land is largely controlled by the relevant government authorities.

Although the Group has previously been able to acquire suitable land use rights or land sites at commercially acceptable prices, there can be no assurance that it will continue to be able to do so, or at all. In the event that the Group is unable to identify and acquire suitable land use rights or land sites at commercially acceptable prices for future development, its business, operations, results of operations, financial position and prospects may be adversely affected.

The due diligence investigations on the Properties and/or the entities through which the Group had acquired its interests in a number of the Properties may not have identified all defects, breaches of laws and regulations and other deficiencies

Although the Directors believe that reasonable due diligence investigations have been conducted with respect to the Properties as well as the corporate entities through which the Group had acquired its interests in a number of the Properties (the “**Corporate Entities**”), there can be no assurance that the Group’s due diligence, surveys or inspections (or the relevant review, due diligence or inspection reports on which the Group has relied upon) would have revealed all defects or deficiencies affecting the Properties that the Group has interests in or manages, including to the title thereof, and/or that the Corporate Entities do not have any significant unidentified liabilities or obligations or operational deficiencies (including debt or trade payables and/or unknown or defective contracts).

In particular, there can be no assurance as to the absence of latent or undiscovered defects, deficiencies or inaccuracies in such reviews, surveys or inspections. Design, construction or other latent property or equipment defects in the Properties may require it to incur additional capital expenditure, repair or maintenance expenses, or the payment of damages or other obligations to third parties. Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable levels of expenditure which may have a material and adverse effect on the Group’s business, operations, results of operations, financial position and prospects.

In the event that there are a significant number of claims or a claim for a significant amount made against the Group arising from statutory or contractual representations, warranties and indemnities it has provided to purchasers, the Group may have to incur significant expenditure and costs in defending such claims. Such litigation could harm the Group’s reputation and materially and adversely affect its business, operations, results of operation, financial position and prospects.

Furthermore, laws and regulations (including those in relation to the Properties) may have been breached and certain regulatory requirements in relation to the Group’s property development projects in the Netherlands and the PRC may not have been complied with, which the Group’s due diligence investigations may not have been able to uncover. As a result, the Group may incur financial or other obligations in relation to such breaches or non-compliance which could materially and adversely affect its business, operations, results of operations, financial position and prospects.

The Group may not be able to control or exercise any influence over investment entities, future joint venture partners or the Properties

Several of the Properties, such as those comprised in the Bilderberg Portfolio in the Netherlands, the Le Méridien Frankfurt in Germany, and the Star of the East River Project and Emerald of the Orient Project in the PRC, are not wholly-owned, directly or indirectly by the Group. The Group may also, in the course of future acquisitions, acquire minority interests in investment entities. Accordingly, the Group does not or, as the case may be, may not in the future, have unfettered discretion to deal with such Properties.

Should any disagreements arise between the Group and its future joint venture partners regarding the business and operations of any future joint ventures, there can be no assurance that it will be able to resolve them in a timely manner and in a manner that will be in the Group’s best interest. In particular, the Group’s future joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group, (b) be unable or unwilling to fulfil their obligations, (c) have financial difficulties, and/or (d) have disputes with the Group as to the scope of their responsibilities and obligations.

Furthermore, there can be no assurance that the Group will be able to control such entities or exercise any influence over the assets held by such entities or their distributions to the Group. Such entities may develop objectives which are different from those of the Group and may not be able to make distributions to the Group at levels that the Group anticipates. The management of such entities may also make decisions which could adversely affect the operations of the Group.

Any of these and other factors may materially and adversely affect the performance of its future joint ventures, which may in turn materially and adversely affect the Group’s business, operations, results of operations, financial position and prospects.

The Group incurs substantial capital outlay for land acquisitions and construction activities

The Group is engaged in the development of residential and commercial properties. The Group's property developments require substantial capital outlay for land acquisition and for the construction of its properties. It may take more than one year from the time a suitable land site has been acquired before positive operating cash flows are generated through pre-sale or sale proceeds derived from the Group's property developments.

The Group's developments differ in size and scale, and the time taken to complete such property developments may take several years. Accordingly, there may be a mismatch of cash flow, between the time the Group incurs its capital outlay and the time of the receipt of its pre-sale or sale proceeds.

In order to finance the capital outlay required in connection with the Group's operations, it relies largely on internal resources, pre-sale proceeds from its ongoing property development projects, existing facilities from banks and financial institutions, as well as funds raised by the Issuer in the equity and/or debt capital markets.

Although the Group has obtained financing support and has been able to rely on its internal resources as well as pre-sale proceeds from its ongoing property development projects to fund its other projects, there can be no assurance that the Group will be able to continue to obtain or rely on such financing support, internal resources and pre-sale proceeds in the future. As such, in the event that the Group is unable to obtain the required financing and does not have sufficient cash flow to fund its projects and/or working capital requirements, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may be adversely affected by increasing competition

The property development industries in Europe, the PRC and Australia are rapidly evolving. This is apparent from the competition posed by existing property developers, as well as the emergence of new players in the property development industry. As such, the Group may have to compete with new players when acquiring land sites for development in suitable locations and at commercially acceptable prices. As certain of these property developers, including overseas listed foreign developers and top-tier domestic property developers, are more established than the Group and may have greater brand recognition, financial, technical, marketing and other resources, they may be able to operate more successfully than the Group. If the Group is unable to compete effectively, its business, operations, results of operations, financial position and prospects could be materially and adversely affected.

Furthermore, the increased competition amongst property developers in Europe, the PRC and Australia may also result in, among others, increased land acquisition costs, the Group being outbid during the tender process or the Acquiring Process when tendering for land sites in Europe, the PRC or Australia, as the case may be, over-supply of properties in Europe, the PRC or Australia, as the case may be, downward pressure on property prices caused by factors including the lowering of prices in the Group's competitors' developments which are located in the vicinity of the Group's developments, additional requirements in the approval and review of new property developments by the relevant government authorities, increased construction costs and difficulty in obtaining high quality contractors and qualified employees. An occurrence of any of such factors, either individually or in aggregate, may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

As the Group's property holding business currently includes hospitality assets, the Group also faces competition in the hospitality industry. The level of competition in the Netherlands, Germany, as well as Chengdu, where the Group's hospitality assets operate is affected by various factors, including changes in economic conditions, both locally and regionally, changes in the local and regional population, the supply and demand for hotel rooms, changes in travel patterns and preferences, and an increase in the supply of hotels in these jurisdictions. In addition, there can be no assurance that new or existing competitors will not offer significantly lower room rates than the Group's room rates, offer greater convenience services or amenities or significantly expand or improve their facilities in these jurisdictions, thereby adversely affecting the demand for the Group's hotel rooms.

In addition, the financing industry in which the Group operates its property financing business is highly fragmented and very competitive. The Group believes that the market will become more competitive as the financing industry matures and consolidates. The Group competes with other secured financing providers as well as banks and other financial institutions. Several of the Group's competitors have larger and more established customer bases and substantially greater financial, marketing and other resources than the Group. As the Group's property financing business is significantly dependent on the interest rates it offers to the borrowers, and given that the Group is not the only player in the property financing market in the PRC, there can be no assurance that entities which are also engaged in the property financing business will not offer significantly lower interest rates than the Group's interest rates. If the Group does not successfully compete against other secured financing providers, banks and financial institutions, its business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may suffer losses as a result of foreign currency fluctuations

The Group is exposed to volatility of the RMB due to its operations in the PRC. Any depreciation in the RMB against the Singapore dollar will adversely affect the Group's earnings, net assets, the value of any dividends it pays to its Shareholders in Singapore dollars or require the Group to use more RMB funds to service any Singapore dollar-denominated debt. Fluctuations in RMB exchange rates are affected by, among others, changes in political and economic conditions and the PRC's foreign exchange regime and policy.

Since the Group's entry into the European property market in February 2015, the Group has hedged its exposure to the EUR by financing all its acquisitions with a combination of EUR-denominated borrowings and/or financial derivatives involving cross currency swaps ("CCSs") and foreign currency swaps ("FCSs"), the result of which is to achieve a corresponding EUR liability. The Group takes an economic hedge rather than an accounting hedge approach with regard to the management of its exposure to assets in Europe.

In late 2018, the Group and Tai Tak entered into a 50-50 joint venture which disbursed an AUD50.0 million loan secured on a prime property located in Australia and the Group fully hedged its AUD loan assets.

As at 31 December 2019, the Group had entered into 17 CCSs with aggregate notional amounts of CNH530.6 million, EUR452.1 million and AUD10.0 million respectively, and two FCS totaling approximately EUR72.2 million. The fair value of these instruments is 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 foreign currency-denominated assets when the respective instruments approach their maturity dates and foreign currency-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 such financial derivatives and underlying foreign currency-denominated assets as at 31 December 2019 was approximately S\$0.3 million.

The Group does not currently have a formal hedging policy with respect to its foreign exchange exposure to RMB and has not actively used any financial hedging instruments to actively manage its RMB foreign exchange risk. However, the Group has started to hedge its new exposure to the PRC property development and property financing operations to the extent that these are not funded by onshore RMB assets by drawing CNH-denominated borrowings and/or executing CNH CCSs. The cost of entering into such hedging instruments to manage the Group's exposure to RMB remains fairly significant. The Group will continue to monitor its foreign exchange exposure vis-à-vis the associated hedging costs and take appropriate actions when necessary. There is no assurance as to the effectiveness and success of any hedging action that the Group might or might not take.

The Group is dependent upon its experienced and established management team

The Group's success to date has been largely attributable to the contributions of its management team guided by its Board. The Group's management team has been instrumental in formulating and implementing its business strategy, corporate development, sales and marketing strategies and overall management of the Group.

The Group's management team also possesses an extensive business network, the necessary experience and requisite market knowledge. The Group's continued success is highly dependent on its ability to retain the services of the management team. The Group does not have any key management insurance to mitigate the potential adverse effects on its business that may be caused by the loss of the services of key members of the Group's management team. As such, the loss of the services of the Group's management team without timely or suitable replacements, or at all, may lead to the loss or deterioration of management capability and important business relations which may have a material and adverse impact on the Group's business, operations, results of operations, financial position and prospects.

The Group may not have sufficient insurance coverage against potential losses and claims arising from its operations and certain events

Currently, in the Europe and the PRC in which the Group primarily operates, there are no stipulated regulations that require entities of the Group to take up any specific insurance before being allowed to operate, except for motor vehicle insurance and employee-related social insurance such as elderly, medical and work injury insurance, which the Group has purchased accordingly.

In respect of the Group's property development entities operating in the PRC, other than the aforementioned insurance coverage, the Group's property development entities have taken up construction all risk insurance to cover the risks associated with the Group's property development projects during the construction phase as well as loss and damage of construction materials brought to the construction sites by the main contractors. In addition, the Group or the main contractors engaged by it for the construction of its property development projects will take up work injury insurance before the commencement of construction.

In the Netherlands, the Group has required the main contractors engaged by it for the construction of its property development projects to take up professional indemnity insurance coverage for risks associated with third party claims. In addition, the Group has taken up or required its contractors to take up construction all risk insurance which provides coverage for risks associated with construction including damages to the works which may arise during construction.

In respect of the Group's property holding entities, other than the aforementioned insurance coverage, for the Group's Properties in Europe and the PRC, the Group has purchased property insurance including fire insurance for the Properties which the Group holds for income. Such property insurance coverage has, as far as practicable, been extended to include losses and damage arising from earthquakes, typhoons, labour strikes, floods, other natural disasters and terrorism. The Properties in Europe are insured against earthquakes, storms, labour strikes, riots, earthquakes, floods and terrorism. Crowne Plaza Chengdu Wenjiang Hotel and Holiday Inn Express Chengdu Wenjiang Hotspring Hotel have also procured insurance coverage for machinery breakdown, general commercial liability, employer liability and cash and cash in transit.

The Group will continue to monitor the property insurance coverage of properties acquired as part of its property holding business in other regions beyond the Netherlands, Germany, Italy and the PRC as the Group continues to explore opportunities for growth and expansion of its property holding business in markets other than these, as advised by their local property managers and with reference to typical property insurance of similar buildings within close proximity.

In respect of the Group's property financing business in the PRC, the Group provides entrusted loans through Entrusted Loan Agent Banks. Except for the property insurance that the Group's borrowers are typically required to purchase in respect of mortgaged property as required by their respective Entrusted Loan Agent Banks, no other insurance coverage has been taken up.

Notwithstanding that the relevant insurance coverage as set out above has been obtained, the Group may still be susceptible to losses and incur liabilities arising from any unforeseeable events, such as the collapse of a building or fire occurring at the Group's project sites, and the Group's inability to ensure that the main contractors will comply with the insurance coverage requirements imposed on them under the construction contracts that the Group has entered into with these parties. The Group's property and casualty insurance policies for its properties do not currently cover acts of war, intentional or dishonest acts, nuclear reaction or radio-active contamination, asbestos contamination or other long-term environmental impairments. The examples set out above do not purport to be an exhaustive set of policy coverage exclusions.

Further, should an uninsured loss or a loss in excess of insured limits occur, the Group could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property as it may not be able to rent out or sell the affected property and any financial obligation secured by such property may be accelerated. There is no assurance that material losses in excess of insurance proceeds will not occur. Accordingly, any future losses, damages or liabilities incurred as a result of the aforementioned events, which are not adequately covered by the Group's insurance, could materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group's business may be adversely affected by natural disasters, the occurrence of epidemics and other acts of God

Natural disasters, epidemics and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in Europe and the PRC and other parts of the world in which the Group operates. Regions in which the Group operates in may, from time to time, be affected by floods, earthquakes, rainstorms or droughts. For instance, the Properties situated in Sichuan province are susceptible to floods, earthquakes and/or any other calamities. Although the Group has not previously suffered any material damage or significant liabilities arising from floods, earthquakes or other calamities, there can be no assurance that this will continue to be the case. The occurrence of such natural calamities in the regions where the Properties are located could adversely affect its businesses in such regions. In addition, such events could also delay the Group's property completion schedule or result in damage to its properties under development, the properties it holds for income as well as properties over which the Group has secured mortgages in connection with its property financing business. Any significant disruption in the supply of public utilities or the occurrence of fire, flood or other calamities could also result in an interruption to, delay in, or require the Group to cease, its operations. It is possible that this could result in additional expenditure which may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

In addition, past occurrences of epidemics, depending on their scale, have had varying degrees of impact on the national and local economies in the regions in which the Group operates. A recurrence of Severe Acute Respiratory Syndrome ("**SARS**") or Middle East Respiratory Syndrome ("**MERS**") or an outbreak of any other epidemics, including the spread of viruses such as Ebola, H7N9 avian influenza virus, H1N1 swine influenza virus, Zika virus and Covid-19 especially in the regions in which the Group operates, may materially and adversely affect its business, operations, results of operations, financial position and prospects.

In late January 2020, the Holiday Inn Express Chengdu Wenjiang Hotspring Hotel and the adjoining hotspring suspended their operations as a precautionary measure to curb the spread of Covid-19. As at 31 January 2020, it is premature to ascertain the full financial impact of the Covid-19 outbreak. Nonetheless, the Group expects that there will be some impact on certain of its operations. The Group will announce any material developments, as appropriate.

The Group may from time to time be involved in legal and other proceedings, including those initiated by an independent third party, arising from its operations which could result in damage to the Group's reputation and loss of customer goodwill

The Group may, from time to time, be involved in disputes with various parties, such as contractors, sub-contractors, suppliers, construction companies, purchasers of the Group's properties, lessees and borrowers. These disputes may result in legal and other proceedings and may cause the Group to suffer costs and delays as well as divert its resources and management's attention and time away from its business and operations.

The Group may also from time to time in the course of its operations be involved in investigations undertaken by various regulatory bodies, which may result in administrative proceedings and unfavourable decisions being taken against the Group. In such an event, the progress of development and/or construction of the Group's projects may be delayed and the Group may as a result suffer financial losses which will in turn materially and adversely affect its business, operations, results of operations, financial position and prospects.

The Group typically engages independent third party property management companies as property managers of its completed developments. Accordingly, should there be any allegations by customers who have purchased units in its developments of fraud, negligence, wilful default, breach of applicable laws or regulations or breach of the terms of the agreements under which such property management companies provide their management services for the Group's developments against these property management companies, the Group's reputation may be adversely affected. This may affect the sale of the Group's future property developments and may also expose the Group to potential liability, which may consequently result in a material and adverse effect on its business, operations, results of operations, financial position and prospects.

In respect of the Group's property financing business, in the event any receivables become bad or doubtful, the Group may need to commence enforcement proceedings against the asset which had been secured as collateral by the Borrower to the Entrusted Loan Agent Bank in an entrusted loan arrangement. This process may be time consuming and the outcome may be unfavourable to the Group. Accordingly, the Group may be unable to enforce its collateral rights, which may adversely affect its business, operations, results of operations, financial position and prospects.

The increase of negative public awareness of such disputes, allegations or legal proceedings would also affect the Group's reputation in the markets where it operates. Accordingly, this could adversely impact the Group through the loss of goodwill with its customer base and as a result of which, the Group's customers may choose its competitors for their property developments, hotels, investment properties and/or property financing.

The Group may suffer disruptions to its business and operations if any legal representatives of its PRC subsidiaries or joint venture entities or any managing directors of its general partner or subsidiaries in Germany performs any unauthorised acts or enters into any unauthorised transactions which are detrimental to the Group

Each of the legal representatives of the Group's PRC subsidiaries may also serve as an executive director of these entities. These legal representatives have broad powers and responsibilities which include determining the operational and investment plans of the entity, and developing plans with respect to mergers, divisions, dissolutions or changes in corporate structure.

In April 2010, the Group, through several PRC entities (all but one of which are no longer subsidiaries of the Group), commenced legal proceedings against Mr. Cheung Ping Kwong, who was the then chief executive officer and legal representative of a majority of the PRC entities for, among others, unlawfully taking unilateral control of the company seals and other corporate documents (including permits and licences) of all the entities comprised by First Sponsor Guangdong and its subsidiaries (the "**FSG Group**") as well as two related companies of First Sponsor Guangdong (together with the FSG Group, the "**FSG Entities**"). In addition, Mr. Cheung had also, among others, (a) terminated the employment of FSCL's various appointees in First Sponsor Guangdong without proper authority, (b) denied the Group access to the accounts of the FSG Entities, (c) disposed of the equity interest in several entities within the Group which held properties and certain biological assets including trees and plants in the PRC, including the Group's 80.0 per cent. equity interest in Dongguan Huiying Consultancy Management Limited. By April 2010, Mr. Cheung was removed from all his positions within the FSG Entities due to the actions he had undertaken without proper authorisation.

In December 2010, settlement agreements were entered into between (a) Millennium & Copthorne Hotels New Zealand Limited and a subsidiary of Tai Tak, as well as (b) Mr. Cheung and Guangdong Huiying Group Limited pursuant to which, among others, (i) Mr. Cheung transferred his 20.0 per cent. shareholding interest in the Issuer to FSCL, (ii) the FSG Group re-acquired the Interest in Humen Property and the Huizhou Interest and (iii) the interests in the Dongguan Entity and the Xi'an Property were disposed of (the "**Settlement Agreements**").

In accordance with the Settlement Agreements, all legal proceedings by and against Mr. Cheung were withdrawn.

The Group has adopted a policy to govern any change in the legal representatives of its key PRC subsidiaries whereby the legal representative of each of its key PRC subsidiaries should not be resident in the PRC to make it more difficult for the legal representative to have access to the company seals which are kept in the PRC. However, there can be no assurance that such measures will be adequate in preventing a similar occurrence of the Group's legal representatives taking unilateral control of the company seals or other corporate documents, which are in fact placed under dual control (excluding the legal representatives), or entering into any unauthorised transactions on behalf of the Group's key PRC subsidiaries.

In addition, the managing directors of the Group's general partners and subsidiaries in Germany have vis-à-vis third parties broad powers which can be exercised singly and without consultation with other managing directors. For instance, FSCT1, a limited partnership established under the laws of Germany, through which the Le Méridien Frankfurt was acquired, is managed by its general partner through its two managing directors. The managing directors are responsible for determining the operational and investment plans of FSCT1. Subject to the provisions of the limited partnership agreement and the articles of association of the general partner, which bind the managing directors internally vis-à-vis FSCT1 and its partners, each managing director has vis-à-vis third parties broad powers which can be exercised singly and without consultation with the other managing director. Although the managing directors can be removed pursuant to the memorandum of agreement entered into between FSCT1, the general partner and the joint venture partners, there is no assurance that the managing directors will not during their appointment perform unauthorised acts or enter into unauthorised transactions on behalf of FSCT1 which may be detrimental to the Group.

In the event that any of the legal representatives of the Group's PRC subsidiaries or joint venture entities or the managing directors of the Group's general partners or subsidiaries in Germany perform any unauthorised acts or enter into any unauthorised transactions on behalf of the Group's subsidiaries or joint venture entities which are detrimental to the Group, its business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may be affected by the conduct of its employees, business partners and counterparties

The Group's existing policies prohibit its employees from offering or making improper payments or providing benefits to third parties. However, there can be no assurance that the Group's employees, business partners and counterparties will not conduct their business dealings in a manner which would violate such policies. If the Group or any of its employees, business partners or counterparties are not in compliance with relevant laws giving effect to or enforcing such policies, the Group may be subject to criminal and civil penalties and other remedial measures, which may materially and adversely affect the Group's reputation, business, operations, results of operations, financial position and prospects.

The Group is subject to risks as a result of labour strikes and protests

There have been several occasions of labour strikes across Europe and the PRC, in particular, Guangdong province, during which workers deliberately blocked roads and bridges to further their demands to raise their pay and to seek payment of arrears in their wages and/or to improve their working conditions.

Although the Group's business has never been affected by such labour strikes or protests, there can be no assurance this would not occur in the future. In the event of any occurrence of labour strikes, protests or disputes against the Group, the time taken to complete its projects, the cost of its property developments as well as the operational costs of the Group's property holding business may be delayed or increased (as the case may be), thereby materially and adversely affecting its business, operations, results of operations, financial position and prospects.

The Group is dependent on the network, contacts and support of the Issuer's key controlling shareholders, namely, the Hong Leong Singapore group of companies and Tai Tak

The Group's businesses are dependent on the networks and contacts of the Issuer's key controlling shareholders, namely the Hong Leong Singapore group of companies and Tai Tak. For instance, the Group's property holding business diversification in the Netherlands has leveraged on Tai Tak's business network and experience of more than 20 years in the Netherlands.

However, there can be no assurance that the Hong Leong Singapore group of companies and/or Tai Tak will continue to support the Group or allow the Group to rely on their networks, contacts and support in the future. Any unexpected withdrawal of their networks, contacts and support may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group may be subject to legal and business risks in the event it is unable to obtain relevant approvals, permits or certificates from the relevant government authorities

Property developers in the Netherlands, the PRC and Australia must comply with various requirements mandated by applicable laws and regulations. In order to develop and complete a property development together with its ancillary facilities located therein, a property developer must obtain the requisite permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including land use rights documents, permits in respect of planning, construction and pre-sale of the units and certificates or confirmation of completion and acceptance. Each permit, licence, certificate or approval is dependent on the satisfaction of certain conditions.

In accordance with the "Regulations on Administration of Urban Property Development and Operation", in order to develop a property in the Netherlands, the Group is required, pursuant to the Environmental Permitting (General Provisions) Act (*Wet algemene bepalingen omgevingsrecht*), to obtain an environmental permit from the municipality in which the property is located. The municipality is entitled to attach conditions to the environmental permit. In the event a required environmental permit is not obtained or the environmental permit is not complied with, the municipality is entitled to take enforcement measures, such as granting an order to undo the works that have been carried out, subject to a penalty. Alternatively, the municipality may tolerate such works, provided that the required environmental permit will be applied for accordingly and provided also that the conditions of the environmental permit will be complied with. For instance, in respect of the proposed development of Dreeftoren in the Netherlands, the local municipality did not approve certain pre-requisites to the conditional sale agreement which had been entered into with a Dutch residential fund for the sale of the property in 3Q2017. Accordingly, the parties agreed to the mutual termination of the sale agreement.

Similarly, in respect of the Group's property holding business and property financing business, the Group must obtain the requisite permits, licences, certificates and other approvals from the relevant administrative authorities for the purposes of acquiring and operating various commercial properties (including hotels) for income purposes and providing such property financing services, respectively.

Any failure or material delays by the Group in obtaining any of the relevant permits, licences, certificates and/or approvals may result in, amongst other consequences, delays in the completion of its projects, increased costs and lower returns on investments than originally expected. For instance, in respect of the Group's properties for sale, the occurrence of any of the aforementioned risks may cause delays in completion which may, among others, result in the purchasers of the properties making claims against the Group for losses or terminating the sale and purchase agreements and claiming losses resulting from the delay. Under such circumstances, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group could incur significant costs or liability related to environmental matters

The Group is subject to a variety of laws and regulations in the countries in which the Properties are located concerning the protection of health and the environment that may require a current or previous owner of real estate to investigate and clean up hazardous or toxic substances on a property. For example, owners and operators of real estate may be liable for the costs of removal or remediation of certain hazardous substances or other regulated materials on or in such property. Such laws often

impose liability without regard to whether the owner or operator knows of, or is responsible for, the presence of such substances or materials. The cost of investigation, remediation or removal of these substances may be substantial. The Group has not provided for such potential obligations in the Issuer's consolidated financial statements. Environmental laws and regulations may also impose compliance obligations on owners and operators of properties with respect to the management of hazardous substances and other regulated materials. Failure to comply with these laws can result in penalties or other sanctions.

Existing environmental reports and investigations with respect to any of the Properties may not reveal all environmental liabilities, whether previous or current owners or operators of such properties had created any material environmental condition not known to them or whether a material environmental condition exists in any one or more of these Properties. There also exists the risk that material environmental conditions, liabilities, or compliance concerns may have arisen or may arise in the future. Future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liability.

Should the Group be required to incur significant expenses or undertake significant capital expenditure in order to comply with applicable environmental laws, or should the use of the Properties be affected by applicable environmental laws, the business, operations, results of operations, financial position and prospects of the Group may be materially and adversely affected.

The Properties and other properties acquired in the future by the Group may also from time to time be affected by other environmental issues which may not have been previously identified and/or rectified. This raises a number of risks including:

- the risk of prosecution by environmental authorities;
- the risk of being required by environmental authorities to remedy such issues;
- the requirement for unbudgeted additional expenditure to remedy such issues; and
- the adverse impact on the financial position of end-users arising from the above, affecting their ability to trade and to meet their obligations and which in turn affects the Group's tenants' ability to pay their rents.

The Group does not have any insurance to cover any losses that it may incur as a result of known or unknown environmental issues and there can be no assurance that environmental conditions present at the Properties, now or in the future, and costs which may be incurred to address environmental contamination, will not materially and adversely affect the Group. The current political debate about climate change has resulted in various treaties, laws and regulations which are intended to limit carbon emissions. Such laws being enacted or proposed may cause energy costs at the Properties to increase in the future or require the Group to make material investments in its Properties which could materially and adversely affect its business, operations, results of operations, financial position and prospects.

The Group cannot provide assurance that more stringent requirements for environmental protection will not be imposed by the relevant governmental authorities in the future. If the Group fails to comply with existing or future environmental laws and regulations in the jurisdictions of the Properties, or fails to meet the expectations of society with regard to environmental issues, the Group may suffer damage to its reputation or may be required to pay penalties or fines or take remedial actions, and the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group faces the risk of expropriation of its Properties

The land on which the Properties in the Group's portfolio is located may be compulsorily acquired by the respective governments of the countries in which they are located for, among other things, public use or due to public interest.

In the event the land on which the Properties in the Group's portfolio is located is compulsorily acquired, the income of the Group may be adversely affected. The owner of a property that is compulsorily acquired may be compensated in accordance with the laws of the respective jurisdiction. If the market value of the land (or part thereof) to be compulsorily acquired is greater than the compensation paid to the Group, the Group's business, operations, results of operations, financial position and prospects could be materially and adversely affected.

The laws of the PRC may allow the respective local governments to compulsorily acquire land under certain circumstances, including if archaeological findings have been discovered at the relevant site. In the Netherlands, the local municipality may expropriate properties where it is in the public interest to do so. In such events, any compensation paid by the local government may be less than the market value of the relevant piece of land.

In the PRC, ancient potteries and artefacts were uncovered beneath and nearby the land site of the Group's Millennium Waterfront development. In the event further artefacts of significance to the PRC government are discovered beneath any land site which the Group owns, such land may be subject to compulsory acquisition by the local government. If this should occur, the Group may not be able to generate profits from the sale and/or operation of any developments situated on these sites in respect of which the Group would have incurred operational expenses in connection with such developments, thereby resulting in losses to the Group. In addition, if the compensation paid in respect of the acquired land is less than its market value or the price the Group had paid in acquiring the land, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

RISKS RELATING TO THE GROUP'S PROPERTY DEVELOPMENT BUSINESS

The Netherlands and the PRC

The Group is subject to legal and business risks in relation to the pre-sales of its properties

The practice of pre-sales is widely adopted in the property industry in the Netherlands and the PRC. In line with this practice, the Group may pre-sell its properties prior to completion of construction. For example, in the redevelopment of The Terraced Towers, 75.0 per cent. of the residential units had been pre-sold on a forward-funding basis in November 2016 to secure funding for the project. The project is expected to be completed in 2021. In the PRC, the Group is only able to commence pre-sales of its property developments after obtaining the Pre-Sale Permit.

In the event of a failure or delay in the delivery of its pre-sold properties to the Group's purchasers, the Group would be in breach of its obligations under its sales contract and a claim may therefore be filed against the Group by the affected purchasers. Accordingly, the Group may be liable for the potential loss suffered by the affected purchasers as a result of its failure to deliver, or delay in delivery of such properties. Furthermore, there is no guarantee that such loss will not exceed the purchase price paid to the Group in respect of the pre-sold properties.

Failure to complete a property development on schedule may be attributed to factors such as the time taken and the costs involved in completing construction, which are in turn adversely affected by factors, including, but not limited to, delays in finalisation of construction design and plans for fitting out works, shortages of labour, disputes with contractors, adverse weather conditions and natural disasters. If the delay in delivery extends beyond the contractually specified period, the Group's customers may also be entitled to terminate the sales contracts and claim refunds of monies paid, damages and compensation for late delivery.

Although the Group has not previously experienced any instances of delay in delivery of its pre-sold properties, there can be no assurance that this would not occur in the future. Accordingly, any future occurrences of delay in delivery of, or failure to deliver, pre-sold properties could materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

In addition to the above, since the policy relating to pre-sale of properties is subject to extensive governmental regulations and taking into account the importance of the proceeds from pre-sale of the Group's properties as a source of funding for its property development projects, the Group may be adversely affected by any policy changes in relation to the practice of pre-sale. There can be no assurance that the Netherlands government and/or the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future. In the event the Group is unable to adapt to the new policies, regulations or measures that may come into effect from time to time in the property industry, or if the Group's marketing and pricing strategies are ineffective in promoting sales of its properties, such changes in policies, regulations and measures and/or changes in market conditions may have an adverse impact on the Group's pre-sale results in the deferral of its pre-sale schedules and/or cause the Group to incur additional costs. Accordingly, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may not have adequate resources to fund its land acquisitions and property developments and may face difficulty in securing additional financing

Property development is a capital intensive business activity. The availability of adequate financial resources is therefore crucial to the Group's ability to acquire land and to complete its property development projects.

In the PRC, pursuant to the regulation "Opinions on Regulating the Entry and Administration of Foreign Investments into the Property Market" (关于规范房地产市场外资准入和管理的意见) issued on 11 July 2006, a foreign investor engaged in property development or operating properties in the PRC would have to establish a foreign-invested enterprise ("**Property FIE**") in the PRC with a registered capital of not less than 50.0 per cent. of its total investment amount if the total investment amount is equal to or more than US\$10.0 million, and such Property FIEs shall not be permitted to obtain domestic and foreign loans if: (a) it has not made full payment of its registered capital; (b) it has not obtained the Land Use Rights Certificate; or (c) its project development capital has not reached 35.0 per cent. of the total project investment. Pursuant to the relevant PRC laws and regulations, project development capital refers to the amount of capital contributed by investors out of the aggregate amount of investment in respect of any property development project and registered capital in respect of a limited liability company refers to the amount of capital contributed by the shareholders of the company, and which have been registered with the authority. Some of the Group's subsidiaries are subject to these requirements. Accordingly, the Group's ability to obtain loans for its property development projects is subject to these regulations.

The Group usually funds its land acquisitions and property development projects through a combination of equity funds including capital contributions, pre-sale proceeds and borrowings from banks and financial institutions. However, domestic borrowings are not permitted to fund the land use rights acquisition costs under PRC laws. In addition, the Group's ability to obtain pre-sale proceeds is also subject to the relevant PRC laws as it is only able to commence pre-sale of its property developments after obtaining the Pre-Sale Permit.

The Group's ability to arrange for adequate bank and other borrowings for land acquisitions or property developments on terms that will give it a commercially acceptable rate of return depends on a number of factors that are beyond the Group's control, including general economic and political conditions in the PRC, the terms on which financial institutions are willing to extend credit to the Group (such as loan quantum, tenure and interest rates), and the availability of other sources of debt or equity financing and policy initiatives or changes in the PRC which relate to the financing of property developments. For instance, the conditions to obtaining the Pre-Sale Permit vary within each city and between different cities in the PRC, and accordingly, are subject to change.

The PRC government has in recent years introduced a number of policy initiatives in the financial sector to further tighten the lending requirements applicable to property developers. In June 2003, the PBOC issued the "Notice on Further Strengthening the Management of Property Credit Business" (中国人民银行关于进一步加强房地产信贷业务管理的通知) which, among others:

- prohibits PRC commercial banks from advancing loans to fund the payment of land premium;
- restricts PRC commercial banks from granting loans for the development of luxury residential properties such as villas; and

- prohibits property developers from using borrowings obtained from any local bank to fund property developments outside the region.

In May 2005, the MOC, the National Development and Reform Commission of the PRC (中国国家发展和改革委员会) ("NDRC") and several other regulatory bodies of the PRC government jointly issued the "Opinions on the Stability of Residential Property Prices" (关于做好稳定住房价格工作的意见), which, among others, require commercial banks to strictly enforce the PRC laws on granting loans for property developments, including the requirement of thorough credit investigation before approving loans for property developments.

In September 2007, the PBOC and the CBRC issued the "Notice on Strengthening Commercial Property Credit Management" (关于加强商业性房地产信贷管理的通知), which, among others, requires that commercial banks shall not grant loans to projects where the capital funds (owner's equity) constitutes a ratio of less than 35.0 per cent. of the total project investment cost, or, projects without Land Use Rights Certificates, the Construction Land Planning Permits, the Construction Project Planning Permits and the Construction Permits. Moreover, commercial banks are prohibited from granting loans to property development enterprises that have been hoarding land and housing resources, as detected and verified by the land resources departments and construction authorities.

These policy initiatives may limit the Group's flexibility and ability to use domestic bank borrowings to finance its business operations in the future. Although the Group has not previously experienced funding difficulties arising from such limitations, there can be no assurance that it will not in the future experience such difficulties as a result of the aforementioned directives and policies which may result in additional costs incurred by the Group which may in turn materially and adversely affect its business, operations, results of operations, financial position and prospects.

Furthermore, although the Group has previously been able to secure sufficient funds to fund its land acquisitions and property developments, there can be no assurance that it would in the future be able to generate sufficient internal funds to acquire development sites, achieve sufficient pre-sales, or secure sufficient borrowings to fund its property development projects. The Group may also encounter delays in obtaining the Pre-Sale Permit, which will prevent it from commencing pre-sale and obtaining pre-sale proceeds. The Group anticipates that it will fund its future land acquisitions and property developments through its operating cash flows, external borrowings and proceeds derived from the sale of its properties. In the event the Group is unable to secure adequate financial resources to fund its land acquisitions and property developments, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

Furthermore, the incurrence of debt from bank borrowings will increase the Group's interest payments required to service its debt obligations. An increase in the Group's financing costs and the need to comply with the operating and financial covenants in such loan agreements could restrict its operations.

If consumer bank financing becomes more costly or otherwise less attractive, the sale and pre-sale of properties to the Group's customers will be affected.

The Group believes that a majority of the purchasers of its properties rely on bank financing to fund their purchases. An increase in interest rates may significantly increase the cost of bank financing, thus adversely impacting the affordability of the properties the Group sells. In addition, the Netherlands government, the PRC government, the Australian government and commercial banks may also increase down-payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers.

If the availability or attractiveness of mortgage financing is further reduced or limited, many of the Group's prospective customers may not be able to purchase its properties.

In any event, there may be regulatory changes in the future that make housing loans more costly and/or less attractive, and should such regulatory changes take effect, the Group's business, operations, results of operations, financial position and prospects could be materially and adversely affected.

The Group's results of operations may vary significantly from period to period and such fluctuations, together with the Group's revenue recognition policy and adjustments to the fair value of its investment properties, may cause revenue and earnings volatility in its results of operations

The Group is exposed to revenue volatility which is characteristic of property development companies. The Group derives a substantial portion of its revenue and profit from the sale of properties that it develops. The revenue and profit that the Group is able to generate are dependent on, among others, the demand for its property development projects by prospective purchasers, the number of property development projects in its portfolio, the value and the overall development schedules of its projects, the timing and amount of GFA for pre-sale or sale, the property conditions in the Netherlands, the PRC and Australia, its revenue recognition policies and any changes in costs and expenses, such as land use rights acquisition and construction costs. In addition, the Group's property developments are often developed in multiple phases over the course of several years.

Typically, as the overall development approaches completion, the sale prices of the property comprised in such developments tend to increase because a more marketable piece of property is available to purchasers. Furthermore, according to the Group's accounting policy for revenue recognition, the Group recognises revenue from pre-sale and sale of its properties in the PRC upon, among others, delivery or serving a notice of delivery in writing to purchasers. Generally, there is a timing difference of typically at least one year between the time the Group commences pre-sale of properties under development and completion of the properties. As the timing of completion of the Group's property development projects varies according to its construction timetable, the Group's results of operations may vary significantly from period to period depending on the GFA sold or pre-sold and the timing of completion of the properties it sells. Periods during which the Group pre-sells a large amount of the aggregate GFA, however, may not necessarily be the periods in which the Group generates a correspondingly high level of revenue, if the properties pre-sold are not completed and delivered within such period. The effect of timing of delivery on the Group's operational results is accentuated by the fact that during any particular period of time it can only undertake a limited number of projects due to substantial capital requirements for land acquisition and construction costs as well as the limited supply of land.

Furthermore, the Group will engage an independent valuer to reassess the fair value of its investment properties annually. This may result in the Group recognising unrealised gains or losses on the fair value of the investment properties. Any gain or loss resulting from either a change in fair value or the sale of investment properties is, under the Group's accounting policies, immediately recognised in the consolidated income statement of the Group in the relevant financial period. Accordingly, should there be any significant adverse change in fair value in the Group's investment properties or if the Group sells any of its investment properties at a value significantly lower than its carrying value in the statement of financial position, the Group's business, operations, results of operations, financial position and prospects for the relevant period will be materially and adversely affected.

In addition, the properties that the Group develops for sale, holds for income or acquires as a result of any default by its borrowers in its property financing business, may be relatively illiquid in a market downturn. Such illiquidity may affect the Group's ability to adjust its property portfolio or liquidate part of its assets in response to changes in the economy, the property market or other conditions. For instance, the Group may be unable to liquidate such properties for a considerable period, or at all. Accordingly, the Group may be forced to accept a substantial reduction in the price that may otherwise be sought for such properties in order to ensure a quick sale. Such illiquidity may also have a negative effect on the prices of the Group's unsold property development units or properties that it acquires in connection with its property financing business from its borrowers, in the event the Group is required to sell such properties quickly, and limits its ability to adjust its property portfolio held for sale in response to changes in economic, political, social or regulatory conditions in a timely manner. The occurrence of any of the aforementioned factors may have a material and adverse effect on the Group's business, operations, results of operations, financial position and prospects.

The Group is subject to risks as a result of delays in its property development projects

Property development projects typically require substantial capital outlay during the land acquisition and construction phases and each construction may take more than one year to complete, depending on the size and complexity of the development. The time taken to complete a project and the cost of the development may be adversely affected by various factors, including shortage of skilled labour, meeting planning and design regulatory requirements and obtaining planning approvals, costs of materials and equipment, adverse weather conditions, occurrence of natural disasters, disputes with employees and sub-contractors, industrial accidents and changes in government policies and laws.

Furthermore, the Group's contractors may experience financial or other difficulties that may impede their ability to effectively carry out the work for which they were contracted to undertake. In the event that the Group's contractors are unable to complete the work for which they were contracted to undertake, and the Group is unable to obtain compensation from them which may be used to source other suitable contractors to continue the construction, the completion of the Group's projects will be delayed. Such delays may result in the Group having to incur additional costs, potential claims for compensation, termination of sales contracts and/or claims for damages from its customers affected by such delays, which may have a material and adverse effect on the Group's business, operations, results of operations, financial position and prospects.

The Group may also be affected by the delay in sales or poor sales of its property developments which may in turn result in delays in the development or launch of the subsequent phases of its property developments. The sales value of the Group's property development projects may be affected by a number of factors, including, but not limited to, weak international, regional and local economic conditions, depressed local property conditions, negative perceptions of purchasers, supply from other available properties, business owners and retailers with respect to the location and other attractiveness of the development, competition from other developments, changes in market rates for comparable sales and increased business and operating costs. Accordingly, the occurrence of any of these factors may have an impact on the sales of the Group's property developments and consequently limit its ability to realise cash from unsold properties, thereby materially and adversely affecting the Group's business, operations, results of operations, financial position and prospects.

The Group is reliant on independent contractors for its business

Due to the nature and scale of the Group's business operations, it engages the services of independent third party contractors to provide, among others, construction, piling and foundation, property management, engineering works, interior design, mechanical and electrical installations and installation of common area facilities. These independent third party contractors are selected through a bidding and/or tender process and the Group awards contracts based on factors including, among others, price, reputation for quality and track record. Although the Group conducts periodic on-site inspections on the quality of work done by these independent third party contractors, there can be no assurance that the services rendered by them will be satisfactory and/or will match the standards required by the Group. In addition, there can be no assurance that the independent third party contractors will not be in breach of the service contracts the Group entered into with them. Accordingly, any disputes that may arise between these third party contractors and the Group and, as a result of which, any change of such third party contractors, would also lead to additional costs being incurred by the Group, delay of its property development projects as well as the diversion of its management time and attention towards resolving the dispute.

If the Group fails to secure sufficient services or services of quality, the quality of its property developments may be adversely affected and accordingly, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected. In addition, these independent third party contractors are vulnerable to financial or other difficulties that may impede their ability to effectively carry out the work for which they were contracted to undertake, thereby materially and adversely affecting the Group's business, operations, results of operations, financial position and prospects.

The Group may not be successful in implementing its plans to expand its property development business

The Group's property development projects include mixed-use residential, commercial, office and retail developments in Amsterdam and Rotterdam in the Netherlands, Chengdu and Dongguan in the PRC or, as the case may be, Sydney in Australia which have been built primarily for sale. The Group's strategies include continuing to focus on growing its property development business in Amsterdam and Rotterdam in the Netherlands, Chengdu and Dongguan in the PRC and Sydney in Australia with selective expansion into growth markets.

Other high growth cities in the Netherlands, in the PRC or, as the case may be, Australia may differ from Amsterdam and Rotterdam, or Chengdu and Dongguan, or Sydney respectively, in terms of the level and pace of economic development, culture, regulatory practices, topography, the Group's familiarity with local contractors, suppliers and other partners, business practices, customs, tastes, preferences and behaviour. Accordingly, the Group's experience in Amsterdam and Rotterdam, Chengdu and Dongguan or, as the case may be, Sydney may not be as relevant when it seeks to expand the Group's business into such cities.

There can be no assurance that its future property developments located outside Amsterdam and Rotterdam, Chengdu and Dongguan or, as the case may be Sydney will achieve the same levels of success achieved for its previous mixed-use residential and commercial developments. In the event the Group is unsuccessful in its expansion into new markets, cities and sectors, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

Planned amenities and transportation infrastructure near the Group's property development projects may not be implemented as planned, or may be closed, relocated, terminated, delayed or not completed

There can be no assurance that amenities, transportation infrastructure and public transport services within the proximity of the Group's property development projects will be implemented or completed as planned or will not be closed, relocated, terminated or delayed. If such an event were to occur, it may adversely impact the accessibility and attractiveness of the relevant property development projects. This may then have an adverse effect on the demand and the selling prices of the relevant property development projects and materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group may be subject to risks in relation to and fluctuation in prices of construction raw materials

The Group is subject to risks of fluctuations in the prices of construction raw materials. The Group's property development projects require significant amounts of construction materials, including steel, bricks and ready mixed concrete. As a property developer, in general, the Group may enter into construction contracts with independent construction companies based on pre-determined prices with a price adjustment mechanism. Under the terms of these construction contracts, the Group's contractors are obliged to absorb any increase in the costs of certain principal construction materials, subject to a percentage cap of the contracted price as agreed between the Group and its contractors on a case-by-case basis. The Group may also enter into construction contracts whereby the principal construction materials are supplied to the contractors based on prices directly agreed between the Group and its suppliers. Accordingly, if during the period of construction, the prices of construction raw materials increase materially, the Group may be required to bear a portion of the additional costs of construction raw materials in the event that the increase in prices of such principal construction materials exceed such agreed percentage cap or the Group's contractors are unable to bear such increase in costs. As such, significant increases in prices of construction raw materials may increase the Group's costs of development. In the event that the Group is unable to increase the sales prices of its properties accordingly, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The PRC

The land use rights for the Group's future property developments in the PRC will not be formally vested until it has received the formal Land Use Rights Certificates

The land use rights for the Group's property developments and any land that the Group may acquire in the future in the PRC will not be formally vested in the Group until it has received the corresponding formal Land Use Rights Certificates. Under current PRC land grant policies, the relevant authorities will typically not issue the formal Land Use Rights Certificate for a plot of land until (a) the developer has paid the land grant premium in full, (b) the resettlement process for occupants of the land and/or business owners who have been affected by the acquisition of the site has been completed by the local government, and (c) other land grant conditions have been satisfied.

There can be no assurance that the Group will not encounter difficulties arising from a delay in the issuance of, or a failure to obtain, the formal Land Use Rights Certificates in the future. In the event that the Group is unable to obtain, or encounters delays in obtaining, the formal Land Use Rights Certificates from the relevant authorities, the Group will have to incur additional costs, which may materially and adversely affect its business, operations, results of operations, financial position and prospects.

The Group may have to bear the costs and expenses for generation of electrical power and the provision of water supply if the supply of electrical power and water to its property development projects is disrupted

The Group has an arrangement with the local government for the supply of electrical power and water to Chengdu Cityspring and Plots A, B, C, D and G of the Millennium Waterfront. Upon completion of the construction of Plots E and F of the Millennium Waterfront, the Group intends to secure the supply of electrical power and water from the local government to such plots. To fulfil its obligations to supply electrical power and water, the local government may use its own sources or tap into the sources of other entities to supply electrical power and water to the Group's developments.

In the event that there is a disruption in the supply of electrical power and water to its developments for any reason, the Group will have to incur costs and expenses to arrange for the supply of any interim electrical power and water to its developments. The Group may not be able to pass such costs to the purchasers or occupants of units in its developments as the obligation to provide electrical power and water is that of the developer under the terms of the sales contracts with the purchasers. As a result, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

There is a possibility that the Group's land use rights may be forfeited or that the Group may be penalised by the PRC government if the Group fails to comply with the terms of the land use rights grant contracts or rules imposed by the local government

Under PRC law, if a developer fails to comply with or develop land according to the terms of the land use rights grant contract or rules imposed by the local government (including those relating to payment of land grant premium, land use or timeline with respect to commencement and completion of the development of the land), the relevant government authority may issue a warning, impose a penalty on the developer or forfeit the land use rights granted to the developer.

Specifically, under current PRC laws and regulations, if the Group fails to pay any outstanding land premiums by the stipulated deadline, the Group may be subject to a late payment penalty at the rate of 0.1 per cent. of the unpaid land premium per day. If the Group fails to fully pay the land premiums within 60 days after the land grant contract becomes effective, the grantor is entitled to terminate the land grant contract and claim for indemnities.

If the Group fails to commence development for more than one year from the commencement date stipulated in the land grant contract, the land authorities may impose a levy of idle land fee on the Group of up to 20.0 per cent. of the land premium. If the Group fails to commence development for more than two years, the land is subject to forfeiture unless the delay in development is caused by a government action or by force majeure.

In addition, even if the Group commences development of the land in accordance with the land grant contract, if the area of the developed land is less than one-third of the total site area of the land, or if the total capital expenditure is less than one-fourth of the total investment of the project, and the development of the land is suspended for more than one year without government approval, the land may still be treated as idle land. In the “Notice on Promoting the Saving and Intensification of Use of Land” (国务院关于促进节约集约用地的通知) promulgated by the State Council of the PRC (the “**State Council**”) in January 2008, the aforesaid policy was reinforced. This notice states, among others, that the Ministry of Land and Resources of the PRC (the “**MLR**”) and other authorities are required to conduct research on and commence drafting of implementation rules concerning the levy of land appreciation fees on idle land. The MLR issued a “Notice on Strengthening the Administration of Construction Land and Promoting the Utilisation of Approved Land that Has Been Granted Approval but is Not Being Utilised” (关于严格建设用地管理促进批而未用土地利用的通知) in August 2009, which reiterates the current rules regarding idle land. In September 2010, the MLR and the Ministry of Housing and Urban-Rural Development of the PRC (中华人民共和国住房和城乡建设部) (“**MOHURD**”) jointly issued the “Notice On Further Strengthening the Administration and Control of Property Land and Construction” (关于进一步加强房地产用地和建设管理调控的通知), which provides that a property developer and its controlling shareholders will be prohibited from participating in land bidding unless any non-compliance or illegal behaviour in which it engages, such as (a) leaving the land site idle for more than one year due to the property developer's own reasons, (b) illegal transfer of land use rights, (c) non-compliance with the land development requirements specified in a land grant contract, and (d) committing crimes such as acquiring land by forging official documents and illegal land speculation, have been completely rectified or the relevant case and investigation have been closed.

There can be no assurance that regulations relating to idle land in the PRC will not become more restrictive in the future and that circumstances leading to the imposition of penalties, liquidated damages or forfeiture of the Group's land will not arise in the future. If the Group is deemed as holding land idle for more than one year without cause or is required to forfeit land, it may lose (a) the opportunity to develop the relevant land site, (b) its investments in the land, including land premiums paid and development costs incurred, and/or (c) its ability to bid for other land in the future, any of which could materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

With respect to the timeline for the commencement and completion of the development of land, the Group is typically given a stipulated period according to either (a) the terms of the respective land use rights grant contract or (b) rules imposed by the local government, within which it is required to develop the piece of land, failing which, penalties may be incurred by the Group, including a possible forfeiture of the land in question. Circumstances leading to a possible breach of such terms of the Group's land use rights grant contracts or rules imposed by the local government may arise in the future, leading to possible penalising actions being taken by the relevant authorities, which may materially and adversely affect the Group's business, operations, results of operation, financial position and prospects.

Where bank mortgages are provided to the Group's customers, it guarantees the issuance of the property ownership certificates to the banks

The Group arranges for various domestic banks in the PRC to provide loans and mortgage facilities to its customers prior to the delivery of the completed units. Where such loans are taken up by its customers, the Group guarantees the issuance of the property ownership certificates to the banks by the time stipulated in the sale and purchase agreements with the customers. This guarantee is fulfilled upon the issuance of the property ownership certificates to the banks and upon the banks obtaining the certificates of other rights (他项权利证书) in respect of the mortgaged properties.

In the event that a customer defaults on the payment to the bank prior to the issuance of the property ownership certificate, the bank has the right to terminate the mortgage facility and claim from the Group all the payments relating to the mortgage facility due to the bank, which may adversely affect the Group's cash flow and financial position. Upon such occurrence, the Group may have to (a) pay the bank all such payments and claim this amount from the customer and (b) terminate the sale and purchase agreement and charge the customer a penalty for the default, as well as any other costs arising from the default, which have been agreed between the customer and the Group. There is no assurance that in the event of such claims from banks, the Group will be successful in claiming any amount from the customer, including the penalty and any other costs arising from the customer's default. A failure to do so may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

RISKS RELATING TO THE GROUP'S PROPERTY HOLDING BUSINESS

The financial performance of the Group's property holding business which includes hospitality assets is dependent on the conditions of the hospitality industry

The Group's property holding business and in particular, its hospitality component, is subject to prevailing economic conditions in markets or countries from which its guests originate or where its properties are located.

A number of factors, many of which are common to the hospitality industry, may affect the conditions of the hospitality industry in the Netherlands, the PRC, Germany, Italy and other regions in which the Group operates or may operate and accordingly, the financial performance of its property holding business. Such factors include the following:

- changes in the domestic, regional and global economies which are affected by factors, including, but not limited to, the political landscape, environmental conditions and viral epidemics such as human or avian influenza, SARS, MERS and/or Covid-19;
- increased threat of terrorism, terrorist events, airline strikes, hostilities between countries or increased risk of natural disasters that may affect travel patterns and reduce the number of business and commercial travellers and tourists;
- length of a traveller's stay which is dependent on business and commercial travel, leisure travel and tourism;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations;
- increased competition in the local hospitality industry, for example, new supply of comparable hotels in the markets which the Group operates in, which could negatively affect its hotels' occupancy rates and revenue;
- increase in operating costs and incurrance of unanticipated costs due to various reasons including inflation, labour costs, workers' compensation and health-care related costs, repairs and maintenance expenses, utility and energy costs, property tax, advertising and promotion expenses, insurance, environmental damage and acts of nature and their consequences;
- the ability and willingness of consumers to spend money on leisure and entertainment activities including vacations;
- relations between the Group's service providers, suppliers and/or lenders and the Group;
- adverse weather patterns; and
- adverse effects of any downturn in the hospitality industry.

As a result of the occurrence of any of the aforementioned factors, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may not be successful in implementing its plans to expand its property holding business

The Group's expansion into the property holding business in Germany and Italy and any future expansion into other regions besides the Netherlands and the PRC or even outside Amsterdam, Rotterdam, Utrecht and The Hague in the Netherlands or the Sichuan and Guangdong provinces in the PRC may not be successful as there are many differences between such property markets and the property markets which the Group is familiar with, be it in terms of the level and pace of economic development, culture, regulatory practices, topography, the Group's familiarity with business practices, customs, tastes, preferences and behaviour. Accordingly, the Group's experience which had primarily been in Amsterdam, Rotterdam, Utrecht and The Hague in the Netherlands, as well as the Sichuan and Guangdong provinces in the PRC, may not be as relevant when it seeks to expand the Group's business into new regions.

There is no assurance that the Group's future property holding ventures will achieve the same levels of success achieved for its existing Dutch and PRC portfolios. In the event the Group is unsuccessful in its expansion into new markets, cities and sectors, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

Changes in tax laws, regulations, policies, concessions and treatment and accounting standards applicable to the Group may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects

The Group has properties located in Europe and the PRC. The applicable laws, regulations (including tax laws and regulations in Singapore, the Netherlands, Germany, Italy and the PRC) and the accounting standards which the Group is subject to, are subject to change. New laws and regulations may also be introduced in these jurisdictions. The Group and its financial statements may be affected by these changes. For instance, the Group may be exposed to risks associated with changes in foreign direct investment regulations which may extend to foreign entities in member states of the EU which are held by non-EU entities. Should restrictions on such non-EU entities be imposed in relation to Singapore entities, the transfer of payments such as dividends and interest from inter-company loans to the Group, or the ability of the Group to make future investments and/or acquisitions in the Netherlands, Germany or Italy, could be impeded. The extent and timing of these changes in laws, regulations and accounting standards are currently unknown and subject to confirmation by the relevant authorities.

The Group is subject to tax laws and regulations in the jurisdictions it operates and may operate, including present and relevant Dutch, German, Italian and PRC tax laws and regulations. Amendments to the tax legislation or regulations, policies, concessions and treatment relating to taxation (including the removal, loss, suspension or reduction of any tax benefits or tax relief) and/or the interpretation and/or application of the same may have either prospective or retroactive effect and this may affect the overall tax liabilities of the Group. There can be no assurance that these changes will not have a significant impact on the presentation of the Group's financial statements or on the Group's results of operations. Any such changes to laws, regulations and accounting standards may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group may not be able to generate adequate returns on its properties held for long-term income

Holding properties for long-term income is subject to varying degrees of risk. The returns available depend, to a large extent, on the amount of capital appreciation generated, income earned from operations and type of rent structured in the lease agreements as well as expenses incurred. In particular, there is a relatively longer gestation period in respect of hospitality assets due to the nature of their operations as well as the time it may take for the Group to acquire adequate market share to generate revenue on a sustainable basis. Maximising yields from properties held for long-term income also depends to a large extent on active ongoing management and maintenance of the properties. Accordingly, there can be no assurance that, after the gestation period, the Group will be able to generate adequate returns in respect of its properties held for long-term income, in particular, the Group's hospitality assets, which may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group may be unable to extend the term of the lease of its leasehold land in the Netherlands and/or PRC at a commercially acceptable price, if at all

In the Netherlands, a number of the Properties are held under various leaseholds with a duration of up to the year 2069. Unless the grantor and grantee (being the Group) of the land use rights agree upon a renewal or extension of the land use rights, the leaseholds will terminate at the expiry of the fixed terms and the Group will have to dispose of the relevant Properties in accordance with the applicable leasehold conditions. In the event that a leasehold term is renewed or extended, the Group will be required to, among others, pay a land grant premium. The determination of the land grant premium upon such renewals and extensions varies across municipalities. For instance, the determination of the land grant premium in Rotterdam is calculated based on the value of the land at the time of determination and the terms and conditions that are applicable to the leasehold while the determination of the land grant premium in The Hague is calculated based on the value of the land at the time of determination.

All the PRC Properties are held directly under land use rights granted by the PRC government, with terms ranging from 40 years for commercial properties to 70 years for residential properties. According to PRC laws, the grantee of the land use rights of non-residential land may apply for renewal at least 12 months prior to the expiry of the land use rights, otherwise the land use rights will revert to the State upon expiry. However, for residential land, the land use rights are automatically renewed and/or extended upon the expiry of such rights, for a tenure which is to be determined by the PRC government.

If an application for extension is granted (and such grant is made by the PRC government unless the land in issue shall be taken back for the purpose of public interests), the Group will be required to, among others, pay a land grant premium for the renewed land use right. If no application is made, or such application is rejected in the case of the Group's non-residential Properties, or the leases for the Group's residential Properties expire, the Properties may be disposed of in accordance with the land use rights grant contract.

As at 31 January 2020, none of the Properties in the Netherlands have run their full terms. To the best of the Group's knowledge, none of the land use rights granted by the PRC government similar to those granted to the Group have, as at 31 January 2020, run their full terms, and therefore, there is no known precedent of such extension to provide an indication of the quantum of land grant premium which the Group will have to pay and additional conditions which may be imposed in the event that an extension to the land use rights for the Group's properties is sought and obtained.

Accordingly, there can be no assurance that the Group will be able to obtain an extension to the leasehold terms of the Properties in the Netherlands, or the land use rights of the Properties in the PRC, as the case may be. In the event that an extension is not granted, the relevant Properties in the Group's portfolio would revert to the Netherlands government or the PRC government, as the case may be, and it would no longer own or be able to derive income from such Properties and this, together with other factors, may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

In the Netherlands and Germany, the Group is dependent on rental payments from sole lessees and any breach by any of such sole lessees of its obligations under its lease may have an adverse effect on the Group

In the Netherlands and Germany, the Group is dependent on rental payments from ABN AMRO, TVHG Budget Amsterdam II B.V., Van Doorne N.V. and MHP Parkhotel GmbH, the sole lessees in relation to Arena Towers, Zuiderhof I and Le Méridien Frankfurt respectively under each of their lease agreements. Accordingly, as these lessees are the sole lessees of the relevant Properties, the Group is exposed to concentrated counterparty risk with respect to these Properties.

Accordingly, the Group's revenue in the Netherlands and Germany is dependent upon the ability of the sole lessees to make rental payments. A downturn in the business of the sole lessees may weaken their financial condition and result in the sole lessees' failure to make timely rental payments or default under their leases. In such event, the Group may, among other things, experience delays in receiving rental payments or non-payments of rent and/or a breach by the sole lessees of the leases under their lease agreement and thus may incur substantial costs in enforcing its rights as landlord and protecting its investments. Any non-payment of rent by the sole lessees may have a material and adverse effect on the Group's business, operations, results of operations, financial position and prospects.

There can be no assurance that the sole lessees will have sufficient assets, income and access to financing in order to enable them to satisfy their obligations under the leases.

There is also no assurance that the sole lessees will renew the leases upon expiry. If the leases are terminated, the Group may not be able to find a suitable replacement sole lessee or lessees, as a result of which the Group may lose a significant source of revenue. In any event, it may not be possible to replace the sole lessees immediately upon termination of the leases and this may lead to temporary vacancy. The termination of the leases may have an adverse effect on the Group's business, operations, results of operations, financial position and prospects.

Moreover, failure by the sole lessees to maintain Arena Towers, Zuiderhof I and Le Méridien Frankfurt, as the case may be, in a good state of tenantable repair and condition could have an adverse impact on the physical condition on the properties, rendering them unattractive to existing end-users and potential end-users.

The Group is subject to the risk of non-renewal and non-replacement of leases and the loss of anchor tenants or a significant number of tenants of any of the Properties

The Group leases the units in its commercial developments in the Netherlands and the PRC. If an anchor tenant or a significant number of tenants terminate their leases or do not renew their leases at expiry, it may be difficult to secure replacement tenants at short notice. In addition, the amount of rent to be paid and other terms on which lease renewals and new leases are agreed may be less favourable to the Group than those of the current leases. If replacement tenants cannot be found in a timely manner or on terms which are commercially acceptable to the Group, this is likely to materially and adversely affect the business, operations, results of operations, financial position and prospects of the Group.

The loss of anchor tenants or a significant number of tenants in respect of any one of the Group's Properties could result in periods of vacancy impacting the ability of the asset holding companies to make interest and dividend payments and consequently, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group's business of holding hospitality-related assets for income may entail a higher level of risk compared to other types of assets

The Group owns hospitality assets in Europe and the PRC. Such properties may be held as part of a larger mixed-use development (where such mixed-use development may also include non-hospitality uses such as the Millennium Waterfront).

A concentration of such specific property assets may cause the Group to be susceptible to a downturn in the hospitality industry in Europe and the PRC and in particular, the Netherlands, Germany and Chengdu where our major hospitality assets are situated. A decline in occupancy and room rates for such property assets, and/or a decline in the asset value of the Group's portfolio, will have a material and adverse impact on its business, operations, results of operations, financial position and prospects.

Renovation or redevelopment works or physical damage to the Properties may disrupt the operations of the Properties and collection of rental income or otherwise result in an adverse impact on the financial condition of the Group

The quality and design of the Group's Properties have a direct influence over the demand for space in, and the rental rates of, the Properties. The Properties may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen ad hoc maintenance or repairs to rectify faults or structural issues that may develop or to address new planning laws or regulations. The costs of maintaining office properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the buildings age. Although tenants may be obliged to bear certain maintenance and repair costs to a certain extent, the business and operations of the Properties may suffer some disruption and it may not be possible to collect the full or any rental income on space affected by such renovation or redevelopment works for the duration of the maintenance and/or repair works. In such event, the business, operations, results of operations, financial position and prospects of the Group may be materially and adversely affected.

A decline in rental or occupancy levels and difficulties in securing tenants and/or guests may materially and adversely affect the Group's financial performance

The Group's business of holding properties for income is subject to varying degrees of risk. The returns from such investments depend largely on the amount of income earned and capital appreciation generated by such properties which in turn depends on the rental or occupancy levels and the Group's ability to secure tenants and/or guests and/or procure that existing tenants renew or extend their lease terms. If the assets do not generate sufficient revenue to meet operating expenses, including debt service and capital expenditure, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may be adversely affected by economic and real estate market conditions as well as changes in interest rates, availability of funds, regulations and laws

The revenue generated by, and value of, the Properties which the Group holds for income may be adversely affected by a number of factors, including, but not limited to international, regional, economic or local property conditions in Europe and the PRC, supply from other available properties, changes in market rates for comparable properties, prompt payment by the Group's tenants, sourcing for suitable tenants, casualty losses due to fire, floods and other natural and man-made disasters, the ability to provide adequate maintenance and insurance and increased operating costs.

The Group's property holding business is also affected by factors such as changes in interest rates, the availability of funds, changes in governmental regulations, changes in tax laws or rates and potential environmental or other legal liabilities.

In addition, certain significant expenditure associated with an investment in properties (such as mortgage payments, property taxes and maintenance costs) are generally not reduced when circumstances cause a reduction in revenue from the investment and an increase in such expenditure may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group may be adversely affected by fire, terrorism, accidents, disruption to the supply of public utilities or other unforeseen events at its hotels or Properties which are currently being leased

The occurrence of fire, terrorism, accidents, disruption to supply of public utilities or other unforeseen events (including unexploded ordnances from World War II that have not been discovered as yet) at any of the hotels and/or Properties which the Group holds for income may lead to significant and prolonged disruptions to the business and operations of the Properties resulting in the Group incurring significant and unbudgeted costs. This could have a material and adverse effect on the Group's business, operations, results of operations, financial position and prospects.

The Group may not be able to secure funding in respect of any significant periodic capital expenditure required by the Properties or any properties that may be acquired by the Group within its estimates

The Properties and any properties that may be acquired by the Group may require periodic capital expenditure beyond management's current estimates for refurbishment, renovation for improvements and development of the properties in order to remain competitive or to be income-producing. The Group may not be able to fund such capital expenditure solely from cash from its operating activities and may not be able to obtain additional equity or debt financing on favourable terms, or at all. If the Group is not able to refurbish, renovate or develop its properties due to its failure to obtain suitable financing, the marketability of such property may be affected. In such event, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

Government authorities may impose pre-emption rights on the Properties

None of the Properties in the Netherlands currently have pre-emption rights in favour of any municipality pursuant to the Municipalities Preferential Rights Act (*Wet Voorkeursrecht Gemeenten*). If, according to the Land Register of the Netherlands (*Kadaster*) such a right is applicable to real estate, the owner must offer such real estate to the municipality before it can be sold to a third party. The existence of such pre-emption rights, should they be imposed on any of the Properties, may affect the Group's ability to obtain the best possible price (under the relevant market conditions) on a divestment of such Property to capture market upside or otherwise. In such event, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The appraisals of the Properties are based on various assumptions and the price at which the Group is able to sell a Property in the future may be different from the initial acquisition value of the Property

There can be no assurance that the assumptions on which the appraisals of the Properties are based are accurate measures of the market, and the values of the Properties may be evaluated inaccurately. The valuation of any of the Properties does not guarantee a sale price at that value presently or in the future. The price at which the Group may sell a Property may be lower than its purchase price. In such event, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

RISKS RELATING TO THE GROUP'S PROPERTY FINANCING BUSINESS

The borrowers may default on the loans that the Group makes to them through entrusted loan arrangements

The Group has been disbursing loans to third parties in the PRC through entrusted loan arrangements since January 2012. An entrusted loan is a loan that the Group provides to a borrower through an Entrusted Loan Agent Bank which acts as the Group's lending agent to administer the entrusted funds vis-à-vis the borrower. These loans are usually secured by, among others, mortgages of land use rights and/or properties as well as a corporate guarantee and/or a personal guarantee in favour of the financial institution. In the event the Entrusted Loan Agent Bank fails or neglects to initiate proceedings to enforce the collateral, the Group may have to initiate legal proceedings against the defaulting Entrusted Loan Agent Bank as the defendant and the customer as the third party to the entrusted loan arrangement. However, there can be no assurance that the outcome of any such legal proceedings would be on terms which are favourable to the Group. In such event, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

There can be no assurance that the Group's borrowers will not default on these loans. In addition, if, upon enforcement, the proceeds of sale of the collateral provided by the borrowers on these loans are insufficient to fully repay the principal and interest amounts due or the Group is unable to collect the amounts due from the borrowers or the corporate and/or the personal guarantors who provided the guarantees in respect of the loan, it will suffer a loss. As the collateral is secured in favour of the Entrusted Loan Agent Bank, the Group does not have the legal right to enforce the collateral but must rely on the Entrusted Loan Agent Bank to do so in the event of default in the repayment of the loans.

In addition, as the lender of the entrusted loans, the Group may be exposed to high risks and significant loss in the mortgage industry. As part of the mortgage formalities for the purpose of the entrusted loans, the Entrusted Loan Agent Bank typically relies on and keeps copies of, among others, the land and building title certificates submitted by borrowers to the Entrusted Loan Agent Bank to determine the validity of the securities offered by borrowers. In the event that the copies of the land and building title certificates are forged or found to be fraudulent and the borrowers default on the entrusted loans, the Entrusted Loan Agent Bank may not be able to enforce the collaterals on the Group's behalf.

Upon the registration of the relevant mortgage documents (including, among others, the land and building title certificates as well as the mortgage application) with the relevant local land authority, certificates of other rights (他项权利证书) in respect of the mortgaged properties will be issued to the bank which will enable the bank to enforce its rights on the Group's behalf if the borrowers should default on their loans. In this respect, there is also a risk that such certificates of other rights (他项权利证书) may be forged.

As such, if any of the borrowers default on their loans and/or the Entrusted Loan Agent Bank is unable to enforce the collaterals due to forged or fraudulent copies of the land and building title certificates as well as the certificates of other rights (他项权利证书) or if, upon enforcement, the proceeds of sale of the collaterals are insufficient to cover the principal loan and interest amounts and the Group is otherwise unable to collect the amounts due from the borrowers or the corporate and/or the personal guarantors, the Group's business, operations, results of operations, financial position and prospects could be materially and adversely affected.

There can be no assurance that the Group will be able to source for suitable borrowers who are able to provide collateral acceptable to the Group

In respect of the Group's property financing business, the entrusted loans it disburses to third parties (except for certain entrusted loans to third parties in which the Group has an equity interest in), as a general principle, have to be secured by, among others, a mortgage of land use rights and/or properties in favour of the Entrusted Loan Agent Bank. The Group also requires the amount of the loan disbursed to not exceed a pre-set percentage of the value of the mortgaged land use rights and/or properties.

There can be no assurance that the Group will be able to source for borrowers who are prepared to accept a loan which is within the Group's loan-to-value threshold. In the event that the Group fails to source for suitable borrowers, it will be unable to generate interest income through entrusted loan arrangements. In addition, in the event the amount of cash the Group allocates for its property financing business is not utilised for other purposes, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group is dependent on the financing environment in the PRC

The financing environment in which the Group's property financing business operates is highly competitive and subject to regulatory changes. For example, save in respect of mortgage loans taken up by individuals for the purchase of residential units, the PRC government had previously set a ceiling and a floor for lending interest rates which were abolished in July 2013. With the abolishment of the ceiling and floor for lending interest rates, domestic banks in the PRC have the discretion to set their lending interest rates based on the competitive financing environment. Accordingly, there can be no assurance that the Group's property financing services would not in the future become less appealing to potential borrowers. The Group may also be unable to compete with the domestic banks in the PRC. In the event the Group's property financing business is not able to compete successfully in the PRC, the Group's business, operations, results of operations, financial position and prospects could be materially and adversely affected.

The Group may not be able to effectively manage credit risk and maintain the quality of its entrusted loan portfolio, especially as it expands its property financing business

The sustainability of the Group's growth as a provider of property financing depends largely on its ability to effectively manage its credit risk and maintain the quality of its entrusted loan portfolio. In order to minimise and effectively manage the risk of non-performing credit, the Group has implemented measures to assess the creditworthiness of its customers, including due diligence on potential customers' credit quality, strict credit approval procedures and guidelines and effective credit control and collection processes. There can be no assurance that these credit risk management measures will be effective in managing such risks. Failure of the Group's credit risk management measures may result in an increase in the level of its non-performing credit and adversely affect the quality of its entrusted loan portfolio. In addition, the quality of the Group's entrusted loan portfolio may also deteriorate due to various other reasons, including factors beyond its control. If such deterioration occurs, it will materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group will be exposed to various risks as it expands its property financing business

The Group intends to continue to expand its property financing business. The expansion of its property financing business has and will expose the Group to new and potentially higher risks, including the following:

- the Group may need to hire additional qualified and experienced personnel but may be unable to do so;
- in the event the Group's existing personnel leave their roles, the Group may be unable to find suitable replacements within a reasonable timeframe or at all; and
- the Group may be unable to obtain or maintain regulatory approval for its entrusted loan financing services in the PRC if such a need arises. Although the PRC laws currently do not prohibit entrusted loans, the Group may be required to cease entering into entrusted loan arrangements in the future if there are any changes to the laws, regulations and/or policies prohibiting its property financing business or, as the case may be, requiring that the Group's relevant PRC subsidiaries be licensed.

If the Group is unable to achieve the intended commercial results with respect to its property financing business, the Group's business, operations, results of operations, financial position and prospects could be materially and adversely affected.

GENERAL RISKS RELATING TO THE PRC

The Group's operations could be adversely affected by changes in the social, political and economic conditions in the PRC

The Group's revenues are derived mainly from its business operations located in the PRC. Accordingly, any significant slowdown in the PRC economy or decline in demand for residential and commercial properties in the PRC will have an adverse effect on the Group's business, operations, results of operations, financial position and prospects. Furthermore, any unfavourable changes in the social, political and economic conditions of the PRC may also materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

Since the adoption of the "open door policy" in 1978 and the "socialist market economy" in 1993, the PRC government has been reforming and is expected to continue to reform its political and economic systems. Any changes in the social, political and economic policy of the PRC government may lead to changes in laws and regulations or the interpretation of the same, as well as changes in foreign exchange regulations, taxation and import and export restrictions, which may in turn adversely affect the Group's results of operations. While the current policy of the PRC government seems to be one of imposing economic reform policies to encourage foreign investment and greater economic decentralisation, there can be no assurance that such a policy will continue to prevail in the future. As such, there can be no assurance that the Group's business, operations, results of operations, financial position and prospects will not be materially and adversely affected should there be any policy changes.

The Group recognises that the PRC property market would in general be affected by a change in any of the aforementioned policies, and that any further tightening measures undertaken by the PRC government could materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

Introduction of new laws or changes to existing laws by the PRC government may adversely affect the Group's business

The PRC legal system is a codified legal system made up of written laws, regulations, circulars, administrative directives and internal guidelines. In the event of a breach of any of the foregoing due to an act or omission by the Group's PRC subsidiaries and/or associated companies, it will be subject to the relevant penalties prescribed thereunder. The PRC government is still in the process of developing its legal system so as to meet the needs of investors and to encourage foreign investment. Generally, the PRC economy is developing at a faster pace than its legal system.

Therefore, some degree of uncertainty exists in connection with whether existing laws and regulations will apply to certain events or circumstances, and if so, the manner of such application. In addition, new personnel at the relevant PRC administrative authorities may require time to process the implementation of the Group's agreements with the local authorities based on the existing interpretation of applicable laws and regulations. In particular, unlike common law jurisdictions like the United Kingdom and Singapore, decided cases do not form part of the legal structure of the PRC and thus have no binding effect. As such, the administration of the PRC laws and regulations may be subject to a certain degree of discretion by the authorities. This has resulted in the outcome of dispute resolutions not having the level of consistency or predictability as in other countries with more developed legal systems. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgements by a court of another jurisdiction.

In addition, in line with its transformation from a centrally planned economy to a more free market oriented economy, the PRC government is in the process of developing a comprehensive set of laws and regulations. As the legal system in the PRC is evolving, laws and regulations or the interpretation of the same may be subject to change and accordingly, any adverse change could materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The PRC property market is heavily regulated and subject to frequent introduction of new regulations, including further measures by the PRC government to slow down the growth of the property sector, which may adversely affect the Group's property businesses

The PRC government exerts considerable influence on the growth and development of the PRC property market through industry policies and other economic measures such as setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing foreign investment and currency exchange restrictions. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise the benchmark interest rates of commercial banks, impose additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on sale of properties and restrict foreign investment in the PRC property sector.

For instance, from 2004 to 2017, the PRC government introduced a series of regulations and policies designed to generally control the growth of the property market and increase in property prices as well as to dampen property speculation, including, among others:

- strictly enforcing the laws and regulations relating to idle land;
- restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- prohibiting commercial banks from lending funds to property developers with an internal capital ratio that is under a certain prescribed percentage;
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums;
- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;
- imposing tax levies on the sale proceeds of second-hand transfers of properties subject to the length of holding period and type of properties;
- increasing the minimum amount of down-payment in respect of residential properties;
- imposing limits on the number of residential properties that local residents may purchase;
- tightening the availability of individual housing loans in the property market to individuals and their family members with more than one residential property; and
- limiting the availability of individual housing provident fund loans for the purchase of second (or subsequent) residential properties by individuals and their family members.

There can be no assurance that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future. It is also impossible to ascertain the extent of the impact of any such measures or to accurately estimate the Group's sales volume and turnover should such measures be introduced. If the Group fails to adapt its operations to new policies, regulations or measures that may come into effect from time to time with respect to the property industry, or if the Group's marketing and pricing strategies are ineffective in promoting its sales, such policy and market condition changes may dampen the Group's contracted sales, result in the deferral of its pre-sale schedules, and cause the Group to incur additional costs, in which case the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

In general, there is a lack of readily available, reliable and updated information on property market conditions in the PRC

The Group is subject to property market conditions in the PRC in general and in particular, in the cities where the Group's property developments are located. Current, reliable and up-to-date information on the amount and the nature of property development and investment activities, the demand for such developments, the supply of new properties being developed or the availability of land and buildings suitable for development and investment is generally not readily available in the PRC and in the relevant cities. Consequently, the Group's investment and business decisions may not always have been, and may not be in the future, based on accurate, complete and timely information. Inaccurate information may adversely affect the Group's business decisions, which could materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

There are certain existing policies and regulations in the PRC that may affect the Group's future financing activities

PRC policies or regulations that may affect the Group's future domestic financing activities

The PRC government has in recent years implemented a number of policy initiatives in the domestic financial sector to further tighten the domestic lending requirements for property developers. In June 2003, the PBOC issued the "Notice on Further Strengthening the Management of Property Credit Business" (中国人民银行关于进一步加强房地产信贷业务管理的通知) which, among others:

- prohibits PRC commercial banks from advancing loans to fund the payment of land premium;
- restricts PRC commercial banks from granting loans for the development of luxury residential properties such as villas; and
- prohibits property developers from using borrowings obtained from any local bank to fund property developments outside the region of such local bank.

In May 2005, the MOC, the NDRC and several other regulatory bodies of the PRC government jointly issued the "Opinions on the Stability of Residential Property Prices" (关于做好稳定住房价格工作的意见) which, among others, require commercial banks to strictly adhere to PRC laws on granting loans for property developments, including the requirement of thorough credit investigation before approving loans for property developments.

In accordance with the "Notice on Strengthening Commercial Property Credit Management" (关于加强商业性房地产信贷管理的通知) jointly issued by the PBOC and the CBRC on 27 September 2007, commercial banks shall not (a) issue loans in any form to a project of which the proportion of capital (owners' equity) is less than 35.0 per cent. or that has not received the Land Use Rights Certificate, the Construction Land Planning Permit, the Construction Project Planning Permit or the Construction Permit, (b) issue loans to property development enterprises that are found to be hoarding land and properties for speculative purposes by the competent authority in charge of land and resources and the competent authority in charge of construction, and (c) accept commercial properties that have been left idle for more than three years as collateral for mortgage loans.

However, on 20 December 2008, the State Council promulgated the "Various Opinions on Promoting the Healthy Development of Property Market" (国务院办公厅关于促进房地产市场健康发展的若干意见), which provide firstly that commercial banks may increase credit support for construction of small and medium-sized ordinary commodity properties at low or medium price, especially properties under construction. Further, they will be under the supervision of the government, especially for government housing projects (政府保障房) under construction. Secondly, with regard to the enterprises or projects relating to merger or reorganisation by competent and reputable property development enterprises, commercial banks are encouraged to provide financing support.

In accordance with the “Notice on Adjustment of Investment Capital Ratios for Fixed Asset Projects” (国务院关于调整固定资产投资项目资本金比例的通知) promulgated by the State Council on 25 May 2009, the minimum capital proportion for low-income housing projects and ordinary commercial housing projects is 20.0 per cent., and the minimum capital proportion for other types of property development projects is 30.0 per cent. When providing credit assistance and services, financial institutions shall carry out an independent assessment to reduce financial risks and shall conduct a comprehensive assessment and evaluation on the source of the capital, returns on investment and investment risks with reference to the capital requirements promulgated by the State based on the status of the borrower and the project, so as to decide whether to grant the loan as well as the amount and proportion of the loan.

PRC policies or regulations that may affect the Group’s future external financing activities

On 28 April 2013, the Chinese State Administration of Foreign Exchange (“SAFE”) issued the Administrative Measures for Foreign Debt Registration (外债登记管理办法) (the “**Foreign Debt Measures**”) and the Foreign Debt Measures Operation Guidelines (外债登记管理操作指引) which was revised on 4 May 2015 (the “**Foreign Debt Guidelines**”).

Further, on 11 May 2013, SAFE issued the “Notice on Issuing the Provisions on the Foreign Exchange Administration of Domestic Direct Investment of Foreign Investors and the Supporting Documents” (国家外汇管理局关于印发《外国投资者境内直接投资外汇管理规定》及配套文件的通知) (“**Notice 21**”).

The Foreign Debt Measures, the Foreign Debt Guidelines and Notice 21 restrict the ability of a foreign invested property enterprise to raise funds offshore and then inject funds into such enterprise by way of shareholder loans stipulating that, among others (a) SAFE will no longer process foreign debt registration or examination and approval of foreign exchange settlements for foreign debt for Property FIEs that obtained approval certificates from commercial authorities and filed such approval certificates with MOC on or after 1 June 2007, (b) Property FIEs established before 1 June 2007 may apply for foreign debt registration only within the balance between total investment and registered capital and (c) Property FIEs which fail to fully contribute registered capital, or where the capital fund (owner’s equity) is less than 35.0 per cent. of the required total investment of its development project, or, which fail to obtain the Land Use Rights Certificate, are prohibited from raising foreign debt, and SAFE will no longer process foreign debt registration or examination and approval of foreign exchange settlements for foreign debt for such foreign-invested property enterprises. The Group currently has Property FIEs. These property subsidiaries incorporated by the Group in the PRC (the “**PRC Property Subsidiaries**”) will not be allowed to obtain debt financing (including bank loans or inter-company loans) from offshore entities.

Nonetheless, the PRC Property Subsidiaries’ financing needs will be funded through a combination of internal and other external sources. Internal sources include working capital inflows while external sources include onshore RMB-denominated loans from banks and financial institutions based in the PRC. The Group may also choose to increase the equity financing in the PRC Property Subsidiaries by way of increases in paid-up capital. Furthermore, the restriction on offshore debt financing does not affect the Group’s offshore entities including the Issuer. Accordingly, the Issuer and the Group’s offshore intermediary holding companies are still able to raise funds denominated in any currency outside the PRC for investments in the Group’s existing or new property projects in the PRC. However, such funds raised can only be remitted into the PRC through direct investment into the paid-up capital of the PRC Property Subsidiaries.

In view of the foregoing, any changes in the policies or regulations by the PRC government may limit the Group’s financing options and flexibility and therefore, the Group may need to rely on alternate sources of funds or maintain a relatively high level of cash. Should the Group be unable to do so, the Group’s business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may be subject to fluctuations in interest rates due to, among others, any change of the macroeconomic policies of the PRC government in the PRC property sector

The PRC government has exercised and continues to exercise significant influence over the PRC economy in general, which may, among others, affect the property sector in the PRC. From time to time, the PRC government adjusts its monetary and economic policies to prevent the overheating of the national and provincial economies, and this may affect the property markets that the Group operates in. Any action by the PRC government concerning the economy or the property sector in particular could adversely affect the Group's business, operations, results of operations, financial position and prospects. In addition, the central and local authorities may continue to adjust interest rates, tax rates and other economic policies or impose other regulations or restrictions that may have an adverse effect on the property market in the PRC and in turn adversely affect the Group's business. For instance, as purchasers of the Group's properties commonly rely on mortgages to fund their purchases, any increase in interest rates may increase the costs of such mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchasers and adversely affecting the affordability of properties.

As at 31 January 2020, the Group had obtained certain bank financing credit facilities and it may face risks in relation to interest rate movements in particular as a result of the debts undertaken by the Group to finance its property developments. Changes in interest rates will affect the Group's interest income and interest expense from short-term deposits and other interest-bearing financial assets and liabilities respectively. This may in turn have a material and adverse effect on the Group's results of operations. Furthermore, an increase in interest rates would also adversely affect the willingness and ability of prospective customers to purchase the Group's properties and its ability to raise and service long-term debt.

PRC regulations relating to the establishment of offshore holding companies by PRC residents may subject the Group's PRC resident beneficial owners or PRC subsidiaries to liability or penalties, limit the Group's ability to inject capital into its PRC subsidiaries, limit the Group's PRC subsidiaries' ability to increase their registered capital or distribute profits to the Group, or may otherwise adversely affect the Group

SAFE has promulgated several regulations, including the "Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents' Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles" (国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题的通知) or "Circular 75", effective on November 1, 2005 and its implementation rules. On 4 July 2014, SAFE promulgated the "Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles" (国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知) or "Circular 37" and its schedules (effective from 4 July 2014) which repealed Circular 75.

These regulations require PRC residents and PRC corporate entities to register with local branches of SAFE in connection with their direct or indirect offshore investment activities. These regulations are applicable to shareholders who are PRC residents and may be applicable to any offshore acquisitions that the Group makes in the future. Under these foreign exchange regulations, PRC residents who make, or have prior to the implementation of these foreign exchange regulations made, direct or indirect investments in offshore special purpose vehicles ("SPVs"), will be required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV, is required to update its filed registration with the local branch of SAFE with respect to that SPV, to reflect any material change.

Moreover, any subsidiary of such SPV in the PRC is required to urge the PRC-resident shareholders to update their registration with the local branch of SAFE. If any PRC-resident shareholder fails to so register or to update the previously filed registration, the subsidiary of such SPV in the PRC may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contribution into its subsidiary in the PRC.

There can be no assurance that such PRC-resident individuals may continue to make required filings or updates in a timely manner, or at all. There can be no assurance that the Group will in the future continue to be informed of identities of all PRC residents holding direct or indirect interest in the Issuer. Any failure or inability by such individuals to comply with SAFE regulations may subject the Group to fines or legal sanctions, such as restrictions on the Group's cross-border investment activities or its PRC subsidiaries' ability to distribute dividends or obtain foreign-exchange-denominated loans (to the extent such loans are not property related or were obtained prior to 1 June 2007, being the date prior to which Property FIEs established before that may apply for foreign debt registration only within the balance between total investment and registered capital) from the Group or prevent the Group from making distributions or paying dividends. As a result, the Group's business, operations, results of operations, financial position and prospects could be materially and adversely affected.

On 15 February 2012, SAFE promulgated the "Notice Concerning the Foreign Exchange Administration on Stock Incentive Plans of Overseas Listed Companies Involving Domestic Individuals" (国家外汇管理局关于境内个人参与境外上市公司股权激励计划外汇管理有关问题的通知) ("**Notice 7 (2012)**"). Under Notice 7 (2012), PRC citizens who are granted shares or share options by an overseas listed company are required, through a PRC agent such as an onshore entity participating in such stock incentive plan or a domestic institution qualified to conduct asset trust designated by the onshore entity, to register with SAFE and complete certain other procedures related to the granted shares and/or share options. The Group's PRC citizen employees who have been granted shares and/or share options are subject to Notice 7 (2012) given the Issuer's listing on SGX-ST. If the Group's employees who are PRC citizens fail to comply with these regulations, the Group or its employees who are PRC citizens may be subject to fines and legal sanctions.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation have been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, the Group may be subject to a more stringent review and approval process with respect to its foreign exchange activities, such as remittance of foreign currency denominated borrowings, which may adversely affect the Group's business, operations, results of operations, financial position and prospects. In addition, if the Group decides to acquire a PRC domestic company, there can be no assurance that the Group or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict the Group's ability to implement its acquisition strategy and could materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group's ability to secure new projects and related investments may be restricted by policies and regulations introduced by the PRC government with respect to overseas investment

The PRC government has introduced a number of policies and regulations aimed at regulating foreign investment in the property industry in the past few years:

- On 11 July 2006, the MOC, the Ministry of Commerce of the PRC (中国商务部) ("**MOFCOM**"), the NDRC, the PBOC, the State Administration for Industry and Commerce of the PRC (国家工商行政管理局) ("**SAIC**") and SAFE issued the "Opinions on Regulating the Entry and Administration of Foreign Investments into the Property Market" (关于规范房地产市场外资准入和管理的意见).
- On 23 May 2007, the MOFCOM and SAFE issued the "Notice on the Reinforcement and Regulation of Approval and Supervision of Foreign Direct Investments in the Property Industry" (关于进一步加强规范外商直接投资房地产业审批和监管的通知).
- As mentioned in the risk factor "**There are certain existing policies and regulations in the PRC that may affect the Group's future financing activities – PRC policies or regulations that may affect the Group's future external financing activities**", on 28 April 2013, SAFE issued the Foreign Debt Measures (relating to foreign debt registration) and the Foreign Debt Measures Operation Guidelines.

- As mentioned in the risk factor “**There are certain existing policies and regulations in the PRC that may affect the Group’s future financing activities – PRC policies or regulations that may affect the Group’s future external financing activities**”, on 11 May 2013, the General Affairs Department of the SAFE issued Notice 21.

SAFE will no longer process foreign debt registration for Property FIEs that obtained approval certificates from commercial authorities and filed such approval certificates with the MOC on or after 1 June 2007. Property FIEs which were established before 1 June 2007 may apply for foreign debt registration only within the balance between total investment and registered capital. The above-mentioned regulations are restrictive measures taken by the PRC government to limit foreign investment in the PRC property market. Pursuant to the requirements in the above regulations, the Group must apply to the relevant examination and approval authorities if it plans to expand the scope of its business or the scale of its operations, engage in new project developments or operations or increase the registered capital of the Group’s PRC-domiciled foreign invested subsidiaries in the future.

In the future, if the Group develops such properties, the development will be subject to the review and approval by the MOFCOM. Pursuant to the requirements set out in the above-mentioned notices, the Group must apply to the relevant examination and approval authorities if it plans to expand the scope of its business or the scale of its operations, engage in new project developments or operations or increase the registered capital of the Group’s PRC foreign-invested subsidiaries in the future. If the PRC government promulgates further policies or regulations to further regulate or restrict foreign investment in the PRC property industry, and if these policies or regulations affect the Group’s business and operations, the Group’s ability to secure new projects may suffer and the Group’s business, operations, results of operations, financial position and prospects could be materially and adversely affected.

The Group is subject to environmental laws and regulations in the PRC

The Group is subject to a variety of PRC laws and regulations relating to the protection of health and the environment. The particular PRC environmental laws and regulations which apply to the Group’s property developments may vary greatly according to the development site’s location, environmental condition, the present and former uses of the development site and adjoining properties. The enforcement of the PRC environmental laws and conditions may result in delays to the Group’s development projects, the incurrance of substantial compliance and other costs and the prohibition or severe restriction of property development activities in environmentally sensitive regions or areas.

As required by the relevant PRC laws, each of the Group’s projects must undergo environmental impact assessments. Environmental impact assessment reports and/or documents must be submitted to the relevant government authorities for approval before the Group can commence construction on a development site. The local authorities may require the Group to submit the environmental impact assessment report, issue orders to suspend construction work and impose penalties if the Group is found to be in breach of the above requirements.

Although the Group has not previously failed to comply with the relevant environmental laws and regulations, there can be no assurance that such risks will not occur in the future. Any future breaches of the relevant environmental laws and regulations may result in a delay of the progress of the Group’s property developments, hence materially and adversely affecting the Group’s business, operations, results of operations, financial position and prospects.

PRC foreign exchange controls may limit the Group’s ability to receive dividends and other payments from its PRC subsidiaries

The Group’s PRC subsidiaries are subject to PRC rules and regulations on currency conversion. In the PRC, SAFE regulates the conversion of RMB into foreign currencies and *vice versa*. Currently, FIEs are required to apply to SAFE for “Foreign Exchange Registration Certificates for FIEs”. With such registration certificates, FIEs are allowed to open foreign currency accounts including the upfront expense account, capital account, asset realisation account and other accounts.

The ability of the Group's PRC subsidiaries to pay dividends or make other distributions to the Group may be subject to PRC foreign exchange control restrictions. There can be no assurance that the relevant regulations will not be amended to the Group's disadvantage and that the ability of its PRC subsidiaries to distribute dividends to the Group will not be adversely affected.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent the Group from making loans or additional capital contributions to its PRC subsidiaries

Any loans to the Group's PRC subsidiaries are subject to PRC regulations and foreign exchange loan registrations. The Group may borrow funds from offshore bank entities or use offshore equity funds to capitalise its property-related PRC subsidiaries. Any loans provided by the Group to its other PRC subsidiaries to finance their activities, which cannot exceed statutory limits, must be registered with the local counterpart of SAFE. Any capital contributions by the Group to other PRC subsidiaries must be approved by the MOFCOM or its local counterpart in advance.

SAFE issued the "Notice of the SAFE on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-Funded Enterprises" (国家外汇管理局关于改革外商投资企业外汇资本金结汇管理方式的通知) ("**Notice 19**") in March 2015, which regulates the conversion by a foreign-invested enterprise ("**FIE**") of foreign currency into RMB by restricting how the converted RMB may be used. Notice 19 requires that the RMB funds converted from the foreign currency capital of an FIE may only be used for purposes within the business scope of the relevant FIEs approved by the applicable governmental authority and cannot be used for equity investments or acquisitions within the PRC unless specifically provided otherwise. Violations of Notice 19 will result in severe penalties, such as heavy fines set out in the relevant foreign exchange control regulations.

On 25 October 2019, SAFE issued a circular to further facilitate cross-border trade and investment (国家外汇管理局关于进一步促进跨境贸易投资便利化的通知 ("**Circular 28**"). This circular, effected on 25 October 2019, introduces twelve new measures to facilitate China cross-border trade and investment which include the removal of restrictions on FIEs from using their existing capital (e.g. cash) in PRC companies for domestic equity investments. Previously, only the accumulated business profits could be used for such purpose. In addition, the procedures for a PRC company to receive considerations from a foreign investor under an equity transaction have been simplified and the restrictions on the use and conversion of foreign currency deposit made by foreign investors has been eased.

As the regulations are developing there can be no assurance that the Group will be able to obtain all or any of the approvals required for making loans or additional capital contributions to its PRC subsidiaries in a timely manner, or at all. Accordingly, the Group may not be able to extend loans or make additional capital contributions to the Group's PRC subsidiaries.

Changes in PRC tax laws, regulations, policies, concessions and treatment may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects

Currently, in accordance with industry practices, the Group is taxed according to the relevant national and local government laws and regulations relating to value-added tax, income tax, land appreciation tax ("**LAT**") and land use tax. In the event that there is a change in the tax laws, regulations, policies, concessions and treatment such as the amount and timing of the LAT prepayments / settlements and land use tax, and the removal, loss, suspension or reduction of any tax benefits or tax relief, the Group's cash flow and profits may be affected adversely, resulting in a material adverse effect on the Group's business, operations, results of operations, financial position and prospects.

The Group's properties are subject to various real (that is, immovable) property taxes in the PRC that may increase as tax rates increase or as the properties are assessed or reassessed by relevant authorities. In addition, certain taxes such as property tax are subject to the discretion or practice of local tax bureaus in the PRC and thus the amount of tax payable may vary.

The Group may be deemed a PRC resident enterprise under the PRC Corporate Income Tax Law and be subject to PRC taxation on its worldwide income

Under the PRC corporate income tax (“CIT”) law (the “**PRC CIT Law**”), which came into effect on 1 January 2008 and was revised on 24 February 2017, enterprises established outside the PRC whose “de facto management bodies” are located in the PRC are considered “resident enterprises” and their global income will generally be subject to the uniform 25.0 per cent. PRC CIT rate. Under the Implementation Rules for the PRC CIT Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

A substantial part of the Group’s management is currently based in the PRC and may remain in the PRC. In April 2009, the State Administration on Taxation (“**SAT**”) promulgated the “Notice on the Recognition of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises based on the Standards of the Organisations of Actual Management” (国家税务总局关于境外注册中资控股企业依据实际管理机构标准认定为居民企业有关问题的通知) to clarify the definition of “de facto management bodies” for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in the PRC. However, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise, as in the Group’s case.

Under the “Announcement of the State Administration of Taxation on Printing and Distributing the Administrative Measures for Income Tax on Chinese-controlled Resident Enterprises Incorporated Overseas (Trial Implementation)” (关于印发《境外注册中资控股居民企业所得税管理办法（试行）》的公告), which was issued on July 2011 by SAT, a non-domestic resident enterprise shall, in accordance with the requirements of the PRC CIT Law, its implementing regulations and relevant administrative regulations, fulfil its corporate income tax liability and withhold income tax when paying the non-resident enterprise the amount as required in the third paragraph of Article 3 of the PRC CIT Law, in relation to the income generated from within the PRC.

The Group may be treated as a PRC resident enterprise for PRC CIT purposes. The tax consequences of such treatment are currently unclear as they will depend on how the PRC finance and tax authorities apply or enforce the PRC CIT Law and the implementation rules.

The Group faces uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies

On 3 February 2015, SAT issued the “Public Notice Regarding Collection of Corporate Income Tax by Indirect Transfer of Assets by Non-Resident Companies” (关于非居民企业间接转让财产企业所得税若干问题的公告) (“**Notice 7**”). Notice 7 stipulates that when a non-resident enterprise indirectly transfers equities and/or other assets of a Chinese resident enterprise not for any reasonable business purpose but to avoid its enterprise income tax payment obligation, such indirect transfer shall be treated as a direct transfer in accordance with the provisions of Article 47 of the PRC CIT Law, pursuant to which the tax authority has the right to adjust the transferor’s tax liability within reasonable standards. The amount obtained by the transferor from the transfer of such equity and/or other assets may be taxable in the PRC.

There is uncertainty as to the application of Notice 7. For example, while the term “Indirect Transfer” is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with the PRC. Notice 7 may be determined by the tax authorities to be applicable to the Group’s private equity financing transactions where non-resident shareholders were involved, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, the Group and its non-resident investors may become at risk of being taxed under Notice 7 and may be required to expend valuable resources to comply with Notice 7 or to establish that the Group should not be taxed under Notice 7, which may have a material adverse effect on the Group’s business, operations, results of operations, financial position and prospects.

In July 2017, First Sponsor Guangdong, an indirect wholly-owned subsidiary of the Issuer entered into an agreement to dispose its entire equity interest in Guangdong Idea Valley to a third party. As this disposal also concerned the indirect disposal of a PRC subsidiary, it may be considered as an Indirect Transfer by the relevant PRC tax authority. If this is the case, the Issuer may be required to make certain tax filings and/or pay taxes in respect of any gains from the disposal. In addition, if such filings are not made within the stipulated timeframe, the Group may be required to pay a penalty in addition to the tax payable in respect of any gains on disposal.

It may be difficult to enforce service of process upon the Group's executive officers who live in the PRC or to enforce any judgments obtained from non-PRC courts against the Group in the PRC

Some of the Group's executive officers are residents of the PRC. Therefore, it may be difficult or impossible to effect service of process upon those persons in the PRC. In addition, a substantial portion of the Group's assets are located within the PRC. The PRC has not entered into any treaties providing for the reciprocal recognition and enforcement of judgements of courts with Singapore, Japan, the United States, the United Kingdom or most other western countries. As a result, it may be difficult or impossible to enforce against the Group in the PRC any judgements obtained from non-PRC courts.

GENERAL RISKS RELATING TO THE NETHERLANDS, GERMANY, ITALY AND AUSTRALIA

The Group's business is subject to the general legal environment in the Netherlands, Germany, Italy and Australia, any of which may change to the Group's detriment

The Group's business is subject to the general legal framework applicable to real estate in the Netherlands, Germany, Italy and Australia. This framework includes a variety of laws, codes and regulations, including civil, corporate, tax, planning, zoning, environmental, health and safety and other laws, regulations and/or requirements, as well as specific laws such as tenancy law, and special provisions under other laws, including fire, health and safety protection and environmental protection, construction laws, historic preservation laws, social legislation and other public laws. Such laws and regulations could require the Group to undertake additional refurbishment, maintenance and modernisation measures.

Furthermore, any costs that the Group may have to incur to comply with such laws, codes and regulations are based on the assumption that the required permits are issued promptly and consistently with the Group's schedules. There can be no assurance, however, that the required building permits are issued promptly or are issued without conditions that the Group is unable to satisfy. This may potentially result in substantial delays in the completion of such modernisation measures and result in the Group having to incur more significant costs than those that the Group had projected. The occurrence of any of these risks may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group may be required to pay penalties and/or lose required permits or licences for non-compliance with any such laws, regulations and/or other requirements of local, regional and national authorities to which it is subject, as well as the authorities of the EU. Any changes to Dutch, German, Italian, Australian and European or other laws applicable to the Properties and the Group's property development projects in the Netherlands, Germany, Italy and Australia, including changes with retrospective effect, or changes in the interpretation or application of existing laws may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

Although the Group takes steps to keep itself informed of potential changes to the legal, tax and regulatory environments in which it operates and where its members are formed, incorporated or registered, there can be no assurance that the Group will become aware of such changes in a timely manner. Any such changes or any failure of the Group to respond to such changes may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

Certain Properties located in the Netherlands are registered as contaminated land

Several of the Properties in the Netherlands, including a number in the Bilderberg Portfolio, are “contaminated” within the meaning of the Soil Protection Act (*Wet Bodembescherming*), including the decisions and regulations related thereto. Furthermore, a number of these Properties are registered as contaminated in accordance with the Disclosure of Impediments under Public Law in respect of Real Estate Act (*Wet kenbaarheid publiekrechtelijke beperkingen onroerende zaken*). However, as there are no outstanding orders to investigate or clean up issued in respect of any of such Properties, the Group is currently not required to take any further action in relation to the soil contamination issues.

There is no assurance that the Group will not be required to incur expenses and make capital expenditures to comply with laws on soil contamination or other environmental laws in relation to any of its Properties. Should the Group be required to incur significant expenses or undertake significant capital expenditure in order to comply with applicable environmental laws, or should the use of the Properties be affected by applicable environmental laws, the business, operations, results of operations, financial position and prospects of the Group may be materially and adversely affected.

Asbestos-containing materials are present in the premises of certain of the Properties

Asbestos-containing materials are present in the premises of certain of the Properties located in the Netherlands and Germany, in particular, those that were constructed before the Working Conditions Decree (*Arbidsomstandighedenbesluit*) prohibiting asbestos-containing materials in new constructions and renovations came into effect in 1993. The Netherlands has relevant regulations in relation to the management of asbestos in buildings which the Group will have to comply with or procure compliance with on an ongoing basis. The regulations require, among other things, regular inspection and monitoring of the asbestos containing premises and if the Group removes the asbestos or renovates or demolishes the buildings, certain environmental regulations govern the manner in which the asbestos must be handled and removed, and the Group could incur substantial costs complying with such regulations. As at the 31 January 2020, the Group has not had any non-compliance with the relevant laws and regulations relating to the management of asbestos that will have a material effect on the Group. In addition, the Issuer is of the view that the presence of asbestos is common in older buildings and with proper management, the presence of asbestos-containing materials in certain of the Properties would not prevent or delay the sale of such properties.

If any of the Properties are found to be contaminated, the Group may be responsible for their full or partial decontamination. In such event, the Group may be required to incur unbudgeted expenditures in order to remedy such issues and may be liable to third parties for the consequences of contamination and decontamination where the Group has agreed, or is required, to carry out decontamination works. There is also the possibility that the Group may be prosecuted by the relevant authorities for such contamination issues or be asked to remedy such issues. In such event, the business, operations, results of operations, financial position and prospects of the Group may be materially and adversely affected.

The Properties are subject to planning and environmental restrictions

The Properties located in the Netherlands, Germany and Italy are subject to zoning plans. Such plans effectively zone the areas for certain purposes, that is, stipulate the permitted use of the areas. As zoning plans restrict the use of an area, their stipulations restrict the pool of potential tenants for the Properties. Furthermore, these Properties may be subject to (conditions contained in) an environmental permit, which may also restrict the pool of potential tenants for the Properties concerned. Any restriction regarding the pool of tenants may affect the ability of the Group to find suitable tenants which may in turn materially and adversely affect the Group’s business, operations, results of operations, financial position and prospects.

Further, where the current use of the affected Properties does not comply with the restrictions set out in the relevant zoning plan and/or environmental permit, the authorities may levy a fine and/or issue a stop order against the Group.

For instance, the Munthof and Hilton Rotterdam Hotel are listed buildings under the Netherlands Municipalities Act (*Gemeentewet*) and the Netherlands Heritage Act (*Erfgoedwet*), respectively, and are therefore protected monuments under such acts.

The classic wing of the Le Méridien Frankfurt, the Group's Property in Germany, is registered as a protected monument under the Hesse monument protection provisions. As such, the Group is required to obtain approval from the authority of the City of Frankfurt to implement any changes to the classic wing of the Le Méridien Frankfurt.

The Group is subject to tenant protection laws in the Netherlands which may limit, among others, its ability to evict tenants, the levels of rent increases and the ability to pass on modernisation costs

The Group is subject to tenant protection laws in the Netherlands which may limit, in certain instances, in material respects, the Group's ability to engage in certain actions with respect to the Properties, including without limitation, with respect to the eviction of tenants, levels of rent increases and the ability to pass on modernisation costs. These laws may change in the future, and any such changes may in turn materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

In the Netherlands, the landlord-tenant relationship is dependent on the tenancy regime that applies. Such regimes are subject to a significant level of statutory regulation. There are three relevant tenancy regimes applicable in the Netherlands, namely, (a) residential tenancy regime, (b) retail and similar business spaces (such as hotels) tenancy regime and (c) office and all other business spaces tenancy regime.

The residential tenancy regime generally provides far-reaching economic and social protection for tenants under residential leases. However, as the Group has not entered into any residential leases in the Netherlands, such a regime is not currently relevant for the Group.

The retail and similar business spaces tenancy regime general provides far-reaching economic protection for tenants under retail, hotel and similar business spaces leases. For instance, this regime stipulates that unless such leases are entered into for a period of less than two years, their terms have to be at least five years, after which they must be extended for another five years. The landlord is entitled to terminate the lease agreement (by making a court application) after five years on very limited grounds. After 10 years or any subsequent extension period, the landlord is entitled to terminate the lease agreement (by making a court application) on very limited grounds as well. The tenant, on the other hand, is entitled to terminate a retail lease agreement at the expiry of a lease term without having to state any grounds. In the case of a lease for an indefinite term, the tenant and landlord may terminate the lease at all times (subject to a notification period), provided that the landlord may only be able to terminate on one of the statutory grounds. Furthermore, each of the parties of a retail lease may demand a rent review to align with the market rent of similar business spaces at the time of the demand for rent review, as a result of which the rental payable may be affected adversely.

There are minimal statutory regulations under the office tenancy regime.

The Group's portfolio is affected by the above-mentioned statutory and other regulations, and the growth of the Group's portfolio in the Netherlands, including rent levels and vacancy rates, may be limited by such regulations. This may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The growth of the Group's portfolio may be limited by Dutch, German and other laws, including laws with respect to environmental modernisation, restrictions on modernisation alternatives and other regulations

Any change to Dutch, German or other laws applicable to the Properties in the Group's portfolio, including the laws of the EU, may have an impact on its portfolio, and the growth of the Group's portfolio, including rent levels, and vacancy rates, may be limited by such changes. These laws and any changes to them may have a material and adverse effect on the Group's business, operations, results of operations, financial position and prospects.

Based on environmental EU directives that have been implemented in the Netherlands and Germany, the landlord or the seller of a property will be required to provide an energy certificate to a lessee, or a purchaser, as the case may be, at the closing of a new lease or transfer of a property, respectively. Penalties may apply if such energy certificate is not presented. In addition, owners of properties with a centralised water facility are required to take measures to prevent the growth of legionella bacteria, for instance by periodic testing. Further, owners of properties are required to separate drinking water used for fire-fighting by establishing and maintaining separate lines for these systems.

In Germany, other heightened environmental laws may cause additional costs for the Group. For instance, landlords are responsible for making investments in renovation work for the purpose of reducing energy consumption (including through heat insulation). In certain circumstances, thermal renovation of the building may be necessary. For example, landlords are required to renovate the roofs of their let properties so as to meet minimum heat insulation standards.

In the case of listed historical buildings or monuments in the Netherlands and Germany, laws or regulations regarding the protection of historical buildings may entail increased expenditures on maintenance and modernisation procedures or may restrict the ability of the landlord or owner to carry out certain modernisation, improvement or maintenance measures. Such laws or regulations may have a negative impact on the Group's ability to sell or let such properties or to use them as security for financing purposes.

Any of these factors may have a material and adverse effect on the Group's business, operations, results of operations, financial position and prospects.

The Group is exposed to the risks of ground leases in the Netherlands

Certain of the Properties in the Netherlands are on ground leases. In general, financing and sales in connection with properties located on ground leases are more difficult due to the restrictions typically found in ground leases, and the conditions of the ground lease agreements, such as their terms and payment obligations which are key parameters that impact the value of these properties. The ground lease agreements may contain provisions leading to the exceptional result of the loss of the ground leased Property if the Group is in material breach of the ground lease agreement. Furthermore, the Group may face changes in the terms and conditions of the ground lease agreement, for example with respect to payment obligations to the owner of the land. Unfavourable changes to the ground lease agreements or relevant regulations may limit the Group's ability to sell or refinance the Properties which are subject to ground leases, and may thereby decrease their value, or require the Group to write down their asset values as recorded on the Issuer's consolidated balance sheet. The occurrence of any of these factors may have a material adverse effect on the Group's business, operations, results of operations, financial position and prospects.

The Group may face labour disruptions that could interfere with its operations

Labour law in the Netherlands provides a high level of protection to employees including, among others, bargaining rights. These employment rights may require the Group to expend greater time and costs in altering or amending its employees' terms of employment or discontinuing employment relationships. The Group cannot assure you that it will not experience disturbances occasioned by its labour force. Further, there is no assurance that, upon the expiry of existing collective bargaining agreements with the councils representing the Group's labour force, the Group will be able to reach new agreements on satisfactory terms or that it would reach an agreement on such new agreements without work stoppages or similar industrial actions.

In certain instances, the Group is required under Dutch laws to consult and seek the input of the works councils representing its employees on various matters. Such matters could include, among others, the transfer of control of the enterprise, disposal of assets held by the enterprise, significant reduction, expansion or other change in the enterprise's activities, major changes to the organisation or to the distribution of powers within the enterprise, making major investments and taking up major loans. While the Group has generally been able to successfully consult with these works councils and the Group regards its relationships with its executives, employees and their representatives as generally satisfactory, negotiations may be challenging in connection with the integration process of the Group,

as the Group must have competitive cost structures in each market while meeting the compensation and benefits needs of its executives and employees. Consultations with works councils, industrial actions or other disturbances by the Group's workforce could disrupt its operations, result in a loss of reputation, increased wages and benefits or otherwise have a material and adverse effect on its business, operations, results of operations, financial position and prospects.

The rental income of certain leases may be adjusted downwards if the relevant index drops below a certain prescribed level

A number of leases contain rent adjustment clauses which provide for rent adjustments each time an index crosses or drops below a certain prescribed level. If the index crosses a certain level, the Group would benefit from rental uplift. However, in the event that the relevant index is not crossed, the Group would not benefit from the potential rental uplift pursuant to such rental adjustment clause. Conversely, if the index decreases by more than the relevant prescribed level, the rent adjustment clauses may result in the rent being adjusted downwards.

The standard applicable indexation mechanism is normally based on the Dutch Real Estate Council (*Raad voor Onroerende Zaken*) General Conditions which are a set of general terms and conditions on which leases are based. If no relevant deviation has been agreed, indexation cannot lead to a lower rent. Under Dutch mandatory law for retail premises, both the landlord and lessee may apply for a revision of the rent against the market value (*markthuurwaarde*) every five years. Such amendment can only be applied for after the first lease period and consecutively after every successive five-year period. Lease agreements often contain a clause indicating the first date a market rent review can be requested as well as the procedure that should be followed for submitting this request.

The Group could incur liability in connection with the Properties, interests in companies or other assets that it sells

When the Group sells its Properties, interests in companies that hold real estate or other assets, it is typically required to make representations, warranties, covenants and negative declarations of knowledge to purchasers with respect to certain characteristics of such Properties, interests or assets. The resulting obligations of the Group may continue to exist for a number of years after the Group sells such Properties, interests or assets. Among other things, the Group could be subject to claims for damages from purchasers who assert that the representations or warranties that the Group made to them were untrue, or that the Group failed to meet its obligations under the relevant sale agreement. The Group could become involved in lengthy and expensive legal disputes with purchasers and could be required to make significant payments for restitution, damages or to settle disputes.

As a seller of Properties, interests in companies or other assets, the Group is also subject to other restrictions or requirements in the Netherlands. Failure to comply with these restrictions or requirements may expose the Group to legal, administrative or regulatory proceedings, sanctions or penalties. Legal or settlement costs, including the costs of defending lawsuits, whether justified or not, as well as potential damages associated with liability for the Properties, interests in companies or other assets that the Group has sold may have a material and adverse effect on the Group's business, operations, results of operations, financial position and prospects.

The occurrence of any of these factors may have a material adverse effect on the Group's business, operations, results of operations, financial position and prospects.

The following risk factor replaces the section "Singapore tax risk" appearing on page 228 of the Information Memorandum in its entirety.

Singapore tax risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "Taxation – A. Singapore".

CLEARING AND SETTLEMENT

The section “**Clearing and Settlement**” appearing on pages 233 and 234 of the Information Memorandum shall be amended as follows:

1. by deleting the section “**Clearance and Settlement under the Depository System**” appearing on page 233 of the Information Memorandum in its entirety and substituting therefor the following:

“**Clearance and Settlement under the Depository System**”

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global security or global certificate for persons holding the Notes in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Notes through the Depository System may be effected through securities sub-accounts held with corporate depositors (“**Depository Agents**”). Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payments of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfers of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.”

TAXATION

The section below replaces the section “**Taxation**” appearing on pages 235 to 239 of the Information Memorandum in its entirety.

TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and the Cayman Islands and (in the case of Singapore) administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore (“**IRAS**”) and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Holders or prospective holders of the Securities are advised to consult their own professional tax advisers as to the Cayman Islands, Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arrangers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Securities as “debt securities” for the purposes of the ITA and that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities (“**QDS**”), provided that the other conditions for the QDS scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as “debt securities” for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the QDS scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.

A. SINGAPORE

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 22.0 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole was arranged by DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, each of which was a Financial Sector Incentive (Capital Market) Company or Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, any tranche of the Securities ("**Relevant Securities**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 would be QDS for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Securities derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require), Qualifying Income from the Relevant Securities derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

- (aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and
- (bb) the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require,

payments of Qualifying Income derived from the Relevant Securities are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Securities would not qualify as QDS; and
- (B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0 per cent. or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Securities held by:
 - (I) any related party of the Issuer; or
 - (II) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**prepayment fee**”, “**redemption premium**” and “**break cost**” are defined in the ITA as follows:

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who apply or are required to apply the Financial Reporting Standard (“**FRS**”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (“**SFRS(I) 9**”) (as the case may be), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on “Adoption of FRS 39, FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes”.

3. Adoption of FRS 39, FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition & Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Securities who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.”;

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The section “**Subscription, Purchase and Distribution**” appearing on pages 240 to 242 of the Information Memorandum shall be amended as follows:

1. by deleting the section “**European Economic Area: Public Offer Selling Restriction under the Prospectus Directive**” appearing on page 241 of the Information Memorandum in its entirety and substituting therefor the following:

“European Union

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Relevant Dealer has represented and agreed, and each Dealer appointed in relation to the Notes will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) if the Pricing Supplement in relation to the Notes specifies that an offer of the Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or the Relevant Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended or superseded) and includes any relevant implementing measure in each Relevant Member State.”; and

2. by deleting the section “**Singapore**” appearing on page 242 of the Information Memorandum in its entirety and substituting therefor the following:

“Singapore

The Relevant Dealer acknowledges that the Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, the Relevant Dealer and each further relevant Dealer appointed in relation to the Notes will be required to represent and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.”

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
FIRST SPONSOR GROUP LIMITED AND ITS SUBSIDIARIES FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2019**

The information in this Appendix has been reproduced from the announcement on 12 February 2020 of the unaudited consolidated financial statements of First Sponsor Group Limited and its subsidiaries for the financial year ended 31 December 2019 and has not been specifically prepared for inclusion in this Second Supplemental Information Memorandum.



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 2019

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		Incr / (Decr)	Full year ended		Incr / (Decr)
	31 December			31 December		
	2019	2018		2019	2018	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	149,793	131,952	13.5	319,164	277,361	15.1
Cost of sales	(75,565)	(61,960)	22.0	(130,129)	(115,861)	12.3
Gross profit	74,228	69,992	6.1	189,035	161,500	17.0
Administrative expenses	(9,694)	(8,587)	12.9	(38,206)	(27,997)	36.5
Selling expenses	(4,023)	(1,885)	113.4	(9,609)	(7,782)	23.5
Other (expenses)/ income (net)	(53,918)	2,316	n.m.	(61,940)	3,257	n.m.
Other gains (net)	36,656	1,155	3,073.7	42,827	2,838	1,409.1
Results from operating activities	43,249	62,991	(31.3)	122,107	131,816	(7.4)
Finance income	8,697	4,577	90.0	23,798	17,132	38.9
Finance costs	(8,274)	(2,605)	217.6	(22,928)	(9,902)	131.5
Net finance income	423	1,972	(78.5)	870	7,230	(88.0)
Share of after-tax profit of associates and joint ventures	51,363	8,667	492.6	71,222	5,502	1,194.5
Profit before tax	95,035	73,630	29.1	194,199	144,548	34.3
Tax expense	(967)	(10,420)	(90.7)	(28,623)	(26,298)	8.8
Profit for the period/year	94,068	63,210	48.8	165,576	118,250	40.0
Attributable to:						
Equity holders of the Company	94,910	58,238	63.0	167,088	113,008	47.9
Non-controlling interests	(842)	4,972	n.m.	(1,512)	5,242	n.m.
Profit for the period/year	94,068	63,210	48.8	165,576	118,250	40.0
Earnings per share (cents)						
- basic	11.75	8.73	34.6	21.64	16.72	29.4
- diluted	8.62	7.32	17.8	17.12	15.02	14.0

n.m.: not meaningful

Consolidated Statement of Comprehensive Income

	The Group Fourth quarter ended 31 December		The Group Full year ended 31 December	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Profit for the period/year	94,068	63,210	165,576	118,250
Other comprehensive income Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences on financial statements arising from liquidation of foreign subsidiaries reclassified to profit or loss	-	1,187	-	1,187
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	(2,723)	(652)	(7,543)	(1,589)
Translation differences on financial statements of foreign subsidiaries, net of tax	1,712	(652)	(23,213)	(22,464)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	(28)	(1,308)	(1,496)	(1,486)
Other comprehensive income for the period/year, net of tax	(1,039)	(1,425)	(32,252)	(24,352)
Total comprehensive income for the period/year	<u>93,029</u>	<u>61,785</u>	<u>133,324</u>	<u>93,898</u>
Total comprehensive income attributable to:				
Equity holders of the Company	94,396	57,026	135,608	88,912
Non-controlling interests	(1,367)	4,759	(2,284)	4,986
Total comprehensive income for the period/year	<u>93,029</u>	<u>61,785</u>	<u>133,324</u>	<u>93,898</u>

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	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Other gains/(losses) comprise:				
Gain/(loss) on disposal of:				
- assets held-for-sale	1,582	904	7,710	6,253
- a subsidiary	35,516	1	35,516	1
- investment properties	66	231	679	272
- other investments	-*	-	76	-
- property, plant and equipment	(3)	(1)	(14)	(1)
Impairment loss on assets held- for-sale	(481)	(381)	(481)	(4,088)
Loss on deconsolidation of a subsidiary	(24)	-	(637)	-
Loss on liquidation of subsidiaries (net)	-	(85)	-	(85)
Property, plant and equipment written off	-*	(1)	(22)	(1)
Others	-	487	-	487

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

Depreciation of property, plant and equipment	(3,016)	(828)	(10,356)	(6,172)
Exchange gain/(loss) (net)	2,911	(13,632)	(27,374)	(26,248)
Fair value (loss)/gain on:				
- derivative assets/ liabilities (net)	(2,343)	14,368	24,786	30,761
- investment properties (net)	1,918	6,930	1,918	6,930
- other investments	78	12,850	528	12,850
Hotel base stocks written off	2	-	(495)	-
Hotel pre-opening expenses	(158)	-	(937)	-
Impairment loss on property, plant and equipment	(46,160)	(14,053)	(46,160)	(14,053)
Interest expense on lease liabilities	(817)	-	(3,338)	-
Write down of development properties	(1,915)	(3,153)	(1,915)	(3,153)

* Amount less than S\$1,000

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 2019 S\$'000	As at 31 December 2018 S\$'000	As at 31 December 2019 S\$'000	As at 31 December 2018 S\$'000
Non-current assets				
Property, plant and equipment	345,847	170,435	950	306
Investment properties	94,827	259,135	-	-
Subsidiaries	-	-	774,562	720,981
Interests in associates and joint ventures	298,062	80,817	9,680	9,669
Derivative assets	28,778	19,385	28,778	19,385
Other investments	74,594	78,131	-	-
Deferred tax assets	43,470	33,387	-	-
Trade and other receivables	786,935	660,948	860,557	779,204
	<u>1,672,513</u>	<u>1,302,238</u>	<u>1,674,527</u>	<u>1,529,545</u>
Current assets				
Development properties	390,046	356,890	-	-
Inventories	550	215	-	-
Trade and other receivables	353,168	505,887	483,451	389,902
Assets held-for-sale	18,285	51,610	-	-
Derivative assets	12,545	-	12,545	-
Other investments	-	39,262	-	-
Cash and cash equivalents	313,389	125,711	22,629	18,139
	<u>1,087,983</u>	<u>1,079,575</u>	<u>518,625</u>	<u>408,041</u>
Total assets	<u>2,760,496</u>	<u>2,381,813</u>	<u>2,193,152</u>	<u>1,937,586</u>
Equity				
Share capital	101,251	81,405	101,251	81,405
Reserves	1,320,670	1,069,091	1,080,079	868,766
Equity attributable to owners of the Company	<u>1,421,921</u>	<u>1,150,496</u>	<u>1,181,330</u>	<u>950,171</u>
Perpetual convertible capital securities	146,548	161,285	146,548	161,285
Non-controlling interests	30,120	11,713	-	-
Total equity	<u>1,598,589</u>	<u>1,323,494</u>	<u>1,327,878</u>	<u>1,111,456</u>
Non-current liabilities				
Loans and borrowings	369,943	641,390	369,943	604,732
Derivative liabilities	2,717	5,564	2,717	5,564
Other payables	49,431	12,527	-	-
Lease liabilities	69,358	-	466	-
Deferred tax liabilities	7,202	8,638	-	-
	<u>498,651</u>	<u>668,119</u>	<u>373,126</u>	<u>610,296</u>

	The Group		The Company	
	As at 31 December 2019 S\$'000	As at 31 December 2018 S\$'000	As at 31 December 2019 S\$'000	As at 31 December 2018 S\$'000
Current liabilities				
Loans and borrowings	251,220	45,338	251,220	45,338
Current tax payable	61,925	36,994	1,914	30
Trade and other payables	307,085	138,381	238,858	170,466
Contract liabilities	39,288	161,279	-	-
Receipts in advance	1,349	8,208	-	-
Lease liabilities	2,389	-	156	-
	<u>663,256</u>	<u>390,200</u>	<u>492,148</u>	<u>215,834</u>
Total liabilities	<u>1,161,907</u>	<u>1,058,319</u>	<u>865,274</u>	<u>826,130</u>
Total equity and liabilities	<u>2,760,496</u>	<u>2,381,813</u>	<u>2,193,152</u>	<u>1,937,586</u>

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.

	The Group	
	As at 31 December 2019 S\$'000	As at 31 December 2018 S\$'000
Unsecured		
- repayable within one year	251,220	45,338
- repayable after one year	369,943	604,732
Total	<u>621,163</u>	<u>650,070</u>
Secured		
- repayable within one year	-	-
- repayable after one year	-	36,658
Total	<u>-</u>	<u>36,658</u>
Grand total	<u>621,163</u>	<u>686,728</u>
Gross borrowings	628,931	695,719
Less:		
(i) cash and cash equivalents	(313,389)	(125,711)
(ii) other investments (current) ^{Note 1}	-	(39,262)
Net borrowings	<u>315,542</u>	<u>530,746</u>

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

Details of any collateral

The secured borrowing as at 31 December 2018 was 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	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit for the period/year	94,068	63,210	165,576	118,250
Adjustments for:				
Depreciation of property, plant and equipment	3,016	828	10,356	6,172
Fair value loss/(gain) on:				
- derivative assets/ liabilities (net)	2,343	(14,368)	(24,786)	(30,761)
- investment properties	(1,918)	(6,930)	(1,918)	(6,930)
- other investments	(78)	(12,850)	(528)	(12,850)
Finance income	(8,697)	(4,577)	(23,798)	(17,132)
Finance costs	8,274	2,605	22,928	9,902
Impairment loss on:				
- assets held-for-sale	481	381	481	4,088
- property, plant and equipment	46,160	14,053	46,160	14,053
(Gain)/loss on disposal of:				
- assets held-for-sale	(1,582)	(904)	(7,710)	(6,253)
- a subsidiary	(35,516)	(1)	(35,516)	(1)
- investment properties (net)	(66)	(231)	(679)	(272)
- other investments	*	-	(76)	-
- property, plant and equipment	3	1	14	1
Loss on deconsolidation of a subsidiary	24	-	637	-
Loss on liquidation of subsidiaries (net)	-	85	-	85
Property, plant and equipment written off	*	1	22	1
Write down of development properties	1,915	3,153	1,915	3,153
Share of after-tax profit of associates and joint ventures	(51,363)	(8,667)	(71,222)	(5,502)
Tax expense	967	10,420	28,623	26,298
	<u>58,031</u>	<u>46,209</u>	<u>110,479</u>	<u>102,302</u>
Changes in:				
Development properties	28,524	38,477	5,346	24,172
Inventories	(245)	(6)	(95)	(42)
Trade and other receivables	496,531	(87,550)	68,410	(458,197)
Trade and other payables	(482,744)	(84,481)	72,839	(126,488)
Contract liabilities	(86,459)	(86,635)	(119,784)	(12,226)
Loans and borrowings	(39,352)	4,709	1,122	128,173
Cash (used in)/generated from operations	<u>(25,714)</u>	<u>(169,277)</u>	<u>138,317</u>	<u>(342,306)</u>
Interest received	15,751	22,351	50,517	80,705
Interest paid	(3,060)	(4,513)	(21,272)	(13,054)
Tax paid	(2,349)	(3,477)	(9,240)	(22,074)
Net cash (used in)/ generated from operating activities	<u>(15,372)</u>	<u>(154,916)</u>	<u>158,322</u>	<u>(296,729)</u>

* Amount less than S\$1,000

	The Group Fourth quarter ended 31 December		The Group Full year ended 31 December	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	840	-	(156,770)	-
Repayment from/(advances to) associates (net)	1,833	19,501	(86,867)	-
Deconsolidation of a subsidiary	1	-	(2,322)	-
Decrease in/(placement of) other investments	239,391	47,348	36,754	(1,427)
Deposits received in respect of assets held-for-sale	(25)	965	4,102	6,839
Dividends received from associate	-	-	-	18,295
Dividends received from a joint venture	325	-	757	-
Interest received	11,416	4,914	22,543	15,366
Repayment from third parties	-	1,235	-	-
Loan to a non-controlling interests	194	-	(31,929)	-
Payment for acquisition of other investments	-	(3,395)	(357)	(3,395)
Payment for additions to:				
- investment properties	22	(4,559)	(4,976)	(15,851)
- property, plant and equipment	(18,640)	(276)	(37,482)	(421)
Payment for investments in associates and joint ventures	(37)	(15,638)	(81,242)	(36,778)
Proceeds from disposal of:				
- investment properties	993	1,528	10,041	3,278
- property, plant and equipment	1	34	1	68
- assets held-for-sale	5,587	5,199	43,286	29,665
- a subsidiary, net of cash disposed	73,003	-	73,003	-*
- other investments	137	-	3,372	-
Return of capital from an associate	-	-	-	5,369
Net cash generated from/(used in) investing activities	315,041	56,856	(208,086)	21,008

* Amount less than S\$1,000

	The Group Fourth quarter ended 31 December		The Group Full year ended 31 December	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Cash flows from financing activities				
Advances from associates (net)	11,693	13,312	120,261	3,009
Distributions to PCCS holders	(2,962)	(4,541)	(3,478)	(4,541)
Dividends paid to the owners of the Company	-	-	(19,078)	(14,271)
Interest paid	(7,729)	(1,565)	(15,665)	(5,038)
Loan from an affiliate of a non-controlling interest	(283)	-	46,679	-
Payment of lease liabilities	(1,299)	-	(5,422)	-
Payment of transaction costs related to:				
- borrowings	-	(528)	(2,838)	(3,153)
- PCCS	-	-	(1,200)	(672)
Proceeds from issuance of PCCS	-	-	147,649	162,199
Redemption of PCCS	-	-	(952)	-
Proceeds from bank borrowings	288,156	18,974	611,205	293,551
Repayment of bank borrowings	(362,432)	(9,171)	(632,633)	(345,950)
Net cash (used in)/from financing activities	(74,856)	16,481	244,528	85,134
Net increase/(decrease) in cash and cash equivalents	224,813	(81,579)	194,764	(190,587)
Cash and cash equivalents at beginning of the period/year	93,380	206,371	125,711	319,298
Effect of exchange rate changes on balances held in foreign currencies	(4,804)	919	(7,086)	(3,000)
Cash and cash equivalents at end of the period/year	313,389	125,711	313,389	125,711

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.

Group	Share capital S\$'000	Share premium S\$'000	Statutory reserve S\$'000	Capital reserve S\$'000	Distributable 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
At 1 January 2019, as previously stated	81,405	9,821	36,607	245	655,029	12,854	354,535	1,150,496	161,285	11,713	1,323,494
Adjustment on initial recognition of IFRS 16	-	-	-	-	-	-	(1,965)	(1,965)	-	-	(1,965)
Adjusted balance at 1 January 2019	81,405	9,821	36,607	245	655,029	12,854	352,570	1,148,531	161,285	11,713	1,321,529
Total comprehensive income for the year	-	-	-	-	-	-	167,088	167,088	-	(1,512)	165,576
Other comprehensive income	-	-	-	-	-	(7,543)	-	(7,543)	-	-	(7,543)
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	(7,543)	-	(7,543)	-	-	(7,543)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	(22,441)	-	(22,441)	-	(772)	(23,213)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	(1,496)	-	(1,496)	-	-	(1,496)
Total other comprehensive income	-	-	-	-	-	(31,480)	-	(31,480)	-	(772)	(32,252)
Total comprehensive income for the year	-	-	-	-	-	(31,480)	167,088	135,608	-	(2,284)	133,324

Transaction with owners, recognised directly in equity

Contributions by and distributions to owners

Dividends paid to the owners of the Company
 Issuance of new shares pursuant to conversion of perpetual convertible capital securities ("PCCS")
 Distributions of PCCS
 Redemption of PCCS
 Issuance of PCCS
 PCCS issue expenses
 Transfer to statutory reserves

Total contributions by and distributions to owners

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Changes in ownership interests in subsidiaries

Acquisition of subsidiaries with non-controlling interests
 Derecognition of a subsidiary with non-controlling interests

Total changes in ownership interests in subsidiaries

Total transactions with owners

At 31 December 2019

	Share capital S\$'000	Share premium S\$'000	Statutory reserve S\$'000	Capital reserve S\$'000	Distributable 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
	-	-	-	-	-	-	(19,078)	(19,078)	-	-	(19,078)
	19,846	140,492	-	-	-	-	-	160,338	(160,338)	-	-
	-	-	-	-	-	-	(3,478)	(3,478)	-	-	(3,478)
	-	-	-	-	-	-	-	-	(948)	-	(948)
	-	-	-	-	-	-	-	-	147,649	-	147,649
	-	-	3,352	-	-	-	-	-	(1,100)	-	(1,100)
	-	-	3,352	-	-	-	(3,352)	-	-	-	-
	19,846	140,492	3,352	-	-	-	(25,908)	137,782	(14,737)	-	123,045
	-	-	-	-	-	-	-	-	-	32,373	32,373
	-	-	-	-	-	-	-	-	-	(11,682)	(11,682)
	-	-	-	-	-	-	-	-	-	20,691	20,691
	19,846	140,492	3,352	-	-	-	(25,908)	137,782	(14,737)	20,691	143,736
	101,251	150,313	39,959	245	655,029	(18,626)	493,750	1,421,921	146,548	30,120	1,598,589

Group	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
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
Total comprehensive income for the year	-	-	-	-	-	-	-	113,008	113,008	-	5,242	118,250
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences on financial statements arising from liquidation of foreign subsidiaries reclassified to profit or loss	-	-	-	-	-	-	1,187	-	1,187	-	-	1,187
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)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	-	(1,486)	-	(1,486)	-	-	(1,486)
Total other comprehensive income	-	-	-	-	-	-	(24,096)	-	(24,096)	-	(256)	(24,352)
Total comprehensive income for the year	-	-	-	-	-	-	(24,096)	113,008	88,912	-	4,986	93,898

Transactions with owners, recognised directly in equity Contributions by and distributions to owners

	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
Dividends paid to the owners of the Company	-	-	-	-	-	-	-	(14,271)	(14,271)	-	-	(14,271)
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)	-	-
Liquidation of subsidiaries	-	-	(2,588)	20	-	-	-	2,568	-	-	-	-
Transfer to statutory reserves	-	-	5,748	-	-	-	-	(5,748)	-	-	-	-
Total contributions by and distributions to owners	7,765	212	3,160	20	(7,735)	-	-	(21,992)	(18,570)	161,285	-	142,715

Total transactions with owners of the Company

	7,765	212	3,160	20	(7,735)	-	-	(21,992)	(18,570)	161,285	-	142,715
At 31 December 2018	81,405	9,821	36,607	245	655,029	-	12,854	354,535	1,150,496	161,285	11,713	1,323,494

The Company

At 1 January 2019, as previously stated
Adjustment on initial recognition of IFRS 16
Adjusted balance at 1 January 2019

Total comprehensive income for the year
Profit for the year

Total comprehensive income for the year

Transaction with owners, recognised directly in equity

Contribution by and distributions to owners

Dividends paid to the owners of the Company
Issuance of new shares pursuant to conversion of PCCS
Distributions of PCCS
Redemption of PCCS
Issuance of PCCS
PCCS issue expenses

Total contributions by and distributions to owners

Total transactions with owners of the Company

At 31 December 2019

	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 securities S\$'000	Total equity S\$'000
	81,405	10,033	(5,988)	655,029	209,692	950,171	161,285	1,111,456
	-	-	-	-	(9)	(9)	-	(9)
	81,405	10,033	(5,988)	655,029	209,683	950,162	161,285	1,111,447
	-	-	-	-	93,393	93,393	-	93,393
	-	-	-	-	93,393	93,393	-	93,393
	-	-	-	-	(19,085)	(19,085)	-	(19,085)
	19,846	140,492	-	-	-	160,338	(160,338)	-
	-	-	-	-	(3,478)	(3,478)	-	(3,478)
	-	-	-	-	-	-	(948)	(948)
	-	-	-	-	-	-	147,649	147,649
	-	-	-	-	-	-	(1,100)	(1,100)
	19,846	140,492	-	-	(22,563)	137,775	(14,737)	123,038
	19,846	140,492	-	-	(22,563)	137,775	(14,737)	123,038
	101,251	150,525	(5,988)	655,029	280,513	1,181,330	146,548	1,327,878

The Company	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
At 1 January 2018	73,640	9,821	(5,988)	662,764	140,470	880,707	-	880,707
Total comprehensive income for the year	-	-	-	-	88,037	88,037	-	88,037
Total comprehensive income for the year	-	-	-	-	88,037	88,037	-	88,037
Transaction with owners, recognised directly in equity								
Contribution by and distributions to owners								
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 of PCCS	-	-	-	-	(4,541)	(4,541)	-	(4,541)
Issuance of new shares pursuant to conversion of PCCS	30	212	-	-	-	242	(242)	-
Total contributions by and distributions to owners	7,765	212	-	(7,735)	(18,815)	(18,573)	161,285	142,712
Total transactions with owners of the Company	7,765	212	-	(7,735)	(18,815)	(18,573)	161,285	142,712
At 31 December 2018	81,405	10,033	(5,988)	655,029	209,692	950,171	161,285	1,111,456

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.

	Number of Shares	Share Capital (S\$'000)
Balance at 1 October 2019 and 31 December 2019	795,384,155	101,251

The total number of issued ordinary shares excluding treasury shares as at 31 December 2019 and 31 December 2018 was 795,384,155 and 649,015,668 respectively.

As at 31 December 2019 and 31 December 2018, a subsidiary of the Company held 307,682 ordinary shares, representing 0.04% and 0.05% of the Company's total number of issued ordinary shares on the two dates respectively.

As at 31 December 2018, pursuant to the rights issue of up to S\$162.2 million in aggregate principal amount of 3.98% Series 1 Perpetual Convertible Capital Securities ("PCCS 1") in the denomination of S\$1.10 for each PCCS 1, 147,234,050 PCCS 1 were outstanding. Assuming (a) full conversion of the PCCS 1 and no adjustments to the conversion price of S\$1.10, an aggregate of 147,357,237 new ordinary shares will be issued, which will increase the total number of issued ordinary shares at 31 December 2018 to 796,249,718. The outstanding PCCS 1 were fully redeemed by the Company on 14 June 2019. There were no warrants outstanding at 31 December 2018.

As at 31 December 2019, pursuant to the 2019 Rights Issue¹ on 31 May 2019, 113,576,237 PCCS 2 and 192,797,846 warrants were outstanding. Assuming (a) full conversion of the PCCS 2 and no adjustments to the conversion price of S\$1.30 and (b) full exercise of the warrants and no adjustments to the exercise price of S\$1.30, an aggregate of 306,374,083 new ordinary shares will be issued, which will increase the total number of issued ordinary shares to 1,101,758,238.

As at 31 December 2019, a subsidiary of the Company held 30,768 warrants (31 December 2018: Nil).

The Company did not hold any treasury shares as at 31 December 2019 and 31 December 2018.

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 2019 and 31 December 2018 was 795,384,155 and 649,015,668 respectively.

¹ 2019 Rights Issue refers to the rights issue of up to S\$147.6 million in aggregate principal amount of 3.98% Series 2 Perpetual Convertible Capital Securities ("PCCS 2") in the denomination of S\$1.30 for each PCCS 2, on the basis of one PCCS 2 for every seven existing ordinary shares, at an issue price of S\$1.30 for each PCCS 2, with up to 113,576,237 free detachable warrants, on the basis of one warrant for every one PCCS 2 subscribed for. 79,221,609 warrants were also allotted and issued on 31 May 2019, on the basis of one warrant for every ten existing ordinary shares, pursuant to a bonus issue.

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 2019.

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 2018.

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 2019.

IFRS 16 Leases

In particular, the Group adopted IFRS 16 *Leases* from 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains unchanged i.e. lessors continue to classify leases as finance or operating leases.

For leases which the Group is a lessee, the Group is required to recognise new assets and liabilities for its portfolio of operating leases. The nature of expenses related to those leases has changed because the Group will recognise a depreciation charge for ROU assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the leases, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group has recognised ROU assets of S\$78,293,000 and lease liabilities of S\$80,258,000, with a corresponding decrease in retained earnings of S\$1,965,000 as at 1 January 2019.

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	
	2019	2018	2019	2018
Earnings per share (cents)				
- basic	11.75	8.73	21.64	16.72
- diluted	8.62	7.32	17.12	15.02
Profit attributable to ordinary shareholders (S\$'000)	93,429	56,613	163,610	108,467
Profit attributable to ordinary shareholders and PCCS holders (S\$'000)	94,910	58,238	167,088	113,008
Weighted average number of ordinary shares in issue:				
- basic	795,076,473 ²	648,638,117 ²	756,097,371 ²	648,717,196 ²
- diluted	1,101,450,556 ²	795,792,218 ²	975,932,309 ²	752,440,409 ²

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 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Net asset value per ordinary share (cents)	197.27	202.21	166.95	171.25
Number of issued ordinary shares (excluding treasury shares)	795,076,473 ²	648,707,986 ²	795,384,155	649,015,668

² Excludes 307,682 shares in the Company held by a subsidiary which are accounted for as treasury shares in the consolidated financial statements of the Group in accordance with IAS 32 *Financial Instruments: Presentation*.

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 business tax/value added tax) for the period under review is as follows:

	Fourth quarter ended 31 December		Full year ended 31 December	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Revenue from sale of properties	101,521	96,705	159,976	139,336
Rental income from investment properties	3,170	3,794	11,082	13,732
Hotel operations	18,307	11,218	60,681	41,953
Revenue from property financing	26,795	20,235	87,425	82,340
Total	<u>149,793</u>	<u>131,952</u>	<u>319,164</u>	<u>277,361</u>

4Q 2019 vs 4Q 2018

Revenue increased by S\$17.8 million or 13.5%, from S\$132.0 million in 4Q 2018 to S\$149.8 million in 4Q 2019. This was due mainly to the increase in revenue from hotel operations, property financing and revenue from sale of properties of S\$7.1 million, S\$6.6 million and S\$4.7 million respectively. The decrease was partially offset by lower rental income from investment properties of S\$0.6 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 increase in revenue from sale of properties in 4Q 2019 compared to 4Q 2018 was due mainly to the recognition of revenue from a higher number of residential units in the Chengdu Millennium Waterfront project (4Q 2019: 864 residential units, 4Q 2018: 502 residential units).

Revenue from property financing increased by S\$6.6 million or 32.8%, from S\$20.2 million in 4Q 2018 to S\$26.8 million in 4Q 2019. The increase was due mainly to the net penalty interest income of S\$4.0 million (RMB20.4 million) recognised in 4Q 2019 in relation to the successful enforcement action on the Case 1 PRC defaulted loan, S\$3.3 million increase in PRC consultancy income for the period, and S\$1.0 million increase in revenue from European property financing.

Revenue from hotel operations increased by S\$7.1 million or 63.2%, from S\$11.2 million in 4Q 2018 to S\$18.3 million in 4Q 2019. The significant increase was due mainly to a full quarter's contribution from the 340-room Westin Bellevue Dresden Hotel which the Group acquired a 94.9% equity interest via a share deal in late March 2019, as well as the 193-room Hampton by Hilton Utrecht Centraal Station in the Netherlands which commenced operations in June 2019. The hotel in Dresden has since been rebranded as Bilderberg Bellevue Hotel Dresden in January 2020.

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 increased by S\$13.6 million or 22.0%, from S\$62.0 million in 4Q 2018 to S\$75.6 million in 4Q 2019. The increase in revenue recognised from sale of properties had led to a quarter-on-quarter increase in related cost of sales of S\$10.2 million and higher cost of sales incurred in respect of the hotel operations of S\$3.8 million. The increase was partially offset by the lower cost of sales incurred in respect of property financing of S\$0.2 million.

The Group's gross profit increased by S\$4.2 million or 6.1%, from S\$70.0 million in 4Q 2018 to S\$74.2 million in 4Q 2019. The increase was due mainly to higher gross profit from property financing of S\$6.8 million and hotel operations of S\$3.3 million in 4Q 2019. This was partially offset by lower gross profit from sale of properties and rental income from investment properties of S\$5.3 million and S\$0.5 million respectively.

The Group's gross profit margin declined slightly from 53.0% for 4Q 2018 to 49.6% for 4Q 2019.

Administrative expenses

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.

Administrative expenses increased by S\$1.1 million or 12.9%, from S\$8.6 million to S\$9.7 million. This was due mainly to the consolidation of a full quarter's results of the Bilderberg Bellevue Hotel Dresden.

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\$2.1 million or 113.4%, from S\$1.9 million to S\$4.0 million. This was mainly attributable to the costs incurred for the set-up of the temporary sales office and show units, and other promotional expenses incurred in respect of the 60%-owned Pinnacle Chang'an project.

Other (expenses)/income (net)

In 4Q 2019, the Group recorded other expenses of S\$53.9 million which comprised mainly impairment loss in respect of the Crowne Plaza Chengdu Wenjiang and the adjoining hot spring of S\$46.2 million in aggregate, net fair value loss on financial derivatives of S\$2.3 million and write down of the carrying amounts of Chengdu Cityspring car parks included in development properties of S\$1.9 million. The acquisition of Bilderberg Bellevue Hotel Dresden also contributed approximately S\$0.5 million to the increase. This was partially offset by fair value gain from an investment property of S\$1.9 million and net foreign exchange gain of S\$2.9 million.

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 was 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.

Other gains (net)

In 4Q 2019, the Group recorded other gains of S\$36.7 million which comprised mainly gain from the disposal of a subsidiary, and certain commercial spaces of the Chengdu Cityspring project classified as assets held-for-sale of S\$35.5 million and S\$1.6 million respectively. These gains are partially offset by S\$0.5 million impairment loss on Chengdu Cityspring car parks classified as assets held-for-sale.

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.

Net finance income

The net finance income for 4Q 2019 was net of interest expense on lease liabilities recorded under IFRS 16, amounting to S\$0.8 million.

Share of after-tax results of associates and joint ventures

Share of after-tax results of associates and joint ventures increased by S\$42.7 million from S\$8.7 million in 4Q 2018 to S\$51.4 million in 4Q 2019. The 30%-owned Star of East River project in Dongguan contributed S\$23.9 million to the Group's share of results in 4Q 2019. This is due mainly to profit recognition from the handover of the remaining four residential blocks in the project which commenced since September 2019 as well as credit adjustments made to the tax provision on the project in the current quarter. The 33%-owned FSMC also contributed S\$21.7 million to the Group's share of results in 4Q 2019 of which S\$22.5 million relates to the attributable share of fair value gain in respect of the Oliphant office property in Amsterdam.

Tax expense

The Group recorded tax expenses of S\$1.0 million on profit before tax of S\$95.0 million in 4Q 2019, which included land appreciation tax of S\$3.4 million. After adjusting for the share of after-tax profits of associates and joint ventures of S\$51.4 million, the tax effect of non-deductible expenses and unrecognised tax losses of S\$4.1 million in aggregate, and the tax effect of non-taxable income and recognition of previously unrecognised tax benefits of S\$16.4 million in aggregate, the effective tax rate of the Group would be approximately 24.6%.

FY2019 vs FY2018

Revenue of the Group increased by S\$41.8 million or 15.1%, from S\$277.4 million in FY2018 to S\$319.2 million in FY2019. This was due mainly to the increase of S\$20.6 million, S\$18.7 million and S\$5.1 million from revenue from sale of properties, hotel operations and property financing respectively. The increase was partially offset by the lower rental income from investment properties of S\$2.6 million due mainly to the effect of the deconsolidation of NL Property 1 B.V. ("NLP1") as a subsidiary. (Please refer to the Non-Current Assets section below for more details).

The increase in revenue from sale of properties in FY2019 compared to FY2018 was due mainly to the recognition of revenue from the handover of more commercial and residential units in the Chengdu Millennium Waterfront project (FY2019: 867 residential units and 122 commercial units, FY2018: 647 residential units and 71 commercial units).

Revenue from hotel operations increased by S\$18.7 million or 44.6%, from S\$42.0 million in FY2018 to S\$60.7 million in FY2019. The increase was due to the additional contribution from Bilderberg Bellevue Hotel Dresden and Hampton by Hilton Utrecht Centraal Station.

The Group's gross profit increased by S\$27.5 million or 17.0%, from S\$161.5 million in FY2018 to S\$189.0 million in FY2019. The increase was due mainly to the higher gross profit generated from sale of properties, hotel operations and property financing of S\$13.1 million, S\$10.8 million and S\$5.9 million respectively. This was partially offset by lower gross profit from rental income from investment properties of S\$2.3 million.

The Group's gross profit margin for FY2019 remained fairly constant at 59.2% (FY2018: 58.2%).

Administrative expenses

Administrative expenses increased by S\$10.2 million or 36.5%, from S\$28.0 million to S\$38.2 million in FY2019. The increase for the year was due mainly to the inclusion of operating expenses of Bilderberg Bellevue Hotel Dresden and Hampton by Hilton Utrecht Centraal Station, as well as S\$1.3 million professional fees incurred by the Group in relation to the acquisition of the entities owning and operating Bilderberg Bellevue Hotel Dresden.

Other (expenses)/income(net)

In FY2019, the Group recorded other expenses of S\$61.9 million which comprised mainly impairment loss in respect of the Crowne Plaza Chengdu Wenjiang and the adjoining hotspring of S\$46.2 million in aggregate, net foreign exchange loss of S\$27.4 million, hotel management fees of S\$2.6 million, write down of carrying amounts of Chengdu Cityspring car parks included in development properties of S\$1.9 million, hotel base stocks written off and hotel pre-opening expenses amounting to S\$1.4 million in aggregate incurred in respect of Hampton by Hilton Utrecht Centraal Station. The acquisition of Bilderberg Bellevue Hotel Dresden also contributed approximately S\$1.0 million to the increase. This was partially offset by net fair value gain on financial derivatives of S\$24.8 million and fair value gain on an investment property of S\$1.9 million.

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 was 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.

Other gains/(losses)(net)

In FY2019, the Group recorded other gains of S\$42.8 million which comprised mainly gain from the disposal of a subsidiary holding the Oliphant property amounting to S\$35.5 million, certain commercial spaces of the Chengdu Cityspring project classified as assets held-for-sale of S\$7.7 million and gain from disposal of investment properties of S\$0.7 million. This was partially offset by the loss on deconsolidation of NLP1 of S\$0.6 million and an impairment loss on assets held-for-sale of S\$0.5 million.

In FY2018, the Group recorded other gains of S\$2.8 million which comprised 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 assets held-for-sale of S\$4.1 million.

Net finance income

Net finance income for FY2019 of S\$0.9 million is net of interest expense on lease liabilities recorded under IFRS 16, amounting to S\$3.3 million.

Share of after-tax results of associates and joint ventures

The Group recorded a share of after-tax profit of associates and joint ventures of S\$71.2 million in FY2019 compared to a share of after-tax profit of S\$5.5 million in FY2018. S\$43.8 million of the share of results for FY2019 was attributable to the 30%-owned Star of East River project led by the first time profit recognition from the handover of six residential blocks during the current year. The attributable share of fair value gain on the Oliphant Amsterdam property held by 33%-owned FSMC of S\$22.5 million further boosted the Group's share of results in FY2019.

Tax expense

The Group recorded tax expenses of S\$28.6 million on profit before tax of S\$194.2 million in FY2019, which included land appreciation tax of S\$16.5 million. After adjusting for the share of after-tax profit of associates and joint ventures of S\$71.2 million, the tax effect of non-deductible expenses and unrecognised tax losses of S\$17.0 million in aggregate, and the tax effect of non-taxable income and recognition of previously unrecognised tax benefits of S\$31.2 million, the effective tax rate of the Group would be approximately 24.8%.

(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 increased by S\$175.4 million or 102.9%, from S\$170.4 million as at 31 December 2018 to S\$345.8 million as at 31 December 2019. The increase was due mainly to the Group's acquisition of the Bilderberg Bellevue Hotel Dresden in late March 2019, and reclassification of the two hotels in Utrecht, namely the Hampton by Hilton Utrecht Centraal Station and the Crowne Plaza Utrecht Centraal Station, located within the Hoog Catharijne shopping mall, from investment properties to property, plant and equipment. The Crowne Plaza hotel is still undergoing fit-out works and is expected to be fully completed in the second quarter of 2020. These two hotels were reclassified from assets held-for-sale to property plant and equipment in 4Q 2019 as they no longer meet the held-for-sale criteria. The property, plant and equipment balance was also boosted by the Group's acquisition of a bare shell property in Milan in January 2019 which will be refurbished by the Group into a hostel to tap on the youth hospitality market.

The acquisition accounting for the Group's 94.9% equity interest in the entities that own and operate the Bilderberg Bellevue Hotel Dresden has been completed in the current quarter. There is no change to the earlier provisional value of S\$71.0 million (EUR47.0 million) ascribed by the Group to the hotel on acquisition which is based on its fair value at the date of acquisition. No goodwill or negative goodwill has arisen from the acquisition.

Following the adoption of IFRS 16 *Leases* on 1 January 2019, the Group and the Company recognised right-of-use assets (the right to use leased assets) and lease liabilities (its obligations to make lease payments) in relation to its existing operating lease arrangements. Right-of-use assets that relate to property, plant and equipment have been presented within property, plant and equipment, and led to the increase of S\$68.5 million.

Investment properties decreased by S\$164.3 million or 63.4%, from S\$259.1 million as at 31 December 2018 to S\$94.8 million as at 31 December 2019. S\$99.6 million of the decrease was due to the de-recognition of Zuiderhof I, an office building in Amsterdam, in June 2019. Zuiderhof I is held by NLP1, a 33%-owned entity of the Group which was deconsolidated as a subsidiary on 28 June 2019 when the Group forfeited its unilateral right to exercise a call option entered with the other three co-investors of NLP1 which would have entitled the Group to hold majority voting rights in NLP1. Accordingly, NLP1 has been accounted for by the Group as an associated company with effect from 28 June 2019.

In addition, the above-mentioned reclassification of the two Utrecht hotels to property, plant and equipment and disposal of investment properties of Chengdu Cityspring amounting to S\$53.4 million and S\$9.5 million respectively, has further contributed to the decrease in the year-end balance.

Interests in associates and joint ventures increased by S\$217.2 million or 268.8%, from S\$80.8 million as at 31 December 2018 to S\$298.1 million as at 31 December 2019. S\$161.9 million of the increase is attributable to the Group's co-investment with China Poly Group in June 2019 via a 27%-owned project company that would develop Skyline Garden (formerly known as the "Wanjiang Victory Project"), a mixed development site in Wanjiang, Dongguan. China Poly Group owns 70% equity interest in the project company. Further to that, the first time profit recognition

from the handover of the residential units of the Star of East River project in FY2019 also boosted the Group's interest in the 30%-owned associated company by S\$42.3 million.

The increase was also due partly to the Group accounting for its 33% equity interest in NLP1 amounting to S\$8.9 million as at 31 December 2019. NLP1 was deconsolidated since 28 June 2019 as mentioned above.

Non-current trade and other receivables increased by S\$126.0 million or 19.1%, from S\$660.9 million as at 31 December 2018 to S\$786.9 million as at 31 December 2019. The increase was due mainly to the disbursement of property financing loans of \$176.1 million (RMB910.0 million) and an interest bearing loan to a non-controlling interest of a subsidiary of S\$31.3 million (RMB161.6 million) during the current financial year. This is partially offset by reclassification of property financing loans amounting to S\$67.7 million (RMB350.0 million) to current receivables as at 31 December 2019.

Current assets

Trade and other receivables decreased by S\$152.7 million or 30.2%, from S\$505.9 million as at 31 December 2018 to S\$353.2 million as at 31 December 2019. The decrease was due mainly to the repayment of a loan from an associate of S\$116.1 million (RMB600.0 million) and net repayment of third party PRC property financing loans of S\$182.1 million (RMB941.0 million), including the recovery of Case 1 defaulted PRC loan of S\$33.9 million (RMB170.0 million). This is partially offset by a reclassification of a shareholder loan to an associate amounting to S\$37.9 million (RMB195.9 million) and PRC property financing loans of S\$67.7 million (RMB350.0 million), from non-current to current assets, and net increase in advances to contractors of S\$14.5 million.

Assets held-for-sale decreased by S\$33.3 million or 64.6%, from S\$51.6 million as at 31 December 2018 to S\$18.3 million as at 31 December 2019. The decrease was due to the recognition of gain on disposal of M Hotel Chengdu and certain bare shell commercial spaces of the Chengdu Cityspring project in the current financial year.

Current liabilities

Trade and other payables increased by S\$168.7 million or 121.9%, from S\$138.4 million as at 31 December 2018 to S\$307.1 million as at 31 December 2019. This was due mainly to the increase in interest-free advances from a 30%-owned PRC associate of S\$118.3 million (RMB613.3 million), interest-free advances from a non-controlling shareholder of a subsidiary of S\$25.3 million (RMB130.8 million) and a loan from a third party of S\$34.7 million (RMB179.5 million).

Loans and borrowings

Gross bank borrowings decreased by S\$66.8 million or 9.6%, from S\$695.7 million as at 31 December 2018 to S\$628.9 million as at 31 December 2019. This was due mainly to the de-recognition of bank borrowing of S\$36.7 million, arising from the deconsolidation of NLP1, and repayment of the Group's borrowings amounting to S\$113.1 million which is due mainly to the receipt of disposal proceeds from the sale of the entire 100% shareholding in the subsidiary holding the Oliphant property in Amsterdam and refinancing by the Group's associated companies with onshore debt. The decrease is partially offset by new bank borrowings to fund the acquisition of the property in Milan, the redevelopment of Oliphant (prior to its disposal) and the construction of the two Utrecht hotels, as well as a disbursement of S\$-denominated property financing loan.

The Group maintained a net gearing ratio of 0.20 as at 31 December 2019.

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 financial derivatives such as 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 a 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 loan asset base.

As at 31 December 2019, the Group had 17 CCSs and two FCSs outstanding with an aggregate notional amount of €452.1 million, A\$10.0 million and RMB530.6 million. These financial instruments are measured at fair value with changes in fair value recognised in the profit and loss account. The fair value of these instruments is 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 foreign currency-denominated assets when the respective instruments approach their maturity dates and foreign currency-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 foreign currency-denominated assets as at 31 December 2019 amounted to approximately S\$0.3 million.

As at 31 December 2019, the Group recorded a cumulative translation loss of S\$18.6 million 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 actively used financial hedging instruments to 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. However, the Group has started to hedge its new exposure to the PRC property development and property financing operations to the extent that these are not funded by onshore RMB assets by drawing CNH-denominated borrowings and/or executing CNH CCSs.

We will continue to monitor our foreign exchange exposure vis-à-vis the associated hedging costs 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 2019

Net cash used in operating activities amounted to S\$15.4 million in 4Q 2019 due mainly to net disbursement of PRC property financing loans of S\$63.9 million (RMB330.0 million) and payment of construction costs for The Pinnacle, Chang'an and the Millennium Waterfront project. This was partially offset by S\$19.1 million advance receipts collected mainly from the Millennium Waterfront project and interest received from property financing loans of S\$15.8 million.

Net cash generated from investing activities of S\$315.0 million in 4Q 2019 was due mainly to maturity of structured deposits of S\$239.4 million, interest received of S\$11.4 million and proceeds received from the disposal of the subsidiary that owns the Oliphant Amsterdam property to 33%-owned FSMC and proceeds from the disposal of M Hotel Chengdu and certain bare commercial space of the Chengdu Cityspring project of S\$73.0 million and S\$5.6 million

respectively. This was partially offset by payments for additions of property, plant and equipment of S\$18.6 million (mainly related to the fit out of the two hotels in Utrecht).

Net cash used in financing activities amounted to S\$74.9 million in 4Q 2019 due mainly to distributions to PCCS holders of S\$3.0 million, net repayment of bank borrowings of S\$74.3 million and the payment of interest expense and lease liabilities of S\$7.7 million and S\$1.3 million respectively. This was partially offset by net advances from associates of S\$11.7 million.

FY2019

Net cash generated from operating activities of S\$158.3 million in FY2019 was due mainly to net repayment of PRC property financing loans of S\$14.4 million (RMB72.9 million), repayment of loan from a PRC associate of S\$119.9 million (RMB600.0 million) and net interest received of S\$50.5 million. This was partially offset by payment of interest and income tax of S\$21.3 million and S\$9.2 million respectively and payment of construction costs incurred for The Pinnacle, Chang'an and Millennium Waterfront project.

Net cash used in investing activities of S\$208.1 million in FY2019 was due mainly to (i) payment of S\$156.8 million for the acquisition of subsidiaries, net of cash acquired, comprising S\$87.1 million relating to the Concord Acquisition and S\$69.7 million relating to the acquisition of the Bilderberg Bellevue Hotel Dresden, (ii) investment in the 27%-owned project company together with Poly for the Skyline Garden, Wanjiang project amounting to S\$81.0 million, (iii) net advances to associates of S\$86.9 million, (iv) payment for additions to property, plant and equipment of S\$37.5 million, including acquisition of a vacant property in Milan amounting to S\$16.5 million and fit-out of the two hotels in Utrecht, and (v) a loan to a non-controlling interest of a subsidiary of S\$31.9 million. This was partially offset by (i) proceeds from the disposal of the subsidiary that owns the Oliphant property of S\$73.0 million, (ii) maturity of structured deposits of S\$36.8 million, (iii) interest received of S\$22.5 million, and (iv) proceeds from the disposal of M Hotel Chengdu and certain bare commercial space of the Chengdu Cityspring project, certain investment properties, and other investments of S\$43.3 million, S\$10.0 million and S\$3.4 million respectively.

Net cash generated from financing activities amounted to S\$244.5 million in FY2019 due mainly to the net proceeds of S\$146.4 million from the issuance of PCCS Series 2, net advances from associates of S\$120.3 million and a loan from an affiliate of a non-controlling interest of a subsidiary of S\$46.7 million. This was partially offset by net repayment of bank borrowings of S\$21.4 million, payment of dividends to the shareholders of the Company of S\$19.1 million, distributions to PCCS holders of S\$3.5 million, redemption of remaining PCCS Series 1 of S\$1.0 million, and the payment of interest expense, lease liabilities and transaction costs related to borrowings of S\$15.7 million, S\$5.4 million and S\$2.8 million respectively.

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 ("PRC")

The PRC saw a GDP growth of 6.1% for 2019 which is within the government's target rate of 6% to 6.5% set in early 2019. In early January 2020, the People's Bank of China announced yet another 0.5% cut in the reserve requirement ratio for banks, the eighth reduction since 2018. This is expected to free up more than RMB800 billion cash, with the primary purpose of lowering financing costs especially for small and medium enterprises. Oxford Economics revised its 2020 GDP forecast for the PRC from 5.7% to 6% after the conclusion of the "Phase One" trade deal signed in mid-January which is supposed to de-escalate the US-PRC trade tension.

The Business Times reported that new home price growth in December 2019 slowed from the previous month and on a year-on-year basis, and policymakers are not expected to overly cool the property market given that it is a key pillar of the national economy.

The PRC government proposed 16 measures that will benefit Hong Kong and Macau residents under the Greater Bay Area integration program. These measures include easing of restrictions on Hong Kongers on buying homes and school enrolment in nine cities in Guangdong province, including Dongguan. The introduction of these measures, coupled with the rampant protests in the embattled Hong Kong city, fueled speculation of an increased interest in residential apartments in the Greater Bay Area.

A coronavirus named "2019-nCoV" that caused an outbreak of a pneumonia-like illness in Wuhan and was first reported in late December 2019 by the PRC authorities, has since spread to various parts of the world and is expected to disrupt economic activity especially in the travel and tourism sector.

The Netherlands

The Dutch Central Planning Bureau ("CPB") announced in December 2019 that it has further reduced GDP growth forecast for 2020 by 0.1% to 1.3%. Despite the downward revision, CPB expects the Dutch economy to do well compared to the Eurozone in general.

In the housing sector, DutchNews.nl reported that based on new figures from the Dutch housing ministry, the government will not be able to meet its 75,000 new build homes per year target until 2024. Home prices continued to climb against the backdrop of a home supply shortage. Statistics Netherlands ("CBS") reported an upward trend in home prices, with the highest level recorded in November 2019. Home prices increased by almost 42% on average in November 2019 from the lowest price level in June 2013. RaboResearch anticipates average home prices to increase by 4.5% in 2020. Savills expects continued shortfall in housing supply due to rising construction costs and land prices as well as building regulations, and demand to remain strong given the low mortgage interest rate.

The prime office yield decreased by 0.75% to 3.25% in Amsterdam South Axis and by 1% to 4.75% in Amsterdam Southeast in 3Q2019 as compared to a year ago as noted by Cushman & Wakefield. In a December 2019 report, Savills reported that the scarcity of office space has resulted in companies moving to Amsterdam Southeast.

CBS reported a 0.3% increase in turnover generated by hotels in 3Q2019. The industry continues to face manpower shortages but entrepreneurs surveyed are more positive of turnover in 2020 as compared to a year ago about 2019.

The country's highest court ruled in May 2019 that certain Dutch builders of development projects have breached EU law relating to nitrogen emissions. As a result of the ruling, permits for multiple new-build projects have been revoked or delayed as reported by Reuters and Savills. This may exacerbate the shortage in the supply of housing and office space in the Netherlands. In addition, the delay or revocation of permits for such projects may free up construction resources, which could potentially result in more competitive quotes by contractors for construction projects.

Company Outlook

Property Development

Underscoring the Dongguan property development front, the Star of East River and Emerald of the Orient projects have achieved stellar residential sales results, thereby substantially de-risking both projects. Dongguan is one of the 11 cities that is benefiting from the PRC government initiative to develop the Greater Bay Area. The Group is hence upbeat on the Dongguan residential market and has further increased its Dongguan property development exposure in 2019 with the acquisition of The Pinnacle, Chang'an and the Skyline Garden, Wanjiang (formerly known as Wanjiang Victory Land) projects. Both projects are expected to be launched for pre-sales in the course of 2020. Handover of the Star of East River project is expected to continue in 2020 and 2021 while the rest of the Group's Dongguan projects are expected to be handed over from 2021 onwards.

The Group signed a cooperation agreement in December 2019 with, among others, subsidiaries of the renowned developer, Hong Kong listed Sunac China Holdings Limited, in relation to an ongoing predominantly residential development project in Dongguan, comprising approximately 86,000 sqm of saleable residential GFA. In addition to taking a 30% equity interest, the Group will also be extending a property financing loan to finance the development project. Completion of the acquisition of the 30% equity interest in the project by the Group is subject to certain conditions precedent, which are expected to be satisfied within 1H2020. The project commenced pre-sale in December 2019 and results have been good. The Group continues to look out for good property development opportunities in Dongguan. Similar to the Sunac deal, this may be by way of an equity participation in, and financing of, property development projects, which will serve to balance out the Group's risk exposure to such property development projects.

In Chengdu, the Group's Millennium Waterfront project has handed over 864 residential units at Plot D of the Chengdu Millennium Waterfront project in 4Q2019. Pre-sales of the SOHO units at the adjacent Plot F are progressing well and the development is on track to be completed around late 2020/early 2021. The Group continues to evaluate its options for Plot E, the last development plot of the Chengdu Millennium Waterfront project.

This quarter also marks the Group's entry into the Australian property development market. The Group led a consortium of investors to partner up with Australia's ICD Property to redevelop the iconic 125-year old City Tattersalls Club ("Club") in Sydney. Besides holding an equity stake of 39.9% in the project development trust which will undertake the renovation of the Club's premises and develop the airspace above into a hotel and residential apartments in return for a development fee calculated based on the gross proceeds from the sale of the residential apartments less certain agreed deductions, the Group will also provide a A\$370 million construction financing facility to fund the project. The project has received the approval for its Stage 1 concept development application and construction of the project is expected to start in 2022, assuming a successful Stage 2 development application process during the year. The acquisition by the Group of the 39.9% equity stake in the project development trust was completed on 15 January 2020.

The building permit to increase the net lettable floor area of the Group's Dreeftoren Amsterdam office property by approximately 74% has become irrevocable. However, the Group has encountered an objection from a neighbouring property owner to the proposed development of an adjacent new 312-unit residential tower on the carpark site of the Dreeftoren office. The Group is working with the local municipality to resolve the objection. As construction costs in the Netherlands remain high, the Group will closely monitor the construction market and only

commence construction if it is able to secure a construction contract at a reasonable contract price.

Property Holding

Income from the Group's European property portfolio increased by 4.7% in FY2019 to S\$62.8 million (FY2018: S\$60.0 million), mainly bolstered by the contributions from the delivery of the newly developed Oliphant and Munthof Amsterdam offices, and the Hampton by Hilton Utrecht Centraal Station hotel. The Group expects further growth of its European recurrent income base with the expected delivery of the Crowne Plaza Utrecht Centraal Station hotel in 2Q2020 and the Dreeftoren Amsterdam office as well as the Puccini Milan youth hostel in due course.

The sale by the Group of the newly developed and 98% leased Oliphant Amsterdam office to its 33%-owned associated company, FSMC, was completed on 27 November 2019. The disposal has generated a profit of S\$53.3 million while allowing the Group to retain a meaningful stake for future capital appreciation and recurrent income.

Property Financing

The PRC property financing ("PRC PF") business has achieved a record average loan book of RMB2.2 billion for FY2019, which is a 40% increase over the previous year's average of RMB1.6 billion. The PRC PF loan book stood at approximately RMB2.4 billion as at 31 December 2019. While the credit market remains tight in Australia, the Group remains committed to expanding its Australia property financing portfolio and/or participating in property development or holding opportunities for prime real estate properties.

With the continuing development of the 2019-nCoV situation, it is too early to ascertain the full financial impact to the Group. Nonetheless, the Group anticipates some impact on parts of its operations, and is keeping a watchful eye on the situation as it further evolves. The Group's immediate priority is to ensure the health and safety of its customers and staff at all its properties and will continue to put in place appropriate measures to address this. The Group will provide updates on material developments if any as soon as practicable.

Backed by a strong balance sheet and substantial unutilised committed credit facilities, the Group is ready to expand its footprint in the regions that the Group has an existing exposure as well as other established regions that may offer good opportunities.

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	13 September 2019
Dividend Type	Cash
Dividend Amount	1.1 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 2019 of 1.6 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	1.6 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	24 September 2018
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	6 May 2019
Dividend Type	Cash
Dividend Amount	1.3 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 2019 will be payable on 8 May 2020.

(d) Record date

5pm on 23 April 2020.

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
2019							
Segment revenue	159,976	9,450	87,425	65,668	322,519	12,243	334,762
Elimination of inter-segment revenue	-	-	-	(4,987)	(4,987)	(10,611)	(15,598)
External revenue	159,976	9,450	87,425	60,681	317,532	1,632	319,164
Profit/(loss) from operating activities	91,417	14,633	73,736	(47,229)	132,557	(10,448)	122,107
Finance income	15,711	2,683	486	3,248	22,128	1,670	23,798
Finance costs	(12,032)	(1,077)	(13)	(6,882)	(20,004)	(2,924)	(22,928)
Net finance income/(costs)	3,679	1,606	473	(3,634)	2,124	(1,254)	870
Share of after-tax profit/(loss) of associates and joint ventures	65,461	18,342	358	(12,931)	71,230	(8)	71,222
Segment profit/(loss) before income tax	160,556	34,581	74,567	(63,794)	205,910	(11,711)	194,199
<N1>							
2018							
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	139,336	13,732	82,340	41,953	277,361	-	277,361
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)	7,564	(1,424)	2,015	8	8,163	(933)	7,230
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	61,711	46,272	77,389	(26,159)	159,213	(14,665)	144,548
<N1>							

<N1> The hotel operations segment includes an impairment charge of S\$46.2 million (FY2018: S\$14.1 million), depreciation charge of S\$9.0 million (FY2018: S\$5.8 million), hotel pre-opening expenses incurred of S\$0.9 million (FY2018: nil) and hotel base stocks written off of S\$0.5 million (FY2018: nil).

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 increased by S\$20.6 million or 14.8%, from S\$139.3 million in FY2018 to S\$160.0 million in FY2019. Pre-tax profit increased by S\$98.9 million or 160.2%, from S\$61.7 million in FY2018 to S\$160.6 million in FY2019.

The disposal of the Group's interest in the subsidiary owning the Oliphant property has contributed total net profit of S\$53.3 million in FY2019, of which S\$35.5 million is recorded under other gains in the profit and loss account and S\$17.8 million is recorded under share of after-tax profit of associates. The first time profit recognition from the handover of six residential blocks by the 30%-owned Star of East River project has also contributed an attributable share of profit of S\$43.8 million for the Group in FY2019. Pre-tax profit for the segment further increased due to the higher number of residential units in the Millennium Waterfront project being handed over in FY2019 partially offset by the lower number of commercial units and car park lots handed over.

Property investment

Revenue from the property investment segment decreased by S\$4.3 million or 31.2%, from S\$13.7 million in FY2018 to S\$9.5 million in FY2019. This is mainly attributable to the effect of deconsolidation of NLP1 during the year.

Pre-tax profit from this segment decreased by S\$11.7 million or 25.3%, from S\$46.3 million in FY2018 to S\$34.6 million in FY2019. The decrease was due mainly to the absence of fair value gains on other investments in FY2019 (FY2018: S\$12.8 million), effect of deconsolidation of NLP1 which led to a reduction in pre-tax profit of S\$5.1 million and loss on deconsolidation of NLP1 of S\$0.6 million. This is partially offset by the higher share of net fair value gain of S\$6.2 million recognised from investment properties held by the associates.

Property financing

Revenue from property financing increased by S\$5.1 million or 6.2%, from S\$82.3 million in FY2018 to S\$87.4 million in FY2019. Pre-tax profit from this segment has a slight decrease of S\$2.8 million or 3.6%, from S\$77.4 million in FY2018 to S\$74.6 million in FY2019.

The lower interest income from structured deposits had impacted the segment results negatively for the year. This is due mainly to the deployment of funds to the property development segment to fund the Sky Garden, Wanjiang project and The Pinnacle, Chang'an project.

Hotel operations

Revenue from the hotel operations segment increased by S\$18.7 million or 44.6%, from S\$42.0 million in FY2018 to S\$60.7 million in FY2019. The significant increase was due mainly to the additional contribution from Bilderberg Bellevue Hotel Dresden acquired in late March 2019 and the Hampton by Hilton Utrecht Centraal Station hotel which commenced operations in June 2019.

Pre-tax loss from this segment has increased by S\$37.6 million or 143.9% from S\$26.1 million in FY2018 to S\$63.8 million in FY2019. The segment results were negatively impacted by the higher impairment losses of S\$32.1 million attributable to Crowne Plaza Chengdu Wenjiang and the adjoining hotspring.

16. A breakdown of revenue as follows:–

Group	FY2019	FY2018	Increase/ (Decrease) %
	S\$'000	S\$'000	
(a) Revenue reported for first half year	124,775	91,916	35.7
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	38,955	29,389	32.5
(c) Revenue reported for second half year	194,389	185,445	4.8
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	126,621	88,861	42.5

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:–

	FY2019 (S\$'000)	FY2018 (S\$'000)
Interim	8,749	6,489
Final	12,726	10,335
Total	21,475	16,824

The final tax-exempt (one-tier) ordinary dividend for the year ended 31 December 2019 of 1.6 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 record date. The total amount for FY2019 is hence subject to adjustments according to the number of ordinary shares existing as at the record 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
 12 February 2020