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 2017

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)
	2017	2016 (Restated)		2017	2016 (Restated)	
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	180,279	23,711	660.3	384,392	199,051	93.1
Cost of sales	(105,081)	(28,756)	265.4	(231,360)	(147,300)	57.1
Gross profit/(loss)	75,198	(5,045)	n.m.	153,032	51,751	195.7
Administrative expenses	(8,591)	(10,871)	(21.0)	(24,146)	(27,008)	(10.6)
Selling expenses	(199)	(523)	(62.0)	(5,319)	(5,633)	(5.6)
Other expenses (net)	(11,416)	(25,218)	(54.7)	(13,998)	(24,468)	(42.8)
Other (losses)/gains (net)	(16)	98,842	n.m.	(56)	98,335	n.m.
Results from operating activities	54,976	57,185	(3.9)	109,513	92,977	17.8
Finance income	3,404	5,996	(43.2)	17,082	21,262	(19.7)
Finance costs	(1,323)	(2,440)	(45.8)	(9,010)	(8,128)	10.9
Net finance income	2,081	3,556	(41.5)	8,072	13,134	(38.5)
Share of after-tax profit of associates	2,640	5,073	(48.0)	3,648	12,278	(70.3)
Profit before tax	59,697	65,814	(9.3)	121,233	118,389	2.4
Tax (expense)/credit	(12,146)	7,872	n.m.	(27,940)	(3,473)	704.5
Profit for the period/year	47,551	73,686	(35.5)	93,293	114,916	(18.8)
Attributable to:						
Equity holders of the Company	42,660	72,915	(41.5)	88,283	113,089	(21.9)
Non-controlling interests	4,891	771	534.4	5,010	1,827	174.2
Profit for the period/year	47,551	73,686	(35.5)	93,293	114,916	(18.8)
Earnings per share (cents)						
- **basic**	7.23	12.36	(41.5)	14.97	19.17	(21.9)
- **diluted**	7.23	12.36	(41.5)	14.97	19.17	(21.9)

n.m.: not meaningful

Consolidated Statement of Comprehensive Income

	The Group Fourth quarter ended 31 December		The Group Full year ended 31 December	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Profit for the period/year	47,551	73,686	93,293	114,916
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, net of tax	(20)	58	893	(203)
Translation differences on financial statements of foreign subsidiaries, net of tax	(2,193)	19,816	(16,574)	(45,177)
Realisation of foreign currency translation differences arising from the dilution of interests in subsidiaries, net of tax, reclassified to profit or loss	-	(3,618)	-	(3,618)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	(839)	1,302	(1,470)	(2,522)
Net change in fair value of available-for-sale financial asset, net of tax	(3,949)	-	(3,949)	-
Total other comprehensive income for the period/year, net of tax	(7,001)	17,558	(21,100)	(51,520)
Total comprehensive income for the period/year	40,550	91,244	72,193	63,396
Total comprehensive income attributable to:				
Equity holders of the Company	35,575	90,494	67,361	61,647
Non-controlling interests	4,975	750	4,832	1,749
Total comprehensive income for the period/year	40,550	91,244	72,193	63,396

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	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Other (losses)/gains comprise:				
Gain on dilution of interests in subsidiaries	-	97,322	-	97,322
Property, plant and equipment written off	-	(1)	-	(5)
Gain/(loss) on disposal of:				
- property held for sale	-	1,836	-	1,836
- investment properties	(16)	(65)	(62)	(319)
- property, plant and equipment (net)	-	(2)	6	(2)
Others	-	(248)	-	(497)
	(16)	98,842	(56)	98,335
Profit before tax includes the following expenses/(income):				
Depreciation of property, plant and equipment	1,687	460	5,510	1,541
Exchange loss/(gain) - net	440	(519)	(10,933)	(1,002)
Fair value (gain)/loss on investment properties (net)	(4,038)	9,478	(4,038)	9,478
Impairment loss on:				
- development properties	987	-	987	-
- investment properties	-	-	602	-
- property, plant and equipment	9,345	10,312	9,345	10,312
- trade receivables	-	-	13	-
Hotel and hotspring pre-opening expenses	2,243	1,911	2,425	2,432
Hotel and hotspring base stocks written off	756	2,451	756	2,451
Operating lease expenses	130	101	450	415
Net investment return from a PRC government linked entity	-	(363)	(403)	(1,765)

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 2017 S$'000	**As at 31 December 2016 S$'000**	**As at 31 December 2017 S$'000**	**As at 31 December 2016 S$'000**
Non-current assets				
Property, plant and equipment	230,844	234,537	389	367
Investment properties	282,634	231,197	-	-
Interests in subsidiaries	-	-	653,581	694,808
Interests in associates and joint ventures	64,361	55,055	-	-
Financial assets	23,730	-	350	-
Deferred tax assets	25,905	16,694	-	-
Trade and other receivables	284,455	185,938	370,608	209,912
	911,929	723,421	1,024,928	905,087
Current assets				
Development properties	390,704	403,199	-	-
Inventories	175	80	-	-
Trade and other receivables	445,534	388,877	570,997	229,837
Financial assets	38,863	-	-	-
Cash and cash equivalents	319,298	280,567	4,527	99,896
	1,194,574	1,072,723	575,524	329,733
Total assets	2,106,503	1,796,144	1,600,452	1,234,820
Equity				
Share capital	73,640	736,404	73,640	736,404
Reserves	1,006,514	288,185	807,067	82,511
Equity attributable to owners of the Company	1,080,154	1,024,589	880,707	818,915
Non-controlling interests	6,727	5,108	-	-
Total equity	1,086,881	1,029,697	880,707	818,915
Non-current liabilities				
Deferred tax liabilities	3,870	6,446	-	-
Loans and borrowings	609,988	347,186	574,171	316,166
Derivative liabilities	13,122	2,763	13,122	2,763
Other payable	12,811	-	-	-
	639,791	356,395	587,293	318,929
Current liabilities				
Trade and other payables	166,093	196,254	128,139	87,512
Receipts in advance	179,264	189,735	-	-
Loans and borrowings	-	9,452	-	9,452
Derivative liability	4,168	-	4,168	-
Current tax payables	30,306	14,611	145	12
	379,831	410,052	132,452	96,976
Total liabilities	1,019,622	766,447	719,745	415,905
Total equity and liabilities	2,106,503	1,796,144	1,600,452	1,234,820

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 financial assets. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

	The Group	
	As at 31 December 2017 S$'000	As at 31 December 2016 S$'000
Unsecured		
- repayable within one year	-	9,452
- repayable after one year	572,513	316,166
Total	572,513	325,618
Secured		
- repayable within one year	-	-
- repayable after one year	37,475	31,020
Total	37,475	31,020
Grand total	**609,988**	**356,638**
Gross borrowings	619,869	361,894
Less:		
(i) cash and cash equivalents as shown in the consolidated statement of financial position	(319,298)	(280,567)
(ii) financial assets (current) (Note 1)	(38,863)	-
Net borrowings	261,708	81,327

Note 1: Financial assets relate to principal-guaranteed structured deposits placed with financial institutions, with maturity period of 2 months.

Details of any collateral

The 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	
	2017	2016	2017	2016
	S$'000	S$'000 (Restated)	S$'000	S$'000 (Restated)
Cash flows from operating activities				
Profit for the period/year	47,551	73,686	93,293	114,916
Adjustments for:				
Depreciation of property, plant and equipment	1,687	460	5,510	1,541
Fair value (gain)/loss (net) on				
- investment properties	(4,038)	9,478	(4,038)	9,478
- derivative liabilities	917	997	14,177	(564)
Finance income	(3,404)	(5,996)	(17,082)	(21,262)
Finance costs	1,323	2,440	9,010	8,128
Gain on dilution of interests in subsidiaries	-	(97,322)	-	(97,322)
Impairment loss on:				
- development properties	987	-	987	-
- investment properties	-	-	602	-
- property, plant and equipment	9,345	10,312	9,345	10,312
- trade receivables	-	-	13	-
(Gain)/loss on disposal of:				
- property held for sale	-	(1,836)	-	(1,836)
- investment properties	16	65	62	319
- property, plant and equipment (net)	-	2	(6)	2
Property, plant and equipment written off	-	1	-	5
Share of after-tax profit of associates	(2,640)	(5,073)	(3,648)	(12,278)
Tax expense/(credit)	12,146	(7,872)	27,940	3,473
	63,890	(20,658)	136,165	14,912
Changes in:				
Development properties	(59,080)	(56,192)	5,910	(23,241)
Inventories	(11)	7	(97)	61
Trade and other receivables	(97,843)	12,238	(370,367)	115,231
Trade and other payables	22,488	61,419	(29,034)	41,464
Loans and borrowings	(19,804)	19,779	277,923	(49,976)
Receipts in advance	(91,542)	65,471	(6,877)	15,106
Cash (used in)/from operations	(181,902)	82,064	13,623	113,557
Interest received	31,950	6,828	54,611	18,061
Interest paid	(2,945)	(552)	(7,012)	(2,235)
Tax paid	(7,690)	(6,973)	(24,070)	(22,463)
Net cash (used in)/from operating activities	(160,587)	81,367	37,152	106,920

	The Group Fourth quarter ended 31 December		The Group Full year ended 31 December	
	2017 S$'000	2016 S$'000 (Restated)	2017 S$'000	2016 S$'000 (Restated)
Cash flows from investing activities				
Payment for investment in available-for-sale financial assets	(38,864)	-	(62,554)	-
Payment for investment in joint ventures	(6,187)	-	(6,187)	-
Interest received	4,653	517	16,179	19,973
Payment for additions to:				
- investment properties	(1,195)	(53)	(42,391)	(2,744)
- property, plant and equipment	(3,089)	(7,756)	(6,423)	(71,340)
Proceeds from disposals of:				
- investment properties	394	1,035	745	1,779
- property, plant and equipment	-	148	18	148
- property held for sale	-	3,968	-	3,968
Repayment of loans by third parties	24,922	14,779	139,168	27,952
Loans to a third party [Note 2]	(28,196)	-	(57,073)	-
Return of capital from an associate [Note 3]	527	701	1,533	10,775
Proceeds from disposal of a subsidiary	-	-	2,200	-
Receipt of deferred consideration from dilution of interest in subsidiaries	-	67,546	41,000	116,138
Receipt of investment principal and returns from a PRC government linked entity	-	2,172	9,663	4,263
Net cash (used in)/from investing activities	(47,035)	83,057	35,878	110,912
Cash flows from financing activities				
(Increase)/decrease in restricted cash	-	(263)	263	(263)
Dividends paid to the owners of the Company	-	-	(11,796)	(11,796)
Advances from associates	13,484	39,167	13,484	39,167
Interest paid	(3,362)	(2,042)	(7,255)	(4,773)
Payment of transaction costs related to borrowings	(2,650)	-	(7,545)	(4,605)
Proceeds from bank borrowings	156,324	85,389	766,308	288,997
Repayment of bank borrowings	(37,908)	(138,584)	(744,192)	(351,914)
Redemption of medium term notes	-	-	(50,000)	-
Loan from non-controlling interest	-	-	12,490	-
Return of capital to non-controlling interests	(3,213)	-	(3,213)	-
Net cash from/(used in) financing activities	122,675	(16,333)	(31,456)	(45,187)
Net (decrease)/increase in cash and cash equivalents	(84,947)	148,091	41,574	172,645
Cash and cash equivalents at beginning of the period/year	405,167	130,045	280,304	112,044
Effect of exchange rate changes on balances held in foreign currencies	(922)	2,168	(2,580)	(4,385)
Cash and cash equivalents at end of the period/year	319,298	280,304	319,298	280,304

	The Group Fourth quarter ended 31 December		The Group Full year ended 31 December	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Cash and cash equivalents comprise:-				
Cash and cash equivalents as shown in the statement of financial position	319,298	280,567	319,298	280,567
Less: Restricted cash	-	(263)	-	(263)
Cash and cash equivalents at end of the period/year	319,298	280,304	319,298	280,304

Note 2: This relates to loans to Dongguan East Sun Limited ("East Sun"), which is accounted for as an available-for-sale financial asset.

Note 3: The return of capital by an associate of S$10,775,000 was offset against an advance of S$10,074,000 from the associate in 4Q 2016.

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.

The Group	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'000	Distributable reserve S$'000	Foreign currency translation reserve S$'000	Fair value 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
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, 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 available-for-sale financial assets, net of tax	-	-	-	-	-	-	(3,949)	-	(3,949)	-	(3,949)
Total other comprehensive income	-	-	-	-	-	(16,973)	(3,949)	-	(20,922)	(178)	(21,100)
Total comprehensive income for the year	-	-	-	-	-	(16,973)	(3,949)	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 reserves	-	-	7,263	-	-	-	-	(7,263)	-	-	-
Total distributions to owners	-	-	6,002	-	-	-	-	(17,798)	(11,796)	(3,213)	(15,009)
Capital reduction (Note 4)	(662,764)	-	-	-	662,764	-	-	-	-	-	-
Total transactions with owners of the Company	(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	36,950	(3,949)	267,468	1,080,154	6,727	1,086,881

The Group	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'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
At 1 January 2016	736,404	9,609	22,680	225	105,365	100,455	974,738	3,359	978,097
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	113,089	113,089	1,827	114,916
Other comprehensive income									
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	(45,099)	-	(45,099)	(78)	(45,177)
Realisation of foreign currency translation differences arising from the dilution of interests in subsidiaries, net of tax, reclassified to profit or loss	-	-	-	-	(3,618)	-	(3,618)	-	(3,618)
Share of translation differences on financial statements of associates, net of tax	-	-	-	-	(203)	-	(203)	-	(203)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	(2,522)	-	(2,522)	-	(2,522)
Total other comprehensive income	-	-	-	-	(51,442)	-	(51,442)	(78)	(51,520)
Total comprehensive income for the year	-	-	-	-	(51,442)	113,089	61,647	1,749	63,396
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)
Transfer to statutory reserves	-	-	4,765	-	-	(4,765)	-	-	-
Total contributions by and distributions to owners	-	-	4,765	-	-	(16,561)	(11,796)	-	(11,796)
Total transactions with owners of the year	-	-	4,765	-	-	(16,561)	(11,796)	-	(11,796)
At 31 December 2016	736,404	9,609	27,445	225	53,923	196,983	1,024,589	5,108	1,029,697

The Company	Share capital S$'000	Share premium S$'000	Capital reserve S$'000	Distributable reserve S$'000	Retained earnings S$'000	Total equity S$'000
At 1 January 2017	736,404	9,821	(5,988)	-	78,678	818,915
Total comprehensive income for the year						
Profit for the year	-	-	-	-	73,588	73,588
Total comprehensive income for the year	-	-	-	-	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)
Total distributions to owners	-	-	-	-	(11,796)	(11,796)
Capital reduction (Note 4)	(662,764)	-	-	662,764	-	-
Total transactions with owners of the Company	(662,764)	-	-	662,764	(11,796)	(11,796)
At 31 December 2017	73,640	9,821	(5,988)	662,764	140,470	880,707
At 1 January 2016	736,404	9,821	(5,988)	-	33,804	774,041
Total comprehensive income for the year						
Profit for the year	-	-	-	-	56,670	56,670
Total comprehensive income for the year	-	-	-	-	56,670	56,670
Transaction with owners, recognised directly in equity						
Distributions to owners						
Dividends paid to the owners of the Company	-	-	-	-	(11,796)	(11,796)
Total distributions to owners	-	-	-	-	(11,796)	(11,796)
Total transactions with owners of the Company	-	-	-	-	(11,796)	(11,796)
At 31 December 2016	736,404	9,821	(5,988)	-	78,678	818,915

Note 4: The Company had undertaken a capital reduction exercise to reduce its issued and paid-up share capital from US$589,814,949 divided into 589,814,949 ordinary shares with a par value of US$1.00 to US$58,981,494.90 divided into 589,814,949 ordinary shares of US$0.10 each during the financial year ended 31 December 2017. The credit arising from such reduction of approximately US$530,833,000 (approximately S$662,764,000) was transferred to a distributable reserve account of the Company.

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.

There was no change in the Company's issued share capital during the three months ended 31 December 2017.

There were also no outstanding convertible instruments and treasury shares as at 31 December 2017 and 31 December 2016.

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 2017 and 31 December 2016 is 589,814,949.

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 2017.

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 2016.

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 has financially supported the expansion plan of its 33% owned FSMC NL Property Group B.V. ("FSMC") via interest bearing loans disbursed pursuant to the acquisition of the Bilderberg Portfolio in August 2017. Arising from a business review, the Group is of the view that it is more appropriate to classify interest income from loans extended to its Dutch associates 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 reclassified to cost of sales. In addition, with effect from 4Q2017, interest income from counterparties in respect of the CCSs taken up to hedge the Group's investments in its subsidiaries previously offset against the corresponding interest costs incurred on bank borrowings, has been reclassified to finance income. Accordingly, the prior period comparatives have been restated to conform to such presentation.

The effect of this reclassification resulted in a change in presentation and had no effect on profit before tax, profit for the period or earnings per share for any period presented.

The comparative figures have been restated as follows:

	Fourth quarter ended 31 December 2016		**Full year ended 31 December 2016**	
	S$'000 As restated	**S$'000 As previously stated**	**S$'000 As restated**	**S$'000 As previously stated**
Revenue	23,711	21,596	199,051	189,715
Cost of sales	(28,756)	(28,204)	(147,300)	(145,065)
Finance income	5,996	7,491	21,262	28,470
Finance costs	(2,440)	(2,372)	(8,128)	(8,235)

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**	
	2017	**2016**	**2017**	**2016**
Basic and diluted earnings per share (cents)	7.23	12.36	14.97	19.17
a) Profit attributable to equity holders of the Company (S$'000)	42,660	72,915	88,283	113,089
b) Weighted average number of ordinary shares in issue: - basic and diluted	589,814,949	589,814,949	589,814,949	589,814,949

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 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Net asset value per ordinary share (cents) based on 589,814,949 issued ordinary shares (excluding treasury shares)	183.13	173.71	149.32	138.84

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

	Fourth quarter ended 31 December		Full year ended 31 December	
	2017	2016 (Restated)	2017	2016 (Restated)
	S$'000	S$'000	S$'000	S$'000
Revenue from sale of properties	141,018	12,186	308,162	162,095
Rental income from investment properties	3,159	3,385	12,270	14,150
Hotel operations	5,445	1,131	16,176	3,969
Revenue from property financing	30,657	6,684	47,784	18,061
Others	-	325	-	776
Total revenue	180,279	23,711	384,392	199,051

<u>4Q 2017 vs 4Q 2016</u>

Revenue increased by 660.3% or S$156.6 million, from S$23.7 million in 4Q 2016 to S$180.3 million in 4Q 2017. The increase in 4Q 2017 was due mainly to higher revenue from sale of properties, property financing and hotel operations of S$128.8 million, S$24.0 million and S$4.3 million respectively.

Revenue from sale of properties is recognised when the construction of the properties has been completed and ready for delivery to the purchasers pursuant to the sale and purchase agreements and collectability of related receivables is reasonably assured. The increase in revenue from sale of properties in 4Q 2017 compared to 4Q 2016 was mainly attributable to the higher number of units in the Millennium Waterfront project being handed over in the current quarter (4Q 2017: 1,080 residential units, 45 commercial units and 100 car park lots; 4Q 2016: 58 residential units, 19 commercial units and 47 car park lots).

Revenue from hotel operations increased by 381.4% or S$4.3 million, from S$1.1 million in 4Q 2016 to S$5.4 million in 4Q 2017. This significant increase reflects a full quarter's revenue contribution from the Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels which commenced operations in December 2016.

Revenue from property financing increased by 358.7% or S$24.0 million from S$6.7 million in 4Q 2016 to S$30.7 million in 4Q 2017. The Group had recognised net penalty interest of S$22.0 million (RMB107.9 million) in 4Q 2017 upon the receipt of auction proceeds and settlement proceeds received by the Group in lieu of the Group lifting the first caveat on one of its property collaterals. The revenue from property financing also comprise interest income from loans to East Sun of S$0.3 million, associated companies in the Netherlands and the PRC of S$6.7 million and S$0.5 million respectively and secured PRC property financing loans of S$1.1 million. The Bilderberg Portfolio acquisition which was completed in August 2017 boosted the interest income from FSMC in 4Q 2017 as the Group generated a full quarter's interest income.

Cost of sales mainly comprises land costs, development expenditure and cost adjustments, borrowing costs, hotel-related depreciation charge, and other related expenditure. Cost of sales increased by 265.4% or S$76.3 million, from S$28.8 million in 4Q 2016 to S$105.1 million in 4Q 2017. The increase in cost of sales was in line with the increase in revenue from sale of properties in 4Q 2017, and higher borrowing costs in 4Q 2017 related to the increase in loans to the associated companies.

The Group's gross profit increased by S$80.2 million, from a gross loss of S$5.0 million in 4Q 2016 to a gross profit of S$75.2 million in 4Q 2017. The increase was due mainly to higher gross profit generated from sales of properties and property financing of S$58.6 million and S$22.0 million respectively. Out of the property financing gross profit growth of S$22.0 million, the gross profit in respect of defaulted loans, loans to the associated companies in the Netherlands and the PRC, and secured PRC property financing loans contributed S$17.6 million, S$3.5 million, S$0.5 million and S$0.4 million respectively. The gross loss in the prior period was attributable to a net increase in cost of S$18.8 million due to reallocation of all costs relating to car parks of the Millennium Waterfront project to their respective residential and commercial units.

The gross profit generated from property financing for 4Q 2017 amounted to S$28.1 million, of which the net penalty interest of defaulted loans contributed S$21.1 million. Gross profit generated from net interest income from loans to East Sun, the associated companies in the Netherlands and the PRC, and secured PRC property financing loans amounted to S$0.3 million, S$5.1 million, S$0.5 million and S$1.1 million respectively.

Administrative expenses

Administrative expenses mainly comprise 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.

The decrease during the period was due mainly to the lower staff costs and recovery of legal costs associated with the Group's defaulted property financing loans during the period.

Other expenses

In 4Q 2017, the Group recorded other expenses of S$11.4 million which comprised mainly impairment of property, plant and equipment 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, impairment of carrying amounts of Chengdu Cityspring car parks included in development properties of S$1.0 million and net fair value loss on cross currency swaps ("CCSs") of S$0.9 million. This was partially offset by the net fair value gain on investment properties of S$4.0 million.

In 4Q 2016, the Group recorded S$25.2 million of other expenses. These comprised mainly net fair value loss on investment properties of S$9.5 million, impairment of property, plant and equipment of S$10.3 million, and hotel base stocks written off and pre-opening expenses relating to the two hotels in Wenjiang, Chengdu which had their soft opening on 28 December 2016, of S$2.5 million and S$1.9 million respectively.

Tax expense

The Group recorded tax expense of S$12.1 million on profit before tax of S$59.7 million in 4Q 2017, which included land appreciation tax of S$3.2 million. After adjusting for the share of after-tax profit of associates, the tax effect of non-deductible expenses of S$1.6 million and non-taxable income of S$4.5 million, the effective tax rate of the Group would be approximately 22.1%.

FY2017 vs FY2016

Group revenue increased by 93.1% or S$185.3 million, from S$199.1 million in FY2016 to S$384.4 million in FY2017. The increase was due mainly to higher revenue from sale of properties, hotel operations and property financing of S$146.1 million, S$12.2 million and S$29.7 million respectively. This was partially offset by the lower rental income from investment properties of S$1.9 million.

The growth in revenue from the sale of properties was due mainly to the recognition of sales on a higher number of Plot A residential units and Plot B riverfront residential units which have a higher net selling price and the higher number of commercial units in the Millennium Waterfront project being handed over in the current year (FY2017: 2,353 residential units, 93 commercial units and 213 car park lots; FY2016: 1,355 residential units, 45 commercial units and 165 car park lots).

Revenue from hotel operations increased by S$12.2 million or more than threefold, from S$4.0 million in FY2016 to S$16.2 million in FY2017. This increase was due mainly to the full year operations of the two Wenjiang hotels which opened in late December 2016.

Revenue from property financing increased by 164.6% or S$29.7 million, from S$18.1 million in FY2016 to S$47.8 million in FY2017. This was boosted by the recognition of net penalty interest income of S$26.4 million (RMB129.4 million) in FY2017 from the successful enforcement action for Case 2 of the defaulted loan during the year. The revenue from property financing also comprise interest income from loans to East Sun of S$0.3 million, associated companies in the Netherlands and the PRC of S$16.6 million and S$0.5 million respectively, and secured PRC property financing loans of S$3.6 million.

Rental income from investment properties decreased by 13.3% or S$1.9 million, from S$14.2 million in FY2016 to S$12.3 million in FY2017. The decrease was due mainly to lower rental revenue from the Zuiderhof I property as a result of lease incentives granted for a lease extension of another 7 years.

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. The increase in cost of sales was in line with the increase in revenue from sale of properties in FY2017 and higher borrowing costs for the year related to the increase in loans to the associated companies.

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. The increase was due mainly to the higher gross profit generated from sale of properties of S$77.8 million and higher property financing gross profit of S$27.1 million. Out of the property financing gross profit growth of S$27.1 million, the gross profit in respect of defaulted loans, loans to the associated companies in the Netherlands and the PRC, and secured PRC property financing loans contributed S$20.7 million, S$5.7 million, S$0.5 million and S$0.2 million respectively. This was partially offset by a decrease in gross profit from investment properties of S$2.4 million and decrease in gross profit from hotel operations of S$1.3 million.

The gross profit generated from property financing amounted to S$43.0 million for FY2017, of which net penalty interest of defaulted loans contributed S$25.5 million. Gross profit generated from net interest income from loans to East Sun, the associated companies in the Netherlands and the PRC, and secured PRC property financing loans amounted to S$0.3 million, S$12.7 million, S$0.5 million and S$3.6 million respectively.

The Group's gross profit margin had increased from 26.0% for FY2016 to 39.8% for FY2017. The increase was due mainly to higher margins achieved from the sale of properties as sales from more Plot B riverfront residential units and more commercial units were recognised. In addition, the higher yielding property financing business constituted a higher proportion of the Group's gross profit during the year.

Other expenses

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 CCSs of S$14.2 million, hotspring pre-opening expenses and base stocks written off of S$2.4 million and S$0.8 million respectively, and impairment 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.

In FY2016, we recorded other expenses of S$24.5 million which comprised mainly impairment loss of property, plant and equipment and fair value loss on investment properties of S$10.3 million and S$9.5 million respectively, and hotel base stocks written off and pre-opening expenses of the two hotels in Wenjiang, Chengdu of S$2.5 million and S$2.4 million respectively.

Net finance income

Net finance income decreased by 38.5% or S$5.0 million, from S$13.1 million in FY2016 to S$8.1 million in FY2017. This was due mainly to the decrease in interest income from loans to the Chengdu Wenjiang government of S$12.8 million in FY2017 as a result of full repayment of loan principal by the Chengdu Wenjiang government in November 2017. This was partially offset by the higher interest income from RMB deposits of S$6.4 million during the year.

Share of after-tax profit of associates

Share of after-tax profit of associates decreased by 70.3% or S$8.7 million from S$12.3 million in FY2016 to S$3.6 million in FY2017. The decrease was due mainly to the Group's share of the gain on disposal of nine non-core properties by FSMC of S$9.7 million in FY2016.

Tax expense

The Group recorded tax expense of S$27.9 million on profit before tax of S$121.2 million in FY2017, which included land appreciation tax of S$8.5 million. After adjusting for the share of after-tax profit of associates, the tax effect of non-deductible expenses of S$6.2 million and non-taxable income of S$11.0 million, the effective tax rate of the Group would be approximately 22.6%.

(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

Investment properties increased by S$51.4 million or 22.2%, from S$231.2 million as at 31 December 2016 to S$282.6 million as at 31 December 2017. This was due mainly to the acquisition of the Poortgebouw Hoog Catharijne investment property in Utrecht, the

Netherlands amounting to S$42.0 million (EUR26.3 million) in July 2017 and net fair value gain of S$4.0 million during the year.

The Group acquired 90% equity interest in East Sun in April 2017, which is accounted for as an available-for-sale financial asset. East Sun principally owns a number of commercial and industrial properties in Dongguan for which the Group sees redevelopment potential in some of these properties.

Trade and other receivables increased by S$98.6 million or 53.0%, from S$185.9 million as at 31 December 2016 to S$284.5 million as at 31 December 2017. This was due mainly to a property financing loan of S$122.7 million (RMB600.0 million) provided to an associated company of the Group in December 2017, and vendor financing receivables of S$11.3 million. This was partially offset by a set off of an amount due from an associate with amounts due to the associate of S$39.2 million.

Interests in associates and joint ventures increased by S$9.3 million or 16.9%, from S$55.1 million as at 31 December 2016 to S$64.4 million as at 31 December 2017. Included in the 31 December 2017 balance was the Group's 50% interest in a German partnership of S$6.3 million. Together with its two key shareholders, City Developments Limited and Tai Tak Estates Sendirian Berhad, the Group via the partnership completed the acquisition of the Le Meridien Frankfurt Hotel in Frankfurt, Germany in January 2018.

In addition, on 31 January 2018, the Group and four other co-investors (the "Consortium") had acquired all of the issued shares in the capital of Hotelmaatschappij Rotterdam B.V. which owns the Hilton Rotterdam Hotel, valuing the hotel at approximately S$81.5 million (EUR51.0 million), including transaction costs.

Current assets

Trade and other receivables increased by S$56.6 million or 14.6%, from S$388.9 million as at 31 December 2016 to S$445.5 million as at 31 December 2017. The increase was due mainly to additional secured PRC property financing loans and net loans to East Sun granted during the year, and new loans disbursed to FSMC group arising from the acquisition of the Bilderberg Portfolio. The increase was partially offset by partial recovery of Case 2 defaulted loan principal during the year. The repayment of loans from the Chengdu Wenjiang government, receipt of deferred consideration in respect of the Group's dilution of interests in the Star of East River ("SoER") project in Dongguan and the receipt of investment principal and returns from a PRC government linked entity also partially offset the increase in receivables. As at 31 December 2017, secured PRC property financing loans, loans granted to associates, and loans to East Sun amounted to S$95.0 million, S$264.8 million and S$59.6 million respectively.

Current financial assets of S$38.9 million comprised principal-guaranteed structured deposits placed with financial institutions in the PRC.

Current liabilities

Trade and other payables decreased by S$30.2 million or 15.4%, from S$196.3 million as at 31 December 2016 to S$166.1 million as at 31 December 2017, due mainly to the payment of construction costs for the Millennium Waterfront project during the year.

The derivative liability relates to fair value loss on a CCS which will mature in June 2018. The derivative liabilities under non-current liabilities relate to fair value loss on CCSs which will mature beyond 2018. Refer to further details in the foreign currency risk management section below.

Receipts in advance decreased by S$10.5 million or 5.5%, from S$189.7 million as at 31 December 2016 to S$179.3 million as at 31 December 2017, due mainly to profit recognition of the Millennium Waterfront project net of new receipts received in advance from pre-sale of Plot D of the Millennium Waterfront project during the year.

Non-current liabilities

Other payable relates to a loan extended by a non-controlling interest of the Group.

Loans and borrowings

Loans and borrowings increased by S$253.4 million or 71.1%, from S$356.6 million as at 31 December 2016 to S$610.0 million as at 31 December 2017. This is due mainly to the net drawdown of the Group's borrowings to fund the acquisitions in the Netherlands which include the Bilderberg Portfolio, the Poortgebouw Hoog Catharijne investment property, the Meerparc property, as well as the Oliphant redevelopment. This is partially offset by the redemption of medium term notes and repayment of bank borrowings during the year. Such repayment was funded by cash proceeds from the dilution of interest in the SoER project and repayment of loans by FSMC upon its disposal of a non-core property in December 2016.

The Group maintained a healthy net gearing ratio of 0.26 as at 31 December 2017.

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 property market in February 2015, the Group has hedged its exposure to fluctuation in Euros against S$ by financing all its Dutch acquisitions with a combination of Euro-denominated borrowings and financial derivatives involving CCSs and forward contracts 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.

As at 31 December 2017, the Group had 11 CCSs with an aggregate notional amount of EUR333.2 million. The CCSs are measured at fair value with changes in fair value recognised in the profit and loss account. The fair values of the CCSs are mainly dependent on the forward foreign exchange rates, discount rates and yield curves of the notional amounts. On the other hand, the changes in fair value of the CCSs will be largely offset by the corresponding changes in fair values of the underlying Euro-denominated assets when the respective CCS approaches their maturity dates and Euro-denominated borrowings are taken up to close out the CCS, thereby resulting in a minimal cumulative impact to the profit or loss. The cumulative negative impact to the retained earnings arising from the CCSs and underlying Euro-denominated assets as at 31 December 2017 was approximately S$2.3 million.

As at 31 December 2017, the Group has a cumulative translation gain of S$37.0 million recorded as part of the reserves in its shareholders' equity. This has mainly arisen from the translation of the net assets and income and expenses of the Group's foreign operations in the PRC to S$ at the exchange rates prevailing at the end of each reporting period. The Group has been benefitting from cumulative favourable exchange rate movements between the RMB and S$ so far although the exchange rate has fluctuated against the Group during FY2017.

We do not currently have a formal hedging policy with respect to our exposure to RMB and have not used any financial hedging instruments to actively manage our 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 2017

With the reclassification of interest income on loans to associates from finance income to property financing revenue, and the associated borrowing costs from finance costs to cost of sales, the Group's net cash from operating activities now capture the associated cash flows relating to the loans made to the associates. Total net cash used in operating activities amounted to S$160.6 million in 4Q 2017. This was mainly attributable to the disbursement of property financing loans to a PRC associated company of S$122.6 million (RMB600.0 million) and the payment of construction application fees for Plot E and Plot F of the Millennium Waterfront project. This was partially offset by recovery of loan principal amounting to S$48.1 million (RMB235.4 million) and related net penalty interest of S$22.0 million (RMB107.9 million) arising from the successful enforcement actions during the quarter.

Net cash used in investing activities of S$47.0 million in 4Q 2017 was due mainly to the net additions of available-for-sale financial assets (RMB denominated structured deposits) of S$38.9 million during the period, payments for investment in joint ventures and additions to property, plant and equipment of S$6.2 million and $3.1 million respectively, and loans to East Sun of S$28.2 million. This was partially offset by interest received, repayment of loan principal by the Chengdu Wenjiang Government and repayment of loans by East Sun, of S$4.7 million, S$2.8 million and S$22.1 million respectively.

Net cash from financing activities amounted to S$122.7 million in 4Q 2017. This included the net drawdown of bank borrowings of S$118.4 million and advances from associates of S$13.5 million, partially offset by payment of interest and transaction costs related to borrowings of S$3.4 million and S$2.7 million respectively, as well as a return of capital to non-controlling interests of S$3.2 million.

FY2017

Total net cash from operating activities amounted to S$37.2 million in FY2017. This was mainly attributable to recovery of loan principal amounting to S$74.7 million (RMB365.4 million) and related net penalty interest of S$30.9 million (RMB151.3 million) arising from the successful enforcement actions on Case 2 of the defaulted loan in the current financial year. The Group's acquisition of the Bilderberg Portfolio via FSMC also led to higher net interest received from the loans disbursed to FSMC group to fund such acquisition. This was partially offset by the additional loans provided to the Group's associates (both FSMC group and a PRC associate) and payment of construction costs for the Millennium Waterfront project during the year.

Net cash from investing activities of S$35.9 million in FY2017 was due mainly to interest received of S$16.2 million, repayment of loan principal of S$117.1 million by the Chengdu Wenjiang government, repayment of loan by East Sun of S$22.1 million, receipt of deferred consideration from dilution of interest in the SoER project of S$41.0 million and receipt of the investment principal and returns from a PRC government linked entity of S$9.7 million. This was partially offset by the additions of available-for-sale financial assets (including investment in East Sun) of S$62.6 million, loans to East Sun of S$57.1 million and payments for the purchase and additions to the Poortgebouw Hoog Catharijne investment property amounting to $42.4 million.

Net cash used in financing activities amounted to S$31.5 million in FY2017. This was due mainly to the redemption of medium term notes of S$50.0 million, interest paid, payment of transaction costs related to borrowings and payment of dividends to the owners of the Company of S$7.3 million, S$7.5 million and S$11.8 million respectively. The Group also returned capital of S$3.2 million to non-controlling interests. This was partially offset by the net drawdown of bank borrowings of S$22.1 million, advances from associates of S$13.5 million and loan from a non-controlling interest of S$12.5 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 financial 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

The Netherlands

The Dutch economy is growing at its fastest rate in 10 years and is expected to continue its growth trend with both the Netherlands Bureau for Economic Policy Analysis and Dutch central bank ("DNB") forecasting 3.1% growth in 2018. DNB said that the strong housing market where property prices have increased by 7.5% in 2017, coupled with an increase in global trade and rising domestic consumption underpinned by improving employment prospects, have contributed to the fast growing economy.

In the housing sector, RaboResearch attributed the strong demand in owner-occupied homes to rising employment and consumer confidence in its December research report. NL Times reported a massive 27,000 new homes built in just Amsterdam itself over the past 4 years and despite these additions, home prices are still increasing. In the same news article, it is reported that the Amsterdam coalition will build approximately 60,000 more homes in the region by 2020 to cope with the housing shortage.

Over to the Dutch hospitality sector, Colliers reported an unprecedented volume of over one billion euros in investments recorded in the first 10 months of 2017. Yield compression in the hotel investment market is observed with Amsterdam and other regions in the country seeing yields below 4% and 6.5% respectively.

People's Republic of China

According to a Reuters poll which surveyed 18 property analysts and economists in December 2017, the general sentiment indicates expectations that the rising property prices in China will taper off in 2018. Bloomberg reported that JPMorgan Chase & Co. expects a 6% decline in home sales next year driven by expected declines in demand in smaller cities where economic fundamentals are weaker and buyers are more sensitive to credit conditions. It was also indicated that the various curbs introduced, which varies city by city, are expected to be maintained and gradually extended to smaller cities at risk of overheating.

Company Outlook

Property Development

Given the complete sellout of all the residential units in the Chengdu Millennium Waterfront project in 2017 and barring any unforeseen delays in construction works, the Group expects to recognise a substantial part of the profit from Plot D in 4Q 2018. The Group has in December 2017 obtained the relevant construction permits for Plot E and F, the last development plots of the Millennium Waterfront project. This development is conceptualized with a focus on geriatric care facilities which encompass elderly care living quarters and a hospital with auxiliary commercial facilities. Development has since commenced with a primary focus on Plot F. In Dongguan, all 272 units of the two residential blocks that were launched for sale in 3Q2017 were sold and the remaining four blocks of the Star of East River project of approximately 949 residential units are expected to be launched for sale during the course of 2018.

In the Netherlands, the local municipality did not approve certain conditions which were pre-requisites to the conditional sale agreement signed previously for the Dreeftoren residential development in Amsterdam. The parties have since mutually agreed to terminate the agreement. Nevertheless, the Group remains confident of the Dutch residential market and will be pursuing development sales of the units in the residential tower. On the other hand, in December 2017, the Group through its 33% owned FSMC, launched the sale of 25% of the residential units of the Terraced Tower (Boompjes) project in Rotterdam. The sales launch has been met with overwhelming demand with buyers bidding for individual residential units at significant premiums. FSMC had pre-sold the other 75% on a forward funding basis earlier in November 2016. The project is expected to be completed in the course of 2020.

Property Holding

The Group's Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels showed encouraging results for FY2017, recording a small gross operating profit for their first year of operations. The commencement of the hotspring operations in October 2017 within the same premises of the abovementioned hotels had complemented and enhanced the performance of the hotels. In Dongguan, the Group's majority owned East Sun acquired a portfolio of four outdated commercial and two outdated industrial properties in Dongguan, PRC which are currently tenanted with a positive running yield. Some of the properties are located in prime city locations with redevelopment potential.

On the backdrop of improving European economic conditions, the Group's hotels in the Bilderberg Portfolio continue to perform well with its FY2017 EBITDA exhibiting a 15.5% year on year growth. Furthermore, the Group has executed three European acquisitions in the past two months. It made its first foray into the German real estate market via the Le Meridien Frankfurt acquisition together with its two key controlling shareholders, namely City Developments Limited and Tai Tak Estates Sendirian Berhad. In addition, the Group acquired another mixed-use office building in the South Axis, the main Central Business District in Amsterdam and, together with a group of investors, acquired the 254-room Hilton Rotterdam hotel, a freehold monumental property built in 1963 located in the heart of Rotterdam.

Property Financing

On the PRC property financing loan recovery front for Case 1 which relates to the RMB170 million defaulted loan principal, the court has suspended foreclosure procedures whilst awaiting closure of the criminal prosecution involving the legal representative of the borrower. Whilst the Group has secured favourable court ruling for the penalty interest, there is a need to balance public interest arising from the criminal charges and the Group may have to compromise by accepting a lower interest entitlement. There is no significant update during this quarter.

On a more positive note, the Group has successfully recovered approximately RMB365 million or 78% of the RMB470 million defaulted loan principal for Case 2 and recognized a cumulative net interest of RMB152.6 million (S$31.2 million) up to 31 December 2017. It is noteworthy that the cumulative net interest income earned on the Case 2 defaulted loans to-date is more than sufficient to cover the outstanding loan principal of RMB104.6 million. The Group expects the continual recovery of the remaining defaulted loan principal and related penalty interest in FY2018. The Group has also successfully disbursed new entrusted loans during the quarter with loan principal of RMB770 million in aggregate, bringing the Group's total entrusted loan portfolio to almost RMB1.2 billion as at 31 December 2017.

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	20 September 2017
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 2017 of 1.2 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	1.2 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	15 September 2016
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	26 May 2017
Dividend Type	Cash
Dividend Amount	1.0 Singapore cent 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 2017 will be payable on 15 May 2018.

(d) Books closure date

5pm on 30 April 2018.

12. If no dividend has been declared (recommended), a statement to that effect.

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
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 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>			
2016 (restated)							
Segment revenue	162,222	14,930	18,061	4,025	199,238	8,504	207,742
Elimination of inter-segment revenue	(127)	(4)	-	(56)	(187)	(8,504)	(8,691)
External revenue	162,095	14,926	18,061	3,969	199,051	-	199,051
Profit/(loss) from operating activities	108,308	3,562	12,407	(16,129)	108,148	(15,171)	92,977
Finance income	17,067	2,128	1,702	1	20,898	364	21,262
Finance costs	(79)	(7,074)	-	-	(7,153)	(975)	(8,128)
Net finance income/(costs)	16,988	(4,946)	1,702	1	13,745	(611)	13,134
Share of after-tax profit of associates	9,334	2,944	-	-	12,278	-	12,278
Segment profit/(loss) before income tax	134,630	1,560	14,109	(16,128)	134,171	(15,782)	118,389
				<N1>			

<N1> The hotel operations segment includes an impairment charge of S$9.3 million (FY2016: S$10.3 million), depreciation charge of S$5.0 million (FY2016: S$1.1 million), hotel and hotspring pre-opening expenses incurred of S$2.4 million (FY2016: S$2.4 million) and hotel and hotspring base stocks written off of S$0.8 million (FY2016: S$2.5 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 increased by S$146.1 million or 90.1%, from S$162.1 million in FY2016 to S$308.2 million in FY2017. Pre-tax profit from this segment decreased by S$32.0 million or 23.8%, from S$134.6 million in FY2016 to S$102.6 million in FY2017. Excluding the impact of the S$97.3 million gain on dilution of the Group's interests in the SoER project in FY2016, the pre-tax profit from the property development segment increased by S$65.3 million or 174.9%.

This was boosted by the first time handover of Plot A during the year.

Property financing

Revenue from the property financing segment increased by S$29.7 million or 164.6%, from S$18.1 million in FY2016 to S$47.8 million in FY2017. Pre-tax profit from this segment increased by S$27.2 million or 192.7%, from S$14.1 million in FY2016 to S$41.3 million in FY2017.

The above mentioned material increase in the contribution by the property financing segment was due mainly to the recognition of net penalty interest income from the successful enforcement action on Case 2 of the defaulted loan. Higher interest income from further loans to the associated companies of the Group in part to fund the acquisition of the Bilderberg Portfolio also contributed to the increase.

Hotel operations

Revenue from the hotel operations segment increased by S$12.2 million or 307.6%, from S$4.0 million in FY2016 to S$16.2 million in FY2017. This increase was due mainly to the full year contribution from the two Wenjiang hotels which commenced operations in late December 2016.

The segment results were impacted by impairment charge of S$9.3 million, pre-opening expenses and base stocks written off for the hotspring of S$2.4 million and S$0.8 million respectively.

16. A breakdown of revenue as follows:–

Group	**FY2017**	**FY2016 (restated)**	**% increase / (decrease)**
	S$'000	**S$'000**	
(a) Revenue reported for first half year	139,293 (Note 5)	92,908	49.9
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	23,600	21,604	9.2
(c) Revenue reported for second half year	245,099	106,143	130.9
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	69,693	93,312	(25.3)

Note 5: As set out in paragraph 5, the interest income from loans extended to the Group's Dutch associates had been reclassified from finance income to revenue.

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:–

	FY2017 (S$'000)	FY2016 (S$'000)
Interim	5,898	5,898
Final	7,078	5,898
Total	12,976	11,796

The final tax-exempt (one-tier) ordinary dividend for the year ended 31 December 2017 of 1.2 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 FY2017 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
8 February 2018