

- (1) **RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE (THE “RIGHTS ISSUE”) OF UP TO S\$147,649,108.10 IN AGGREGATE PRINCIPAL AMOUNT OF 3.98% SUBORDINATED PERPETUAL CONVERTIBLE CAPITAL SECURITIES (THE “SERIES 2 CONVERTIBLE SECURITIES”), WITH UP TO 113,576,237 FREE DETACHABLE WARRANTS (THE “WARRANTS”), EACH CARRYING THE RIGHT TO SUBSCRIBE FOR ONE NEW SHARE (THE “WARRANT EXERCISE SHARES”); AND**
- (2) **BONUS ISSUE (THE “BONUS ISSUE”) OF UP TO 79,503,366 WARRANTS**

Prior to making a decision to subscribe for the Series 2 Convertible Securities with Warrants, you should consider all the information contained in the Offer Information Statement dated 7 May 2019 (the “OIS”) carefully and whether you understand what is described in the OIS. This Product Highlights Sheet (the “PHS”) should be read in conjunction with the OIS. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should also consider whether an investment in the Series 2 Convertible Securities with Warrants is suitable for you taking into account your investment objectives and risk appetite. If you are in any doubt as to investing in the Series 2 Convertible Securities with Warrants, you should consult your legal, financial, tax or other professional adviser. You are responsible for your own investment choices.

Unless otherwise defined herein or the context otherwise requires, all capitalised terms used in this PHS shall bear the same meanings ascribed to them in the OIS.

This PHS is an important document.

- It highlights the key information and risks relating to the offer of the Series 2 Convertible Securities and Warrants contained in the OIS. It complements the OIS¹.
- You should **not** subscribe for the Series 2 Convertible Securities with Warrants if you do not understand the nature of an investment in subordinated perpetual capital securities, convertible securities, warrants and our business or are not comfortable with the accompanying risks.
- If you wish to subscribe for the Series 2 Convertible Securities with Warrants, you will need to make an application in the manner set out in the OIS. If you do not have a copy of the OIS, please contact us to ask for one.

Issuer	First Sponsor Group Limited (the “Company”)	Place of incorporation	Cayman Islands
Issue Price and denomination of the Series 2 Convertible Securities and the Warrants	<p>Series 2 Convertible Securities</p> <ul style="list-style-type: none"> • 100% of the principal amount of the Series 2 Convertible Securities, being S\$1.30 for each Series 2 Convertible Security (the “Issue Price”). • The Series 2 Convertible Securities will be issued in specified denominations of S\$1.30 each and integral multiples thereof. <p>Warrants</p> <ul style="list-style-type: none"> • The Warrants are offered free and do not have an issue price and/or denomination. 	Total amount to be raised in this offer	<p>Series 2 Convertible Securities</p> <ul style="list-style-type: none"> • <u>Gross proceeds</u>: Approximately S\$147.6 million, based on the maximum Issue Size. • <u>Net proceeds</u>: Approximately S\$146.3 million (assuming gross proceeds of S\$147.6 million). <p>Warrants</p> <ul style="list-style-type: none"> • <u>Gross proceeds</u>: As the Warrants are offered free, there will be no proceeds raised initially from the issue of the Warrants under the Rights Issue and the Bonus Issue. Assuming that the maximum number of 193,079,603 Warrants are issued under the Rights Issue and the Bonus Issue, all such Warrants are exercised at the Exercise Price, and no adjustments are made to the Exercise Price and/or the number of Warrants, the estimated gross proceeds from the exercise of the Warrants are expected to be approximately S\$251.0 million.

¹The OIS (together with this Product Highlights Sheet), lodged with the Monetary Authority of Singapore on 7 May 2019, is accessible at the OPERA website of the Monetary Authority of Singapore at <<https://eservices.mas.gov.sg/opera/>>.

Description of the Series 2 Convertible Securities and the Warrants	Series 2 Convertible Securities <ul style="list-style-type: none"> Up to S\$147,649,108.10⁽¹⁾ in aggregate principal amount of 3.98% subordinated perpetual convertible capital securities payable semi-annually in arrear on 1 January and 1 July in each year (each, a “Distribution Payment Date”). The Series 2 Convertible Securities are expected to be issued on 31 May 2019 (the “Issue Date”) and have no fixed redemption date. Warrants <ul style="list-style-type: none"> Subject to adjustments to the number of Warrants, up to 193,079,603⁽¹⁾ Warrants to be issued under the Rights Issue and the Bonus Issue. The Warrants are expected to be issued on the Issue Date and may be exercised during the period (the “Exercise Period”) commencing on (and including) the Issue Date and expiring at 5:00 p.m. on the day immediately preceding 60 months from the Issue Date (subject to the Terms and Conditions of the Warrants). <p>See “Key Features – Key Features of the Series 2 Convertible Securities” and “Key Features – Key Features of the Warrants” below for more information on the Series 2 Convertible Securities and Warrants, respectively.</p>	Listing status of Issuer, the Series 2 Convertible Securities and the Warrants	Company <ul style="list-style-type: none"> Primary listing on the Main Board of the SGX-ST since 22 July 2014. Series 2 Convertible Securities <ul style="list-style-type: none"> Expected to be listed on the Main Board of the SGX-ST on and from 4 June 2019. Trading will be in board lots of S\$130 in principal amount of the Series 2 Convertible Securities, with each board lot of Series 2 Convertible Securities comprising 100 Series 2 Convertible Securities. Warrants <ul style="list-style-type: none"> Expected to be listed on the Main Board of the SGX-ST on and from 4 June 2019. Trading will be in board lots of 100 Warrants. <p>In the event that there are adjustments to the Conversion Price and/or number of Warrants (as the case may be) which would require additional Conversion Shares, Warrants and/or Warrant Exercise Shares (as the case may be) (collectively, the “Adjustment Securities”) to be issued, the Company will seek the approval of the SGX-ST for the dealing in, listing of and quotation for such Adjustment Securities on the Official List of the SGX-ST at the relevant time.</p>
Note: (1) As Foreign Shareholders will not be allowed to participate in the Bonus Issue, no Warrants will be issued to them. Accordingly, the actual number of Warrants that are issued under the Bonus Issue may be lower. In addition, the actual principal amount of Series 2 Convertible Securities and the actual number of Warrants which are issued under the Rights Issue may be lower, depending on the level of subscription.			
Manager of the Rights Issue	United Overseas Bank Limited	Underwriter	The Rights Issue is not underwritten in view of the Undertakings and other reasons set out in the OIS.
Credit rating of Issuer/ the Series 2 Convertible Securities/the Warrants and Credit Rating Agencies	The Company, the Series 2 Convertible Securities and the Warrants are not rated. This means that no independent assessment by a credit rating agency of the default risk of the Company, the Series 2 Convertible Securities and the Warrants has been made.	Trustee/Registrar/ Agents	Series 2 Convertible Securities <ul style="list-style-type: none"> <u>Trustee, Calculation Agent and Paying Agent</u>: Perpetual (Asia) Limited <u>Registrar, Conversion Agent and Transfer Agent</u>: Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) Warrants <ul style="list-style-type: none"> <u>Warrant Agent and Share Registrar</u>: Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)

INVESTMENT SUITABILITY

WHO IS THE INVESTMENT SUITABLE FOR?

The Series 2 Convertible Securities are only suitable for you if you:

- are comfortable investing in hybrid securities that combine the features of both debt and equity and as such are prepared to accept risks higher than those normally associated with plain vanilla bonds;
- are prepared to rank lower in priority compared to holders of plain vanilla bonds and other senior creditors in an insolvency situation;
- accept the risk that you may not receive distributions in a timely manner if we choose to postpone the payment of such distributions and that you will not receive interest on such postponed distributions;
- accept that you will not receive postponed distributions due to you in the event that you choose to convert your Series 2 Convertible Securities before receiving such postponed distributions;
- accept the risk that we may choose not to redeem the Series 2 Convertible Securities at all and as such, your ability to exit your investment is through either the secondary market or conversion into Conversion Shares; and
- are prepared to hold your Series 2 Convertible Securities indefinitely, or to lose a substantial amount of your principal investment if you sell your Series 2 Convertible Securities in the secondary market at a discount or if you sell your Conversion Shares at a price lower than the Conversion Price.

The Warrants are only suitable for you if you accept that the Warrants may expire and become worthless if not exercised by the end of the Exercise Period.

Further Information

For more information on the risks associated with the Series 2 Convertible Securities and the Warrants and for more information on investment suitability, see “Risk Factors” in the OIS, and in particular, “Risks Associated with the Series 2 Convertible Securities” and “Risk Associated with the Warrants” on pages 105 to 116 and 116 to 119 of the OIS, respectively.

KEY FEATURES

BACKGROUND INFORMATION ON THE ISSUER

WHO ARE YOU INVESTING IN?

The Company was incorporated in the Cayman Islands on 24 September 2007 as an exempt company limited by shares under the Cayman Companies Law. The Group is a Singapore-based mixed property developer in the Netherlands and the PRC, owner of commercial properties (including hotels), as well as provider of property financing services mainly in the Netherlands, Germany and the PRC.

The Group is supported by its key Controlling Shareholders, the Hong Leong Singapore group of companies, through its shareholding interests in Millennium & Copthorne Hotels plc, as well as Tai Tak. As at the Latest Practicable Date, Hong Leong Investment Holdings Pte. Ltd. and Tai Tak are deemed to be interested in approximately 35.9% and 45.3% of the Shares, respectively.

Property Development Business. The Group mainly develops residential and commercial properties (including hotels) in key cities in the Netherlands, including Amsterdam and Rotterdam, as well as in the PRC, namely Chengdu and Dongguan.

Property Holding Business. The Group owns various commercial properties (including hotels) for income purposes. The Group’s property holding portfolio comprises commercial properties (including hotels) in the Netherlands (including Amsterdam, Rotterdam, Utrecht and The Hague), Frankfurt and Dresden in Germany, Milan in Italy, as well as key “tier-two cities” in the PRC, namely Chengdu and Dongguan.

Property Financing Business. The Group also provides property financing services primarily in the PRC and Europe, and 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 in Melbourne, Australia. The property financing services in the PRC are provided primarily through entrusted loan arrangements to meet the growing needs of the Group’s customers for short-term property financing. The Group also provides financial consultancy services to entities which are related to the entities which borrow from the Group under its property financing business, for which the Group charges a fee. The Group further provides loan financing to the Group’s associated companies and joint ventures to finance their property-related acquisitions and developments in the PRC and Europe.

For more information on the Group’s business, see “Summary of the Business of the Group” on pages 29 to 32 of the OIS.

See “Summary of the Business of the Group” on pages 29 to 32 of the OIS for more information on the Controlling Shareholders, and paragraph 1 of “Part 2 – Identity of Directors, Advisers and Agents” on pages 141 to 143 of the OIS for more information on the Directors.

KEY FEATURES OF THE SERIES 2 CONVERTIBLE SECURITIES

WHAT ARE YOU INVESTING IN?

We are offering up to S\$147,649,108.10 in aggregate principal amount of Series 2 Convertible Securities to entitled Shareholders under the Rights Issue. The Issue Price is 100% of the principal amount of the Series 2 Convertible Securities, being S\$1.30 for each Series 2 Convertible Security.

Each Series 2 Convertible Security confers a right to receive distributions on its outstanding principal amount (“**Distributions**”) from (and including) the Issue Date, payable at the applicable Distribution Rate semi-annually in arrear on each Distribution Payment Date with the first Distribution Payment Date being 1 July 2019. We may, at our sole discretion, elect to defer any Distribution, in whole or in part, which is otherwise scheduled to be paid on a Distribution Payment Date, and any such deferred Distribution shall constitute “**Arrears of Distribution**”. We are not subject to any limit as to the number of times Distributions and Arrears of Distribution can be deferred, subject to restrictions set out in the Terms and Conditions of the Series 2 Convertible Securities. In any event, no interest on any Arrears of Distribution will be payable to Securityholders.

Any Arrears of Distribution due in respect of a Series 2 Convertible Security shall be extinguished by the Company in full through the delivery by the Company of the Conversion Shares upon the exercise of your Conversion Right in respect of such Series 2 Convertible Security.

The Series 2 Convertible Securities are convertible into new Shares (“**Conversion Shares**”) at your option, at any time on or after the 41st day (expected to be 11 July 2019) after the Issue Date (and if such Series 2 Convertible Securities are to be redeemed pursuant to the Terms and Conditions of the Series 2 Convertible Securities, up to and including the 7th day before the date fixed for redemption of the Series 2 Convertible Securities) at the conversion price of S\$1.30 per Conversion Share (“**Conversion Price**”), subject to adjustments and provided always that the Conversion Price shall not be less than the nominal or par value of a Share.

The Conversion Price is subject to adjustment under certain circumstances, including, without limitation, the following: (a) consolidation or subdivision of the Shares; (b) capitalisation of profits or reserves; (c) capital distribution (excluding cash dividends); (d) rights issues of Shares or options over Shares at less than 95.0% of the market price (excluding for the avoidance of doubt, the current Rights Issue); (e) rights issues of other securities; (f) issues of Shares or other securities at less than 95.0% of the market price; (g) other issues by the Company or any other person (at the direction or request of or pursuant to any arrangements with the Company) of other securities at less than 95.0% of the market price; (h) modifications of rights of conversion, exchange or subscription attaching to any such securities referred to in sub-paragraph (g) above such that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95.0% of the market price; (i) issues of securities in connection with an offer to holders of at least 60.0% of the Shares outstanding (at the time such offer is made) and there is no adjustment carried out under other provisions of the Terms and Conditions of the Series 2 Convertible Securities and (j) in events or circumstances not otherwise provided in the Terms and Conditions of the Series 2 Convertible Securities, subject to, among other things, the use by the Company of an independent financial adviser to determine if such adjustment is fair and reasonable. For the avoidance of doubt, no adjustment shall be made to the Conversion Price on the issuances of, *inter alia*, the Warrants, the Warrant Exercise Shares, the Conversion Shares and any Further Securities.

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

The Series 2 Convertible Securities are perpetual capital securities in respect of which there is no fixed redemption date. However, we may redeem all or some of the Series 2 Convertible Securities at any time on or after the date (expected to be 30 November 2019) falling six months from the Issue Date, or on the occurrence of certain events set out in “Appendix A – Terms and Conditions of the Series 2 Convertible Securities” in the OIS. We have only one class of shares, and the Conversion Shares will have the same rights as the Warrant Exercise Shares and our other existing issued and paid-up Shares, including voting rights. Holders of the Conversion Shares will be entitled to all rights attached to their Conversion Shares in proportion to their shareholding, such as any cash dividends declared by the Company and any distribution of assets upon liquidation of the Company. Except as provided in Articles 48 to 51 of the Memorandum and Articles of Association of the Company and “Offering, Selling and Transfer Restrictions” in the OIS, there are no restrictions on the transferability of the Shares.

For more information on the Series 2 Convertible Securities, see:

- “Summary of the Rights Issue” on pages 33 to 34 of the OIS;
- “Summary of the Terms and Conditions of the Series 2 Convertible Securities” on pages 39 to 49 of the OIS; and
- “Appendix A – Terms and Conditions of the Series 2 Convertible Securities” on pages A-1 to A-33 of the OIS.

KEY FEATURES OF THE WARRANTS

WHAT ARE THE WARRANTS?

The Warrants will be issued free, in accordance with the following:

- in respect of the Rights Issue, up to 113,576,237 Warrants on the basis of one Warrant for every one Series 2 Convertible Security validly subscribed for; and
- in respect of the Bonus Issue, up to 79,503,366 Warrants on the basis of one Warrant for every 10 existing Shares held by Bonus Issue Entitled Shareholders as at the books closure date for the Bonus Issue, fractional entitlements to be disregarded.

Each Warrantholder will have the right, by way of exercise of such Warrant, during the Exercise Period, to subscribe for one Warrant Exercise Share at the initial Exercise Price of S\$1.30, subject to adjustments and provided always that the Exercise Price shall not be less than the nominal or par value of a Share.

The Exercise Price and/or the number of Warrants is subject to adjustment under certain circumstances, including, without limitation, the following: (a) consolidation or subdivision of Shares; (b) capitalisation of profits or reserves; (c) capital distribution; (d) rights issues of Shares or options over Shares at less than 95.0% of the market price (excluding for the avoidance of doubt, the current Rights Issue); and (e) an issue of Shares (other than a rights issue requiring an adjustment under sub-paragraph (d) above and an issue of Shares to members of the Company who elect to receive Shares in lieu of cash as dividend) if the total effective consideration for each Share is less than 90.0% of the market price. Any additional Warrants issued pursuant to such adjustment shall rank *pari passu* with the Warrants and will for all purposes form part of the same series of Warrants constituted by the Deed Poll.

For more information on the Warrants, see:

- “Summary of the Rights Issue” and “Summary of the Bonus Issue” on pages 33 to 34 and 35 of the OIS, respectively;
- “Summary of the Terms and Conditions of the Warrants” on pages 50 to 53 of the OIS; and
- “Appendix B – Terms and Conditions of the Warrants” on pages B-1 to B-23 of the OIS.

KEY FINANCIAL INFORMATION

Key profit and loss information

	Group				
	Audited			Unaudited	
	FY2016 (restated) ⁽¹⁾	FY2017	FY2018	1Q2018	1Q2019
Revenue (S\$'000)	199,051	384,292	277,361	47,804	45,340
Profit before tax (S\$'000)	118,389	121,233	144,548	21,894	32,073
Profit for the year/period (S\$'000)	114,916	93,293	118,250	17,236	23,923
Net profit attributable to equity holders of the Company (S\$'000)	113,089	88,283	113,008	17,122	23,804
EPS before the Rights Issue and the Bonus Issue ⁽²⁾ (cents)	17.43	13.61	16.72	2.64	3.43
EPS after the Rights Issue and the Bonus Issue ⁽³⁾ (cents)	10.25	8.00	10.25	1.55	2.16

Notes:

- (1) Following a business review in FY2017, the interest income from loans extended to the Group's associated companies was classified as part of its property financing income given that such income would be earned on a recurrent basis. The associated financing costs for such loans are also re-classified to cost of sales. In addition, interest income from counterparties in respect of the cross-currency swaps taken up to hedge the Group's investments in its subsidiaries previously offset against the corresponding interest costs incurred on the Group's borrowings, has been re-classified as finance income. Accordingly, the consolidated statement of profit or loss for FY2016 has been restated to reflect the re-classification.
- (2) The EPS before the Rights Issue and the Bonus Issue is calculated based on the weighted average number of 648,795,981 Shares, 648,795,981 Shares, 648,717,196 Shares, 648,795,981 Shares and 649,487,766 Shares, for FY2016, FY2017, FY2018, 1Q2018 and 1Q2019, respectively. The weighted average number of Shares for FY2018 and 1Q2019 excludes the 307,682 Shares held by Wenjiang BVI, a wholly-owned subsidiary of the Company, since August 2018 which are accounted for as treasury shares in the consolidated financial statements of the Group in accordance with IAS 32 Financial Instruments: Presentation.

See paragraph 1 of “Part 5 – Operating and Financial Review and Prospects” on pages 170 to 185, as well as Appendices C, D, E and F of the OIS for more information on our financial performance, financial position and cash flows.

(3) The Earnings per Share after the Rights Issue and the Bonus Issue is calculated on the assumption that (a) the 2018 Bonus Issue and the 2018 Rights Issue were completed, (b) all the Series 1 Convertible Securities issued pursuant to the 2018 Rights Issue were converted into Shares at the conversion price of S\$1.10, (c) the Rights Issue and the Bonus Issue were completed, (d) all the Series 2 Convertible Securities were converted into Conversion Shares at the Conversion Price and all the Warrants were exercised into Warrant Exercise Shares at the Exercise Price, at the beginning of FY2016, FY2017, FY2018, 1Q2018 and 1Q2019 (as the case may be).

Key balance sheet information

(S\$'000)	Group	
	As at 31 December 2018 (Audited)	As at 31 March 2019 (Unaudited)
Total assets	2,381,813	2,669,682
Total liabilities	1,058,319	1,314,441
Equity attributable to owners of the Company	1,150,496	1,186,062
Net asset value before the Rights Issue and the Bonus Issue ⁽¹⁾	1,311,781	1,342,130
Net asset value after the Rights Issue and the Bonus Issue ⁽²⁾	1,709,143	1,739,483

Key cash flows information

(S\$'000)	Group	
	FY2018 (Audited)	1Q2019 (Unaudited)
Net cash (used in)/generated from operating activities	(296,729)	115,296
Net cash generated from/(used in) investing activities	21,008	(269,582)
Net cash generated from financing activities	85,134	132,175
Net decrease in cash and cash equivalents	(190,587)	(22,111)
Cash and cash equivalents at beginning of the year/period	319,298	125,711
Cash and cash equivalents at end of the year/period	125,711	106,502

Notes:

- (1) Computed based on the equity attributable to owners of the Company (including perpetual convertible capital securities and excluding non-controlling interests)
- (2) Assuming that 147,234,050 and 142,469,674 new Shares are issued pursuant to the conversion of 147,234,050 and 142,469,674 Series 1 Convertible Securities outstanding as at 31 December 2018 and 31 March 2019 (as the case may be) at the conversion price of S\$1.10 and assuming: (a) (i) the maximum S\$147,649,108.10 in principal amount of Series 2 Convertible Securities and the maximum of 193,079,603 Warrants are issued pursuant to the Rights Issue and the Bonus Issue; (ii) the conversion of all the Series 2 Convertible Securities into Conversion Shares at the Conversion Price; (iii) no adjustment is made to the Conversion Price, (iv) the exercise of all the Warrants into Warrant Exercise Shares at the Exercise Price, (v) no adjustment is made to the Exercise Price and/or the number of Warrants; and (vi) there are no effects of the use of the Total Proceeds on the earnings of the Group; and (b) the events in sub-paragraph (a) were completed as at 31 December 2018 and as at 31 March 2019 (as the case may be).

The most significant factors contributing to the Group's financial performance in 1Q2019 compared to 1Q2018 are as follows:

- Revenue of the Group decreased by S\$2.5 million or 5.2%, from S\$47.8 million in 1Q2018 to S\$45.3 million in 1Q2019 due to the decrease in revenue from sale of properties by S\$5.1 million and rental income from investment properties of S\$0.6 million. The decrease was offset by the increase in revenue from property financing and hotel operations of S\$2.4 million and S\$0.8 million, respectively. Correspondingly, our cost of sales decreased by S\$3.3 million or 19.3%, from S\$17.1 million in 1Q2018 to S\$13.8 million in 1Q2019. The decrease in revenue recognised from the sale of properties had led to a decrease in related cost of sales of S\$3.9 million. The decrease in cost of sales was partially offset by the lower cost of sales incurred in respect of hotel operations of S\$0.7 million.

<ul style="list-style-type: none"> As a result of the foregoing and other factors set out in the OIS, the Group's gross profit increased marginally from S\$30.7 million in 1Q2018 to S\$32.4 million in 1Q2019. <p>The most significant factors contributing to the Group's financial performance in FY2018 compared to FY2017 are as follows:</p> <ul style="list-style-type: none"> Revenue of the Group decreased by S\$107.0 million or 27.8%, from S\$384.4 million in FY2017 to S\$277.4 million in FY2018 due mainly to the decrease in revenue from sale of properties in FY2018 by S\$168.8 million, partially offset by the increase in revenue from property financing, hotel operations and rental income from investment properties of S\$34.5 million, S\$25.8 million and S\$1.5 million, respectively. Correspondingly, our cost of sales decreased by S\$115.5 million or 49.9%, from S\$231.4 million in FY2017 to S\$115.9 million in FY2018 due mainly to a decrease in revenue from sale of properties in FY2018 by S\$135.9 million, partially offset by the increase in cost of sales of the hotel operations and property financing business of S\$15.7 million and S\$3.7 million, respectively. As a result of the foregoing and other factors set out in the OIS, the Group's gross profit increased by S\$8.5 million or 5.5%, from S\$153.0 million in FY2017 to S\$161.5 million in FY2018. <p>The most significant factors contributing to the Group's financial performance in FY2017 compared to FY2016 are as follows:</p> <ul style="list-style-type: none"> Revenue increased by 93.1% or S\$185.3 million, from S\$199.1 million in FY2016 to S\$384.4 million in FY2017. Correspondingly, cost of sales increased by 57.1% or S\$84.1 million, from S\$147.3 million in FY2016 to S\$231.4 million in FY2017. In FY2016, the Group recorded other gains of S\$98.3 million due mainly to a one-off gain on dilution of interests in subsidiaries in relation to the Star of East River Project of S\$97.3 million. As a result of the foregoing and other factors set out in the OIS, the Group's gross profit increased by 195.7% or S\$101.2 million, from S\$51.8 million in FY2016 to S\$153.0 million in FY2017. <p>The above factors are not the only factors contributing to our financial performance in FY2016, FY2017, FY2018 and 1Q2019. See the other factors set out in paragraph 4 of "Part 5 – Operating and Financial Review and Prospects" on pages 170 to 185 of the OIS.</p>	
BUSINESS STRATEGIES AND FUTURE PLANS	
<p>The Group plans to adopt the following strategies to drive its future growth and increase shareholder value:</p> <p>Focus on growing the Group's property development business with selective expansion into growth markets. Leveraging its strong management expertise and the extensive business networks of its key Controlling Shareholders, the Group strives to acquire new property development sites on a continual but financially prudent basis so as to provide a gradually growing development pipeline for its property development business.</p> <p>Develop and grow the Group's portfolio of long-term properties held for income. The Group plans to build up its portfolio of long-term properties to generate a stable stream of recurrent income and future capital gain. 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.</p> <p>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.</p>	<p>For more information, see "Summary of the Business of the Group – Strategies and Future Plans" on pages 31 to 32 of the OIS.</p>
TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS REASONABLY LIKELY TO HAVE A MATERIAL EFFECT	
<p>Industry Outlook</p> <p>The Netherlands. The Company expects the commercial office sector in the Netherlands to continue to be challenging in 2019 with scarcity of space and a lack of new supply. The Company believes the inherent scarcity is positive for office owners who have seen rising rental rates across office locations.</p> <p>The PRC. The Company expects the PRC to face intensifying downward pressures on growth in 2019. However, sharp decelerations in growth are not expected should the PRC government provide further policy easing and adding stimulus to the economy to help moderate such slowdown.</p>	<p>For more information, see paragraph 10 of "Part 5 – Operating and Financial Review and Prospects" on pages 170 to 185 of the OIS.</p>

Company Outlook

Property Development. The Group's property development business in Dongguan, PRC is expected to grow in 2019. In April 2019, the Group entered into a sale and purchase agreement in connection with the Concord Acquisition. The Group intends to designate a third party to be one of the purchasers, subject to the Group retaining a controlling equity stake in the Target Group upon completion of the Concord Acquisition. If the Concord Acquisition is successfully completed, the Group intends to take the lead in the management of the development project and work towards the pre-sale launch of Phase 1 of the development as soon as commercially viable.

Property Holding. The Group's property holding business is expected to grow in 2019, with such growth expected to be attributable to the income contribution with effect from 1 April 2019 from the 94.9% equity stake in the 340-room Westin Bellevue Dresden Hotel, as well as higher gross profit contributions from the Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels. The redevelopment of the Munthof and the development of the Oliphant⁽¹⁾ were completed in January 2019 and February 2019, respectively, and the properties are substantially leased.

Property Financing. The Group's property financing business is expected to grow in 2019 as the Group intends to continue expansion of its property financing business in the PRC, Europe and other markets, such as Australia. The Group began 2019 with a total loan portfolio in the PRC of RMB2.8 billion. Consequently, the property financing business achieved a strong showing for 1Q2019, recording a gross profit of S\$21.8 million, which represents a 87.0% quarter-on-quarter increase over 1Q2018's gross profit of S\$11.6 million (excluding one-off penalty interest).

The above are not the only trends, uncertainties, demands, commitments or events that could affect us. See other factors set out in "Risk Factors" and paragraph 9 of "Part 5 – Operating and Financial Review and Prospects" on pages 56 to 119 and 170 to 185 of the OIS, respectively.

Note:

- (1) The Group is considering the sale of the Oliphant to FSMC to generate development profit while retaining a meaningful stake for future capital appreciation and recurrent income. Until such time, the Oliphant will continue to be classified under the Group's property development business.

Series 2 Convertible Securities

Assuming that the maximum of S\$147,649,108.10 in aggregate principal amount of Series 2 Convertible Securities is issued pursuant to the Rights Issue at the Issue Price, the estimated gross proceeds from the issue of such Series 2 Convertible Securities are expected to be approximately S\$147.6 million. After deducting professional fees and related expenses estimated to be incurred in connection with the Rights Issue and the Bonus Issue of approximately S\$1.3 million, the estimated net proceeds from the issue of the Series 2 Convertible Securities under the Rights Issue are expected to be approximately S\$146.3 million (the "Net Proceeds"). Subsequent to the First Announcement and upon further evaluation of the capital requirements of the Group's businesses based on its revised plans and estimates, the Company has decided to allocate the Net Proceeds as follows: (a) 48.3% of the Net Proceeds to repay borrowings incurred by the Group to fund the Dresden Acquisition; (b) 33.5% of the Net Proceeds to partially satisfy the estimated consideration for the Group's acquisition of a controlling equity stake in Concord Focus Development Limited in connection with the Concord Acquisition; and (c) 18.2% of the Net Proceeds to fund potential property development projects and/or acquisitions of properties held for income, and/or the property financing business.

USE OF PROCEEDS

Warrants

As the Warrants are offered free, there will be no proceeds raised initially from the issue of the Warrants under the Rights Issue and the Bonus Issue. Assuming that the maximum number of 193,079,603 Warrants is issued under the Rights Issue and the Bonus Issue, all such Warrants are exercised at the Exercise Price, and no adjustments are made to the Exercise Price and/or the number of Warrants, the estimated gross proceeds from the exercise of the Warrants are expected to be approximately S\$251.0 million (the "Warrant Exercise Proceeds"). The Company intends to use the Warrants Exercise Proceeds to fund property development projects and/or acquisition of properties (including hotels) held for income, and/or its property financing business and for general working capital purposes.

For more information, see paragraphs 1 to 4 of "Part 4 – Key Information" on pages 150 to 169 of the OIS.

KEY RISKS

WHAT ARE THE KEY RISKS OF THIS INVESTMENT?

Investing in the Series 2 Convertible Securities with Warrants involves substantial risks. Set out below are some of the key risks of investing in the Series 2 Convertible Securities with Warrants. This list is not exhaustive, and does not represent all the risks associated with, and considerations relevant to, the Series 2 Convertible Securities and the Warrants or your decision to subscribe for the Series 2 Convertible Securities with Warrants. Please refer to the section “Risk Factors” on pages 56 to 119 of the OIS for more information on risk factors. The value of the Series 2 Convertible Securities, Warrants, Conversion Shares and Warrant Exercise Shares may rise or fall. These risk factors may cause you to lose some or all of your investment.

For more information on risk factors, see “Risk Factors” on pages 56 to 119 of the OIS.

BUSINESS-RELATED RISKS

General Risks relating to the Group’s Businesses. The Group is subject to the performance of the property markets in which its properties are located, the economic and real estate market conditions, as well as the general legal and regulatory framework in these markets. A downturn in these markets or non-compliance with such frameworks will result in an adverse impact on the Group’s business, operations, results of operations, financial position and prospects. As a developer and owner of properties, the Group is also exposed to the risks of being unable to identify and acquire suitable land sites for future developments at commercially acceptable prices, to complete the acquisitions of land sites, or to obtain relevant approvals, permits or certificates which may result in claims being made against the Group, any of which would affect its ability to grow its pipeline. The Group also faces competition which may result in increased land acquisition costs, lower demand for its hotels and lower interest rates for its property financing business.

Risks relating to the Group’s Property Development Business. The development of properties entails significant risks, including the legal and business risks in relation to the pre-sales of the Group’s properties, the Group’s ability to secure adequate financing to fund its land acquisitions and property developments, and the risks of delays in its property development projects.

Risks relating to the Group’s Property Holding Business. Such risks include the Group’s dependence on the conditions in the hospitality industry, the Group’s success in implementing its plans to expand its property holding business and changes in tax laws, regulations and policies applicable to the Group.

Risks relating to the Group’s Property Financing Business. The Group is exposed to the possibility that borrowers may default on the loans made to them through the entrusted loan arrangements, the Group may not be able to source for suitable borrowers and the financing environment in the PRC.

LEGAL, REGULATORY AND ENFORCEMENT RISKS

Series 2 Convertible Securities

You may not receive Distribution payments. We may, at our sole discretion and subject to certain conditions, elect not to pay any scheduled Distribution (or to pay only part of a scheduled Distribution) on the Series 2 Convertible Securities. We are not subject to any limits as to the number of times Distributions and Arrears of Distribution can be deferred pursuant to the Terms and Conditions of the Series 2 Convertible Securities, subject to compliance with certain restrictions. Any deferral of Distribution will likely have an adverse effect on the market price of the Series 2 Convertible Securities. Any Arrears of Distribution due in respect of a Series 2 Convertible Security shall be extinguished by the Company in full after the exercise of your Conversion Right in respect of such Series 2 Convertible Security.

You have no right to require redemption. The Series 2 Convertible Securities are perpetual capital securities and have no fixed redemption date. We are under no obligation to redeem the Series 2 Convertible Securities at any time and the Series 2 Convertible Securities can only be disposed of by sale or by conversion into Conversion Shares.

The Series 2 Convertible Securities are unsecured and subordinated. The Series 2 Convertible Securities will constitute direct, unconditional, subordinated and unsecured obligations of the Company which rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Company. Subject to the insolvency laws of the Cayman Islands and other applicable laws, in the event of the winding-up of the Company, your rights to payment of the principal amount of the relevant Series 2 Convertible Security together with accrued and unpaid Distributions (including any unpaid Arrears of Distribution) are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Company but at least *pari passu* with all other subordinated obligations of the Company that are not expressed by their terms to rank junior to the Series 2 Convertible Securities, but always in priority to the claims of Shareholders. In the event of a shortfall of funds on a winding-up of the Company, there is a real risk that you will lose all or some of your investment and will not receive a full return or any return of the principal amount or any unpaid amounts due under the Series 2 Convertible Securities. If you choose to exercise your Conversion Right, the Conversion Shares that you will acquire will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allocations or other distributions, the record date for which falls prior to the relevant conversion date of the Series 2 Convertible Securities, subject to the Terms and Conditions of the Series 2 Convertible Securities, but will rank junior to the claims of a Securityholder in the event of the winding-up. Hence, in a winding-up as a holder of Shares, you who have exercised your Conversion Right and received Conversion Shares will be ranked lower than a Securityholder in respect of your Conversion Shares, and be subject to a higher risk of loss of investment if you choose to exercise your Conversion Right instead of holding the Series 2 Convertible Securities prior to the winding-up.

You have limited remedies for non-payment under the Terms and Conditions of the Series 2 Convertible Securities. There is no assurance that the Company will have sufficient cash flow to meet payments under the Series 2 Convertible Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due in accordance with the Terms and Conditions of the Series 2 Convertible Securities and the Company fails to make the payment when due. The only remedy against the Company available to you for recovery of amounts in respect of the Series 2 Convertible Securities following the occurrence of a payment default after any sum becomes due in respect of the Series 2 Convertible Securities will be the Trustee instituting winding-up proceedings and/or proving and/or claiming in winding-up in respect of any of the Company's payment obligations arising from the Series 2 Convertible Securities.

Singapore Taxation Risk. It is not clear whether the Series 2 Convertible Securities will be regarded as "debt securities" by the Inland Revenue Authority of Singapore or whether the Distributions made under the Series 2 Convertible Securities will be regarded as interest payable on indebtedness for the purposes of the Income Tax Act (Chapter 134 of Singapore) and whether the tax concessions available for "qualifying debt securities" under the qualifying debt securities scheme would apply to the Series 2 Convertible Securities. There is no assurance that the Series 2 Convertible Securities will enjoy or will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked at any time.

You may be requested by the Trustee to provide an indemnity and/or security and/or pre-funding to its satisfaction. In certain circumstances (pursuant to the Terms and Conditions of the Series 2 Convertible Securities), the Trustee may, at its discretion, request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before taking proceedings to enforce repayment and taking action on behalf of Securityholders to convene meetings. The Trustee shall not be obliged to take any such action if it is not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact when such actions can be taken, or at all. The Trustee may not be able to take action, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations. In such event, to the extent permitted by the agreements (including the Terms and Conditions of the Series 2 Convertible Securities and the Trust Deed) and the applicable law, it will be for the Securityholders to take such action directly.

Warrants

The Warrants may expire and become worthless if not exercised by the expiry of the Exercise Period. The Warrants issued pursuant to the Rights Issue and the Bonus Issue have an Exercise Period of 60 months from the Issue Date. In the event that you do not exercise the Warrants by the end of the Exercise Period, the Warrants will expire and become worthless.

General

You have no rights as Shareholder until you acquire (a) Conversion Shares upon conversion of your Series 2 Convertible Securities and/or (b) Warrant Exercise Shares upon exercise of your Warrants (as the case may be). Unless and until you acquire (a) Conversion Shares upon conversion of your Series 2 Convertible Securities, and/or (b) Warrant Exercise Shares upon the exercise of your Warrants (as the case may be), you will have no rights as Shareholder (including voting rights and rights to receive dividends or distributions) with respect to the Conversion Shares and/or the Warrant Exercise Shares (as the case may be).

MARKET AND CREDIT RISKS

Series 2 Convertible Securities

The market value of the Series 2 Convertible Securities and Conversion Shares may fluctuate. Trading prices of the Series 2 Convertible Securities and the Conversion Shares may be influenced by numerous factors, including (a) the market for similar securities, (b) the respective operating results and/or financial condition of the Group, (c) (in the case of the Series 2 Convertible Securities) the trading price of the Shares and (d) political, economic, financial and any other factors that can affect the capital markets, the industry and the Group.

An investment in the Series 2 Convertible Securities is subject to interest rate risk. The Series 2 Convertible Securities are a form of fixed distribution security and may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Series 2 Convertible Securities.

Securityholders are exposed to financial and credit risks. The Terms and Conditions of the Series 2 Convertible Securities provide for Distributions to be payable at specified periods regardless of the performance of the Group. In the event that the Group suffers a deterioration in its financial condition, there is no assurance that the Company will have sufficient cash flow to meet payments under the Series 2 Convertible Securities.

General

The Rights Issue and/or the exercise of the Warrants (as the case may be) may cause the market value of the Shares to immediately decrease. There is no assurance that the Conversion Price and/or the Exercise Price (as the case may be) will be at a discount or premium to or over the prevailing market price of the Shares at the time of conversion of the Series 2 Convertible Securities and/or exercise of the Warrants (as the case may be). The discount or premium represented by the Conversion Price and/or the Exercise Price (as the case may be) to or over the prevailing market price of the Shares, as the case may be, at such time, coupled with the potential increase in the number of Shares of the Company upon the conversion of Series 2 Convertible Securities and/or the exercise of Warrants (as the case may be), may result in an immediate decrease in the market value of the Shares. The Issue Price, the Conversion Price and/or the Exercise Price (as the case may be) do not bear a direct relationship to the book value of the Group's assets, past operations, cash flow, earnings, financial condition or other established criteria for value. Hence, the Issue Price, the Conversion Price and/or the Exercise Price (as the case may be) may not be an indication of any underlying value of Shares.

LIQUIDITY RISKS

There is no prior market for the Series 2 Convertible Securities or Warrants, nor any assurance that one will develop to provide liquidity for the Series 2 Convertible Securities and/or Warrants. Although approval in-principle has been obtained from the SGX-ST for the listing of and quotation for up to 113,749,959 Series 2 Convertible Securities and up to 193,374,930 Warrants on the SGX-ST, no assurance can be given that active trading markets for the Series 2 Convertible Securities and Warrants will develop or as to the liquidity or sustainability of any such markets and your ability to sell your Series 2 Convertible Securities and/or Warrants (as the case may be) or the price at which you will be able to sell your Series 2 Convertible Securities and/or Warrants (as the case may be). Additionally, even if an active trading market for the Series 2 Convertible Securities were to develop, the Series 2 Convertible Securities could trade at prices that may be lower than the Issue Price and/or the Conversion Price. In the event that permission is not granted by the SGX-ST for the listing of and quotation for the Series 2 Convertible Securities and/or Warrants (as the case may be) on the Main Board of the SGX-ST due to an insufficient spread of holdings of the Series 2 Convertible Securities and/or Warrants (as the case may be) to provide for an orderly market in the trading of the Series 2 Convertible Securities and/or Warrants (as the case may be), we will nevertheless proceed and complete the Rights Issue and Bonus Issue. In such an event, you will not be able to trade your Series 2 Convertible Securities and/or Warrants (as the case may be) on the SGX-ST.

OTHER PERTINENT RISKS

The Terms and Conditions of the Series 2 Convertible Securities and the provisions of the Trust Deed may be modified. The Trust Deed contains provisions for convening meetings of Securityholders to consider matters affecting their interests generally, including the modification of the Terms and Conditions of the Series 2 Convertible Securities or any provision of the Trust Deed. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Warrants may be amended. The Terms and Conditions of the Warrants contain provisions for calling meetings of Warrantheolders to consider matters affecting their interests generally, including the sanctioning of a modification of the Warrants or the Deed Poll. These provisions permit defined majorities to bind all Warrantheolders, including Warrantheolders who did not attend and vote at the relevant meeting and Warrantheolders who voted in a manner contrary to the majority.

DEFINITIONS

1Q	: The three-month financial period ended 31 March.
2018 Bonus Issue	: The bonus issue of Shares undertaken by the Company in 2018 on the basis of one bonus share for every ten existing Shares pursuant to which 58,981,032 bonus Shares were issued.
2018 Rights Issue	: The renounceable and non-underwritten rights issue undertaken by the Company in 2018 pursuant to which S\$162,199,110.70 in aggregate principal amount of Series 1 Convertible Securities was issued.
CDP	: The Central Depository (Pte) Limited.
Concord Acquisition	: The Group's proposed acquisition of 100.0% of the issued shares in Concord Focus Development Limited, a limited liability investment holding company incorporated in Hong Kong.
Controlling Shareholder	: A person who (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over the Company.
Conversion Right	: The right of a Securityholder to convert his Series 2 Convertible Securities into Conversion Shares in accordance with the Terms and Conditions of the Series 2 Convertible Securities.
Deed Poll	: The deed poll to be executed by the Company to constitute the Warrants and containing, among others, provisions for the protection of the rights and interests of the Warrantheolders, as amended, varied or supplemented from time to time.
Distribution Rate	: The rate of distribution applicable to the Series 2 Convertible Securities shall be 3.98% per annum and shall be calculated on the principal amount of S\$1.30 for each Series 2 Convertible Security.
Dresden Acquisition	: The Group's acquisition of 94.9% of the shares in each of BRE/GH II Dresden I Investor GmbH and Hotel Bellevue Dresden Betriebs GmbH which owns, and operates, a hotel in Dresden, Germany, respectively.
EPS	: Earnings per Share.
First Announcement	: The announcement dated 25 March 2019 made by the Company in relation to the Rights Issue and the Bonus Issue.
Further Securities	: Further perpetual securities which may be created and issued by the Company in accordance with Condition 13 of the Terms and Conditions of the Series 2 Convertible Securities.
FY	: Financial year ended 31 December.

Group	: The Company and its subsidiaries, associated companies and joint ventures. However, for “Key Features – Key Financial Information” and “Key Features – Trends, Uncertainties, Demands, Commitments or Events Reasonably Likely to Have a Material Effect” of this PHS, the “ Group ” shall mean the Company and its subsidiaries, unless the context otherwise requires.
Issue Size	: Up to S\$147,649,108.10 in aggregate principal amount of Series 2 Convertible Securities.
Latest Practicable Date	: 30 April 2019.
Parity Obligation	: Any instrument or security (other than Shares) issued, entered into or guaranteed by the Company (a) which ranks or is expressed to rank, by its terms or by operation of law, <i>pari passu</i> with the Series 2 Convertible Securities and (b) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Company and/or, in the case of an instrument or security guaranteed by the Company, the issuer thereof.
Securityholder	: A person in whose name a Series 2 Convertible Security is registered, except that where the registered holder is CDP, the term “ Securityholder ” shall, in relation to such Series 2 Convertible Security, mean each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Series 2 Convertible Securities.
SGX-ST	: Singapore Exchange Securities Trading Limited.
Shareholders	: Registered holders of Shares in the Register of Members of the Company except that where the registered holder is CDP, the term “ Shareholders ” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares.
Shares	: Ordinary shares with a par value of US\$0.10 each in the capital of the Company.
Tai Tak	: Tai Tak Estates Sendirian Berhad.
Terms and Conditions of the Series 2 Convertible Securities	: The terms and conditions of the Series 2 Convertible Securities to be set out in the Trust Deed, the text of which (subject to completion and amendment) is set out in “Appendix A – Terms and Conditions of the Series 2 Convertible Securities” in the OIS, and any reference to a particularly numbered Condition shall be construed accordingly.
Terms and Conditions of the Warrants	: The terms and conditions of the Warrants to be set out in the Deed Poll, the text of which (subject to completion and amendment) is set out in “Appendix B – Terms and Conditions of the Warrants” in the OIS, and any reference to a particularly numbered Condition shall be construed accordingly.
Trust Deed	: The Trust Deed to be entered into between the Company and the Trustee to constitute the Series 2 Convertible Securities and containing, among others, provisions for the protection of the rights and interests of the Securityholders, as amended, varied or supplemented from time to time.
Undertakings	: The undertakings dated 25 March 2019 given by each of Millennium & Copthorne Hotels plc, Chengdu Tianfu Properties Ltd., First Sponsor Capital Limited and Tai Tak Asia Properties Limited.
Warrantholder	: The person in whose name a Warrant is registered, except that where the registered holder is CDP, the term “ Warrantholder ” shall, in relation to such Warrant, mean, where the context requires, a Depositor whose Securities Account with CDP is credited with Warrants.

CONTACT INFORMATION

If you have questions, please contact United Overseas Bank Limited at 1800 222 2121.