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

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

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

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

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

n.m.: not meaningful

Consolidated Statement of Comprehensive Income

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

Notes to the Group's Income Statement:

Profit before tax includes the following:

	The Group Fourth quarter ended 31 December		The Group Full year ended 31 December	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Other gains/(losses) comprise:				
Gain/(loss) on disposal of:				
- assets held-for-sale	904	-	6,253	-
- a subsidiary	1	-	1	-
- investment properties	231	(16)	272	(62)
- property, plant and equipment	(1)	-	(1)	6
Loss on liquidation of subsidiaries (net)	(85)	-	(85)	-
Property, plant and equipment written off	(1)	-	(1)	-
Impairment loss on assets held-for-sale	(381)	-	(4,088)	-
Others	487	-	487	-
Profit before tax includes the following (expenses)/income:				
Depreciation of property, plant and equipment	(828)	(1,687)	(6,172)	(5,510)
Exchange (loss)/gain (net)	(13,632)	(440)	(26,248)	10,933
Fair value gain/(loss) on:				
- derivative assets/ liabilities (net)	14,368	(917)	30,761	(14,177)
- investment properties (net)	6,930	4,038	6,930	4,038
- other investments	12,850	-	12,850	-
Hotel and hotspring base stocks written off	-	(756)	-	(756)
Hotspring pre-opening expenses	-	(2,243)	-	(2,425)
Write down of development properties	(3,153)	(987)	(3,153)	(987)
Impairment loss on:				
- investment properties	-	-	-	(602)
- property, plant and equipment	(14,053)	(9,345)	(14,053)	(9,345)
Operating lease expenses	(88)	(130)	(483)	(450)
Trade receivables written off	-	-	-	(13)
Net investment return from a PRC government linked entity	-	-	-	403

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

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

* Amount less than S$1,000

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

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

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

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

Details of any collateral

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

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

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

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

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

* Amount less than S$1,000

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

	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'000	Distributable reserve S$'000	Fair value reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
The Group												
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												
Profit for the year	-	-	-	-	-	-	-	113,008	113,008	-	5,242	118,250
Other comprehensive income												
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	-	(1,589)	-	(1,589)	-	-	(1,589)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	-	(22,208)	-	(22,208)	-	(256)	(22,464)
Foreign currency translation differences on financial statements arising from liquidation of foreign subsidiaries reclassified to profit or loss	-	-	-	-	-	-	1,187	-	1,187	-	-	1,187
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	-	(1,486)	-	(1,486)	-	-	(1,486)
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

	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
The Group												
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends paid to the owners of the Company	-	-	-	-	-	-	-	(14,271)	(14,271)	-	-	(14,271)
Issuance of bonus shares	7,735	-	-	-	(7,735)	-	-	-	-	-	-	-
Issuance of perpetual convertible capital securities ("PCCS")	-	-	-	-	-	-	-	-	-	162,199	-	162,199
PCCS issue expenses	-	-	-	-	-	-	-	-	-	(672)	-	(672)
Distributions to PCCS holders	-	-	-	-	-	-	-	(4,541)	(4,541)	-	-	(4,541)
Issuance of new shares pursuant to conversion of PCCS	30	212	-	-	-	-	-	-	242	(242)	-	-
Liquidation of subsidiaries	-	-	(2,588)	20	-	-	-	2,568	-	-	-	-
Transfer to statutory reserves	-	-	5,748	-	-	-	-	(5,748)	-	-	-	-
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**

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

	Share capital S$'000	Share premium S$'000	Capital Reserve S$'000	Distributable reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Total equity S$'000
The Company								
At 1 January 2018	73,640	9,821	(5,988)	662,764	140,470	880,707	-	880,707
Total comprehensive income for the year								
Profit 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 to PCCS holders	-	-	-	-	(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**
At 1 January 2017	736,404	9,821	(5,988)	-	78,678	818,915	-	818,915
Total comprehensive income for the year								
Profit for the year	-	-	-	-	73,588	73,588	-	73,588
Total comprehensive income for the year	-	-	-	-	73,588	73,588	-	73,588
Transaction with owners, recognised directly in equity								
Distributions to owners								
Dividends paid to the owners of the Company	-	-	-	-	(11,796)	(11,796)	-	(11,796)
Total distributions to owners of the Company	-	-	-	-	(11,796)	(11,796)	-	(11,796)
Capital reduction	(662,764)	-	-	662,764	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	(11,796)	(11,796)	-	(11,796)
At 31 December 2017	73,640	9,821	(5,988)	662,764	140,470	880,707	-	880,707

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

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

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

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

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

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

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

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

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

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

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

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

Not applicable.

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

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

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

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

IFRS 9 Financial Instruments

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

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

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

	Fourth quarter ended 31 December		Full year ended 31 December	
	2018	**2017**	**2018**	**2017**
Earnings per share (cents)				
- basic	8.73	6.58	16.72	13.61
- diluted	7.32	6.58	15.02	13.61
Profit attributable to ordinary shareholders (S$'000)	56,613	42,660	108,467	88,283
Profit attributable to ordinary shareholders and PCCS holders (S$'000)	58,238	42,660	113,008	88,283
Weighted average number of ordinary shares in issue:				
- basic	648,638,117 [1]	648,795,981 [2]	648,717,196 [1]	648,795,981 [2]
- diluted	795,792,218 [1]	648,795,981 [2]	752,440,409 [1]	648,795,981 [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 2018	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 December 2017**
Net asset value per ordinary share (cents)	202.21	183.13	171.25	149.32
Number of issued ordinary shares (excluding treasury shares)	648,707,986 [1]	589,814,949	649,015,668	589,814,949

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

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

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

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

<u>Group performance</u>

Revenue and cost of sales

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

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

<u>4Q 2018 vs 4Q 2017</u>

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

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

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

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

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

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

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

Administrative expenses

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

Selling expenses

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

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

Other income/(expenses) (net)

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

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

Other gains/ (losses) (net)

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

Share of after-tax results of associates and joint ventures

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

Tax expense

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

FY2018 vs FY2017

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

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

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

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

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

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

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

Administrative expenses

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

Selling expenses

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

Other income/(expenses) (net)

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

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

Other gains/(losses) (net)

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

Share of after-tax results of associates and joint ventures

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

Tax expense

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

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

Non-current assets

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

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

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

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

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

Current assets

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

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

Current liabilities

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

Loans and borrowings

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

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

Foreign currency risk management

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

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

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

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

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

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

Statement of cash flows of the Group

4Q 2018

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

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

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

FY2018

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

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

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

Note:

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

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

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

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

Industry Outlook

People's Republic of China

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

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

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

The Netherlands

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

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

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

Company Outlook

Property Financing

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

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

Property Development

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

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

Property Holding

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

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

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

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

Rights Issue and Bonus Issue

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

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

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

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

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

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

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

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

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

Yes.

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

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

(c) Date payable

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

(d) Books closure date

5pm on 6 May 2019

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

Not applicable.

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

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

Part II Additional Information Required for Full Year Announcement

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

Information about reportable segments

	Property development $'000	Property investment $'000	Property financing $'000	Hotel operations $'000	Total reportable segments $'000	Unallocated $'000	Total $'000
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>			
2017							
Segment revenue	308,162	12,273	47,784	16,500	384,719	7,517	392,236
Elimination of inter-segment revenue	-	(3)	-	(324)	(327)	(7,517)	(7,844)
External revenue	308,162	12,270	47,784	16,176	384,392	-	384,392
Profit/(loss) from operating activities	93,125	12,754	36,321	(20,266)	121,934	(12,421)	109,513
Finance income	10,241	1,232	4,971	7	16,451	631	17,082
Finance costs	(2,173)	(6,728)	-	-	(8,901)	(109)	(9,010)
Net finance income/(costs)	8,068	(5,496)	4,971	7	7,550	522	8,072
Share of after-tax profit/(loss) of associates	1,433	4,574	-	(2,359)	3,648	-	3,648
Segment profit/(loss) before income tax	102,626	11,832	41,292	(22,618)	133,132	(11,899)	121,233
				<N1>			

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

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

Property development

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

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

Property investment

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

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

Property financing

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

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

Hotel operations

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

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

16. A breakdown of revenue as follows:–

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

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

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

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

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

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

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

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

BY ORDER OF THE BOARD

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