



FIRST SPONSOR GROUP LIMITED

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

RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO S\$283,810,021.56 IN AGGREGATE PRINCIPAL AMOUNT OF 4.85% PERPETUAL CONVERTIBLE CAPITAL SECURITIES (THE “SERIES 3 CONVERTIBLE SECURITIES”)

Prior to making a decision to subscribe for the Series 3 Convertible Securities, you should carefully consider all the information contained in the Offer Information Statement dated 23 August 2024 (the “OIS”) and whether you understand what is described in the OIS. This Product Highlights Sheet (the “PHS”) should be read in conjunction with the OIS. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should consider whether an investment in the Series 3 Convertible Securities is suitable for you taking into account your investment objectives and risk appetite. If you are in doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser. You are responsible for your own investment choices.

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

This PHS is an important document.

- It highlights the key information and risks relating to the offer of the Series 3 Convertible Securities contained in the OIS. It complements the OIS¹.
- You should **not** subscribe for the Series 3 Convertible Securities if you do not understand the nature of an investment in convertible securities or our business or are not comfortable with the accompanying risks.
- If you wish to subscribe for the Series 3 Convertible Securities, you will need to make an application in the manner set out in the OIS.

Issuer	First Sponsor Group Limited (the “Company”)	Place of incorporation	Cayman Islands
Issue Price and denomination of the Series 3 Convertible Securities	100% of the principal amount of the Series 3 Convertible Securities, being S\$1.08 for each Series 3 Convertible Security (the “Issue Price”). The Series 3 Convertible Securities will be issued in registered form in specified denominations of S\$1.08 each and integral multiples thereof.	Total amount to be raised in the Rights Issue	<ul style="list-style-type: none"> • Gross proceeds from the issue of the Series 3 Convertible Securities: Approximately S\$283.8 million, based on the maximum Issue Size. • Net proceeds from the issue of the Series 3 Convertible Securities: Approximately S\$283.0 million (assuming gross proceeds of approximately S\$283.8 million).

¹ The OIS (together with this PHS), lodged with the Monetary Authority of Singapore on 23 August 2024, is available on SGXNET at <https://www.sgx.com/securities/company-announcements?value=FIRST%20SPONSOR%20GROUP%20LIMITED&type=company> and the Company’s corporate website at <https://firstsponsorgroup.listedcompany.com/circulars.html>.

<p>Description of the Series 3 Convertible Securities</p>	<p>Up to S\$283,810,021.56 in aggregate principal amount of 4.85% Series 3 Convertible Securities payable semi-annually in arrear on 7 January and 7 July in each year (each, a “Distribution Payment Date”) (in each case, if such date is not a business day, then the Distributions shall be payable on the next immediate business day). The Series 3 Convertible Securities are expected to be issued on 30 September 2024 (the “Issue Date”) and have no fixed redemption date.</p> <p>Please refer to the Section titled “Key Features – Key Features of the Series 3 Convertible Securities” below for more information on the Series 3 Convertible Securities.</p>	<p>Listing status of Issuer, the Series 3 Convertible Securities and the Conversion Shares</p>	<ul style="list-style-type: none"> ● Company Primary Listing on the Mainboard of SGX-ST. ● Series 3 Convertible Securities Expected to be listed on the Mainboard of SGX-ST on and from 30 September 2024. Trading will be in board lots of S\$108 in principal amount of the Series 3 Convertible Securities, with each board lot of Series 3 Convertible Securities comprising 100 Series 3 Convertible Securities. Investors who wish to trade in lot sizes other than this may do so on the Unit Share Market of SGX-ST. The listing of the Series 3 Convertible Securities on the Mainboard of SGX-ST is subject to there being a sufficient spread of holdings of the Series 3 Convertible Securities to provide for an orderly market in the trading of the Series 3 Convertible Securities. ● Conversion Shares SGX-ST has granted approval in-principle for the listing of, and quotation for up to 262,787,057 Conversion Shares on the Mainboard of SGX-ST. In the event there are adjustments to the Conversion Price which would require additional Conversion Shares to be issued, the Company will seek the approval of the SGX-ST for the dealing in, listing of and quotation for such additional Conversion Shares on the Official List of the SGX-ST at the relevant time.
<p>Sole Manager for the Rights Issue</p>	<p>DBS Bank Ltd.</p>	<p>Underwriter</p>	<p>The Rights Issue is not underwritten in view of the Irrevocable Undertakings and other reasons set out in the OIS.</p>
<p>Credit rating of Issuer / the Series 3 Convertible Securities and Credit Rating Agencies</p>	<p>The Company and the Series 3 Convertible Securities are not rated by any credit rating agency. That means that no independent assessment by a credit rating agency of the default risk of the Company and the Series 3 Convertible Securities has been made.</p>	<p>Trustee / Registrar / Agents</p>	<ul style="list-style-type: none"> ● Trustee and Paying Agent: Madison Pacific Pte. Limited ● Calculation Agent: Madison Pacific Agency and Services Pte. Ltd. ● Registrar, Conversion Agent and Transfer Agent: Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)

INVESTMENT SUITABILITY

WHO IS THE INVESTMENT SUITABLE FOR?

The Series 3 Convertible Securities are only suitable for you if you:

- are comfortable investing in hybrid securities that combine the features of both debt and equity and as such are prepared to accept risks higher than those normally associated with plain vanilla bonds;
- are prepared to rank lower in priority compared to holders of plain vanilla bonds and other senior creditors in an insolvency situation;
- accept the risk that you may not receive distributions in a timely manner if we choose to postpone the payment of such distributions and that you will not receive interest on such postponed distributions;
- accept that you will not receive postponed distributions due to you in the event that you choose to convert your Series 3 Convertible Securities before receiving such postponed distributions;
- accept the risk that we may choose not to redeem the Series 3 Convertible Securities at all and as such, your ability to exit your investment is through either the secondary market or conversion to Conversion Shares; and
- are prepared to hold your Series 3 Convertible Securities indefinitely, or to lose a substantial amount of your principal investment if you sell your Series 3 Convertible Securities in a secondary market at a discount or if you sell your Conversion Shares at a price lower than the Conversion Price.

There are further risks associated with an investment in the Series 3 Convertible Securities. Please refer to the Section titled “Risk Factors” of the OIS and in particular, the sub-section titled “Risks Associated with the Series 3 Convertible Securities” on pages 90 to 99 of the OIS for a summary of the risks relating to an investment in the Series 3 Convertible Securities. The considerations and risks referred to above are not exhaustive.

KEY FEATURES

BACKGROUND INFORMATION ON THE COMPANY

WHO ARE YOU INVESTING IN?

The Company was incorporated in the Cayman Islands on 24 September 2007 as an exempt company limited by shares under the Cayman Companies Law and was listed on the SGX-ST on 22 July 2014. The Group is a real estate group headquartered in Singapore, and has operations in Europe and the PRC, and a growing presence in Australia. The Group has three key operating segments, namely: property development, property holding and property financing, each as described below.

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

Property Holding Business. The Group’s property holding portfolio comprises commercial properties (including hotels) in the Netherlands (mainly in Amsterdam, Rotterdam, Utrecht and The Hague), Germany (Frankfurt and Dresden), Italy (Milan), Australia (Sydney), as well as in the PRC (Shanghai, Chengdu and Dongguan), as well as an equity interest in NSI.

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

The Group is supported by its established key Controlling Shareholders, namely, the Hong Leong Singapore group of companies, through its shareholding interests in CDL, as well as Tai Tak. As at the Latest Practicable Date, CDL and Tai Tak are deemed to be interested in 35.1% and 47.8% of the Shares, respectively.

Refer to the Section titled “Summary of the Business of the Group” on pages 25 to 32 of the OIS for more information on the Group’s business.

Refer to paragraph 1 of the Section titled “Part 2 – Identity of Directors, Advisers and Agents” on page 117 of the OIS for more information on our Directors and paragraph 8(e) of the Section titled “Part 4 – Key Information” on pages 134 to 136 of the OIS for more information on our Controlling Shareholders.

KEY FEATURES OF THE SERIES 3 CONVERTIBLE SECURITIES

WHAT ARE YOU INVESTING IN?

We are offering up to S\$283,810,021.56 in aggregate principal amount of Series 3 Convertible Securities to Entitled Shareholders under the Rights Issue on the basis of one Series 3 Convertible Security for every five existing Shares held by Entitled Shareholders, as at Record Date, fractional entitlements to be disregarded. The Issue Price is 100% of the principal amount of the Series 3 Convertible Securities, being S\$1.08 for each Series 3 Convertible Security.

Each Series 3 Convertible Security confers a right to receive distributions on its outstanding principal amount (“**Distributions**”) from (and including) the Issue Date, payable at the applicable Distribution Rate payable semi-annually in arrear on each Distribution Payment Date with the first Distribution Payment Date being 7 January 2025. We may, at our sole discretion, elect to defer any Distribution, in whole or in part, which is otherwise scheduled to be paid on a Distribution Payment Date, and any such deferred Distribution shall constitute “**Arrears of Distribution**”. We are not subject to any limit as to the number of times Distributions and Arrears of Distribution can be deferred, subject to restrictions set out in the Terms and Conditions. In any event, no interest on any Arrears of Distribution will be payable to Securityholders. Any Arrears of Distribution due in respect of a Series 3 Convertible Security shall be extinguished by the Company in full through the delivery by the Company of the Conversion Shares upon the exercise of your Conversion Right in respect of such Series 3 Convertible Security.

The Series 3 Convertible Securities are convertible into new Shares (“**Conversion Shares**”) at your option, at any time on or after 10 November 2024, and if such Series 3 Convertible Securities are to be redeemed pursuant to the Terms and Conditions, up to the close of business on the 7th day before the date fixed for redemption of the Series 3 Convertible Securities at the conversion price of S\$1.08 per Conversion Share (“**Conversion Price**”), subject to adjustments and provided always that the Conversion Price shall not be less than the nominal or par value of a Share.

The Conversion Price is subject to adjustment under certain circumstances, including, without limitation, the following: (a) consolidation or subdivision, (b) capitalisation of profits or reserves, (c) capital distribution (excluding cash dividends), (d) rights issues of Shares or options over Shares at less than 95% of the market price (excluding for the avoidance of doubt, the current Rights Issue), (e) rights issues of other securities, (f) issues of Shares or other securities at less than 95% of the market price, (g) other issues by the Company or any other person (at the direction or request of or pursuant to any arrangements with the Company) of other securities at less than 95% of the market price, (h) modifications of rights of conversion, exchange or subscription attaching to any other securities issued and which are convertible into Shares such that the consideration per Share is less than 95% of the market price, (i) issues of securities in the context of an offer to holders of at least 60% of the Shares outstanding (at the time such offer is made) and there is no adjustment carried out under other provisions of the Terms and Conditions, and (j) in events or circumstances not otherwise provided in the Terms and Conditions, subject to, among other things, the use by the Company of an independent financial adviser to determine if such adjustment is fair and reasonable. For the avoidance of doubt, no adjustment shall be made to the Conversion Price on the issuances of the Conversion Shares.

The Series 3 Convertible Securities will constitute direct, unconditional, subordinated and unsecured obligations of the Company and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Company.

The Series 3 Convertible Securities are perpetual convertible capital securities in respect of which there is no fixed redemption date. However, we may redeem all or some of the Series 3 Convertible Securities at any time on or after 30 March 2025, or on the occurrence of certain events set out in “Appendix A – Terms and Conditions of the Series 3 Convertible Securities” of the OIS. We have only one class of shares, and the Conversion Shares will have the same rights as our other existing issued and paid-up Shares, including voting rights. Holders of the Conversion Shares will be entitled to all rights attached to their Conversion Shares in proportion to their shareholding, such as any cash dividends declared by the Company and any distribution of assets upon liquidation of the Company. Except as provided in Articles 48 to 51 of the Articles of Association of the Company and “Offering, Selling and Transfer Restrictions” of the OIS, there are no restrictions on the transferability of the Shares.

For more information on the Series 3 Convertible Securities, please refer to:

- the Section titled “Summary of the Rights Issue” on page 33 of the OIS;
- the Section titled “Summary of the Terms and Conditions” on pages 35 to 43 of the OIS;
- the Section titled “Offering, Selling and Transfer Restrictions” on page 106 of the OIS; and
- Appendix A – “Terms and Conditions” on pages A-1 to A-29 of the OIS.

KEY FINANCIAL INFORMATION

Key profit and loss information

	Group				
	Audited		Unaudited		
	FY2021	FY2022	FY2023	1H2023	1H2024
Revenue (S\$'000)	589,170	427,493	282,928	135,889	172,873
Profit before tax (S\$'000)	202,595	195,716	27,696	12,547	32,432
Profit for the year/period (S\$'000)	130,245	137,873	13,079	7,816	14,948
Profit attributable to equity holders of the Company (S\$'000)	121,469	131,256	12,522	10,605	11,924
EPS before the Rights Issue ⁽¹⁾ (cents)			1.29		1.07
EPS after the Rights Issue ⁽¹⁾ (cents) (unaudited)			0.87		0.76

Key balance sheet information

(S\$'000)	Group	
	As at 31 December 2023 (Audited)	As at 30 June 2024 (Unaudited)
	Total assets	4,642,721
Total liabilities	2,554,232	2,709,455
Net asset value ("NAV") before Rights Issue ⁽²⁾	1,973,133	1,983,553
Adjusted NAV before completion of the Rights Issue ^{(2), (3)} (unaudited)	2,197,433	2,186,960
Adjusted NAV after completion of the Rights Issue ^{(2), (3), (4)} (unaudited)	2,481,243	2,470,770

Key cash flows information

(S\$'000)	Group	
	FY2023 (Audited)	1H2024 (Unaudited)
Net cash used in operating activities	(397,497)	(10,875)
Net cash used in investing activities	(105,210)	(77,901)
Net cash from financing activities	415,134	119,383
Net (decrease)/increase in cash and cash equivalents	(87,573)	30,607
Cash and cash equivalents at beginning of the year/period	270,263	177,799
Cash and cash equivalents at end of the year/period	177,799	208,615

Notes:

- (1) EPS before the Rights Issue is calculated based on the weighted average number of 970,077,835 Shares and 1,114,821,792 Shares outstanding during FY2023 and 1H2024 respectively; and in respect of the EPS after the Rights Issue, based on the weighted average number of 1,437,277,595 Shares and 1,565,948,945 Shares outstanding during FY2023 and 1H2024 respectively. The weighted average number of Shares excludes the 307,682 Shares held by Wenjiang BVI, a wholly-owned subsidiary of the Company, which are accounted for as treasury shares in the consolidated financial statements of the Group in accordance with IAS 32 *Financial Instruments: Presentation*.
- (2) Computed based on the equity attributable to owners of the Company (excluding non-controlling interests).
- (3) This assumes the issuance of (a) 16,064,622 shares and 188,348,081 shares pursuant to the exercise of 16,064,622 Warrants (2019) and 188,348,081 Warrants (2020) respectively, which were outstanding as at 31 December 2023 at the exercise price of S\$1.30 and S\$1.08, as the case may be, and for the avoidance of doubt, does not take into account the 12,229,752 unexercised Warrants (2019) outstanding as at 31 December 2023 which expired on 30 May 2024, and (b) 188,340,096 shares pursuant to the exercise of 188,340,096 Warrants (2020) which were outstanding as at 30 June 2024 at the exercise price of S\$1.08. The number of Warrants (2020) includes the 76,920 Warrants (2020) held, but assumed to have been traded, by Wenjiang BVI and which form part of the outstanding Warrants (2020) as at 31 December 2023 and 30 June 2024 (as the case may be).

Refer to paragraphs 1 and 6 of the Section titled "Part 5 – Operating and Financial Review and Prospects" on page 138 and pages 145 to 146, respectively, paragraph 2(i) of the Section titled "Additional Disclosure Requirements under Appendix 8.2 of the Listing Manual" on pages 184 to 187, as well as Appendices B, C, D, and E of the OIS for more information on our financial performance, financial position and cash flows.

(4) This assumes (a)(i) the maximum S\$283,810,021.56 in principal amount of Series 3 Convertible Securities are issued pursuant to the Rights Issue, (ii) the conversion of all 262,787,057 Series 3 Convertible Securities into 262,787,057 Conversion Shares at the Conversion Price, (iii) no adjustment is made to the Conversion Price, and (iv) there are no effects of the use of the Net Proceeds on the earnings of the Group, and (b) the events in sub-paragraph (a) were completed as at 31 December 2023 and as at 30 June 2024 (as the case may be).

(5) Please refer to paragraph 6 of the Section titled “Part 5 – Operating and Financial Review and Prospects” and paragraph 2(i) of the Section titled “Additional Disclosure Requirements under Appendix 8.2 of the Listing Manual” of the OIS for further details.

The most significant factors contributing to our financial performance in 1H2024 compared to 1H2023 are as follows:

- Revenue increased by S\$37.0 million or 27.2%, from S\$135.9 million in 1H2023 to S\$172.9 million in 1H2024. The increase in 1H2024 was due mainly to the increase in revenue from sale of properties by S\$34.2 million or 182.9%, from S\$18.7 million in 1H2023 to S\$52.9 million in 1H2024, and the increase in revenue from hotel operations by S\$5.7 million or 6.8%, from S\$83.3 million in 1H2023 to S\$89.0 million in 1H2024. The increase in revenue was partially offset by the decrease in rental income from investment properties by S\$0.6 million or 7.5%, from S\$8.6 million in 1H2023 to S\$8.0 million in 1H2024, and a decrease in revenue from property financing of S\$2.3 million or 9.0%, from S\$25.2 million in 1H2023 to S\$22.9 million in 1H2024. As a result of the foregoing and other factors set out in the OIS, the Group’s gross profit increased from S\$65.4 million in 1H2023 to S\$71.8 million in 1H2024.

The most significant factors contributing to our financial performance in FY2023 compared to FY2022 are as follows:

- Revenue decreased by S\$144.6 million or 33.8%, from S\$427.5 million in FY2022 to S\$282.9 million in FY2023. The decrease in FY2023 was due mainly to the decrease in revenue from sale of properties by S\$168.9 million or 82.0% from S\$205.9 million in FY2022 to S\$37.0 million in FY2023, and the decrease in revenue from property financing by S\$20.9 million or 28.5% from S\$73.3 million in FY2022 to S\$52.4 million in FY2023. The decrease in revenue was partially offset by the increase in revenue from hotel operations by S\$41.6 million or 30.8% from S\$135.3 million in FY2022 to S\$176.9 million in FY2023, and an increase in rental income from investment properties by S\$3.6 million or 28.2% from S\$13.0 million in FY2022 to S\$16.6 million in FY2023. As a result of the foregoing and other factors set out in the OIS, the Group’s gross profit decreased from S\$206.1 million in FY2022 to S\$131.9 million in FY2023.

The most significant factors contributing to our financial performance in FY2022 compared to FY2021 are as follows:

- Revenue decreased by S\$161.7 million or 27.4%, from S\$589.2 million in FY2021 to S\$427.5 million in FY2022. The decrease was due mainly to lower revenue from sale of properties by S\$209.2 million or 50.4%, from S\$415.1 million in FY2021 to S\$205.9 million in FY2022, the lower revenue from property financing by S\$45.7 million or 38.4% from S\$119.0 million in FY2021 to S\$73.3 million in FY2022, and the decrease in rental income from investment properties by S\$45,000 or 0.4% from S\$13,029,000 in FY2021 to S\$12,984,000 in FY2022. This was partially offset by the higher revenue from hotel operations by S\$93.3 million or 222.0% from S\$42.0 million in FY2021 to S\$135.3 million in FY2022. As a result of the foregoing and other factors set out in the OIS, the Group’s gross profit decreased from S\$241.3 million in FY2021 to S\$206.1 million in FY2022.

The above factors are not the only factors contributing to our financial performance in FY2021, FY2022, FY2023, 1H2023 and 1H2024. Please refer to paragraph 4 of the Section titled “Part 5 – Operating and Financial Review and Prospects” for the other factors set out on pages 139 to 145 of the OIS.

BUSINESS STRATEGIES AND FUTURE PLANS

The Group plans to adopt the following strategies to drive its future growth and increase shareholder value:

Growing the Group’s property development business by selectively expanding into growth markets. The Group intends to continue growing its property development business in and beyond the PRC by leveraging its strong management expertise and the extensive business networks of its key Controlling Shareholders. The Group continues to explore opportunities to acquire suitable development sites, primarily in markets in which it has an existing presence with a view to growing its development pipeline for its property development business.

Growing the Group’s portfolio of income-generating properties in growth markets through selective refurbishments and investments into entities with complementary portfolios. The Group plans to build up and/or refurbish its portfolio of long-term properties (which may include other hospitality assets) and other property-related investments to generate a stable stream of recurring income and for future capital gain. The Group also intends to continue monitoring the commercial and residential property markets in the Netherlands and Australia. Where suitable opportunities arise, the Group may increase its presence in these countries through the acquisition of income generating properties, or investments in property-holding entities to deepen the Group’s exposure to assets which are complementary to its portfolio. In addition, the Group may in the future, also explore investment opportunities in other European markets to further expand its presence in key global cities.

Prudent expansion of the Group’s property financing business. The Group intends to continue leveraging on its healthy financial position and property market knowledge to prudently expand its property financing business primarily in certain markets in which it has an existing presence, such as Australia.

For more information, refer to the Section titled “Summary of the Business of the Group – Strategies and Future Plans” on pages 30 to 32 of the OIS.

TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS REASONABLY LIKELY TO HAVE A MATERIAL EFFECT

Industry Outlook

The Netherlands. The Company expects the office sector in Netherlands to remain challenging in 2024. While there remains uncertainty as to the extent to which hybrid work-from-home arrangements in the workplace will affect overall demand for office spaces in the long-term, the Company believes that demand for quality offices will remain resilient as tenants become increasingly more demanding and discerning with their choices.

The PRC. The Company expects the PRC to continue facing downward pressures on its property market in 2024 due in part to the multiple rounds of cooling measures introduced by the PRC government since 2020 and the slowing economic growth of the PRC. These factors have contributed to the overall weak property market sentiment in the PRC. However, the Company does not expect sharp and sustained declines in the property market in the long term, particularly if the PRC government eases its property cooling measures or monetary policy, or introduces stimulus packages to moderate the slowdown in the property market.

Company Outlook

Property Development. Despite the overall slowdown in sales of residential units, the Group’s property development business is expected to contribute more revenue in 2024, due mainly to the lag in the recognition of revenue of units pre-sold in the PRC, on a completed contract basis. In 2022, the Group made a purchase of four development land plots in Dongguan. Coupled with the development projects undertaken prior to 2022, the Group currently has ten ongoing property development projects in the PRC, eight of which are in Dongguan which are currently in the sale/pre-sale phase. Several of these projects have commenced hand-over, or are expected to be ready to commence hand-over for at least a part of their respective developments, in the course of FY2024. With the ongoing re-development of Dreeftoren, Meerparc and Prins Hendrikkade in Amsterdam, and the development of the CTC project in Sydney, all of which are properties which have a residential component, the Group believes it is positioned to capitalise on the growing demand for quality residential properties in the Netherlands and Australia.

For more information, refer to paragraph 10 of the Section titled “Part 5 – Operating and Financial Review and Prospects – Trend Information and Profit Forecast or Profit Estimate” on pages 148 to 152 of the OIS.

Property Holding. The Group expects growth of its property holding business to primarily come from the Group’s European property holding portfolio as a result of the recovery in the operations of its hotel portfolio. Through the various capital expenditure and re-development initiatives undertaken by the Group, the Group anticipates an improvement in quality and appeal of the properties, which it believes would improve its occupancy rates. To deepen its presence in the commercial property market in the Netherlands, the Group also acquired in May 2024, a 10.6% interest in the total issued ordinary shares of NSI. NSI owns a portfolio of 45 office properties across the Netherlands as at 30 June 2024. As at 30 June 2024, the Company has an indirect interest in approximately 14.0% of NSI’s voting shares. This investment marked the Group’s further expansion in the Dutch real estate market.

Property Financing. The Group expects growth from its property financing business to slow down in 2024. Amidst the prevailing conditions of the property market in the PRC, the Group intends to maintain a cautious approach towards disbursing new loans. As the weak market sentiment persists, the Group expects its PRC property financing loan book to further decrease over the next 12 months as a number of its existing disbursed loans approach their maturity date. Notwithstanding the downward pressure in the PRC property financing business, the Group expects the property financing business in Europe to remain stable, based on its existing disbursed loans, with the possibility of further opportunities for growth should the Group acquire additional properties in Europe for its property development and/or property holding businesses. In addition, the Group expects its property financing loan book in Australia to grow as the development of the CTC project progresses, and the Group and Tai Tak are providing construction financing in equal proportion to the v5 Developer Trust. The Group expects to begin disbursing the construction financing loan to the v5 Developer Trust from 2025, and additional loans to the various stakeholders involved in the CTC project over the next few years until the expected completion of the project in 2027.

The above are not the only trends, uncertainties, demands, commitments or events that could affect us. See other factors set out in “Risk Factors” on pages 46 to 99 and paragraph 10 of “Part 5 – Operating and Financial Review and Prospects” on pages 148 to 152 of the OIS.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

Assuming that the maximum of S\$283,810,021.56 in aggregate principal amount of Series 3 Convertible Securities is issued pursuant to the Rights Issue at the Issue Price, the estimated Gross Proceeds are expected to be approximately S\$283.8 million. After deducting professional fees and related expenses estimated to be incurred in connection with the Rights Issue, the estimated Net Proceeds are expected to be approximately S\$283.0 million.

The Group is currently in discussions with a co-investor holding a majority interest in a project company, which is developing a residential project in Dongguan, PRC, to acquire the co-investor’s stake in the project company (the “**Proposed Transaction**”). If the Group proceeds with the Proposed Transaction, the Company intends to utilise up to S\$120.0 million of the Net Proceeds to fund the Proposed Transaction, either directly and/or through repayment of bank borrowings that may be used to fund the Proposed Transaction (the “**Relevant Borrowings**”). If the Proposed Transaction proceeds, the project company, which is currently accounted for as a joint venture, will become a subsidiary of the Company.

We intend to use: (a) approximately 57.6% of the Net Proceeds for funding the Company’s expansion of its property development, property holding and/or property financing businesses, and (b) up to 42.4% of the Net Proceeds for funding the Proposed Transaction (directly and/or through repayment of the Relevant Borrowings). Pending the deployment of the Net Proceeds, the Net Proceeds may also be used to repay borrowings of the Group (other than for the avoidance of doubt, the Relevant Borrowings), deposited with banks and/or financial institutions, used for investment in short-term money markets or debt instruments and/or used for other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the Company’s interests.

For more information, refer to paragraphs 2 to 6 of the Section titled “Part 4 – Key Information” on pages 124 to 127 of the OIS.

KEY RISKS

Investing in the Series 3 Convertible Securities involves substantial risks. Set out below are some of the key risks of investing in the Series 3 Convertible Securities. This list is not exhaustive, and does not represent all the risks associated with, and considerations relevant to, the Series 3 Convertible Securities or your decision to subscribe for the Series 3 Convertible Securities. The value of the Series 3 Convertible Securities and the Conversion Shares may rise or fall. These risk factors may cause you to lose some or all of your investment.

Refer to the Section titled “Risk Factors” on pages 46 to 99 of the OIS for more information on risks factors.

BUSINESS AND INDUSTRY-RELATED RISKS

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

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

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

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

LEGAL, REGULATORY AND ENFORCEMENT RISKS

You may not receive distribution payments. The Company may, at its sole discretion and subject to certain conditions, elect not to pay any scheduled Distribution (or to pay only part of a scheduled Distribution) on the Series 3 Convertible Securities. The Company is not subject to any limit as to the number of times Distributions and Arrears of Distribution can be deferred pursuant to the Terms and Conditions, subject to compliance with such restrictions. Any deferral of Distribution will likely have an adverse effect on the market price of the Series 3 Convertible Securities. Any Arrears of Distribution due in respect of a Series 3 Convertible Security shall be extinguished by the Company in full through the delivery by the Company of the Conversion Shares upon the exercise of your Conversion Right in respect of such Series 3 Convertible Security.

You have no right to require redemption. The Series 3 Convertible Securities are perpetual convertible capital securities and have no maturity date. The Company is under no obligation to redeem the Series 3 Convertible Securities at any time and the Series 3 Convertible Securities can only be disposed of by sale or by conversion into Conversion Shares.

The Series 3 Convertible Securities are unsecured and subordinated. The Series 3 Convertible Securities will constitute direct, unconditional, subordinated and unsecured obligations of the Company which rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Company. Subject to the insolvency laws of the Cayman Islands and other applicable laws, in the event of the winding-up of the Company, your rights to payment of the principal amount of the relevant Series 3 Convertible Security together with accrued and unpaid Distributions (including any unpaid Arrears of Distribution) are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Company but at least *pari passu* with all other subordinated obligations of the Company that are not expressed by their terms to rank junior to the Series 3 Convertible Securities, but always in priority to the claims of Shareholders. In the event of a shortfall of funds on a winding-up of the Company, there is a real risk that you will lose all or some of your investment and will not receive a full return or any return of the principal amount or any unpaid amounts due under the Series 3 Convertible Securities. If you choose to exercise your Conversion Right, the Conversion Shares that you will acquire will rank *pari passu* in all respects with the then existing Shares, except in any such case for any right excluded by mandatory provisions of applicable law and save for any dividends, rights, allocations or other distributions, the record date for which falls prior to the relevant conversion date of the Series 3 Convertible Securities, subject to the Terms and Conditions, but will rank junior to the claims of a Securityholder in the event of the winding-up. Hence, in a winding-up as a holder of Shares, you who have exercised your Conversion Right and received Conversion Shares will be ranked lower than a Securityholder in respect of your Conversion Shares, and be subject to a higher risk of loss of investment if you choose to exercise your Conversion Right instead of holding Series 3 Convertible Securities prior to the winding-up.

You have limited remedies for non-payment under the Terms and Conditions. There is no assurance that the Company will have sufficient cash flow to meet payments under the Series 3 Convertible Securities. In addition, any scheduled Distribution will not be considered due if the Company elects to defer that Distribution pursuant to the Terms and Conditions. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute proceedings for winding-up of the Company is limited to circumstances where payment has become due in accordance with the Terms and Conditions and the Company fails to make the payment when due. The only remedy against the Company available to you for recovery of amounts in respect of the Series 3 Convertible Securities following the occurrence of a payment default after any sum becomes due in respect of the Series 3 Convertible Securities will be instituting winding-up proceedings and/or proving and/or claiming in winding-up in respect of any of the Company's payment obligations arising from the Series 3 Convertible Securities.

Singapore Taxation Risk. It is not clear whether the Series 3 Convertible Securities will be regarded as "debt securities" by the Inland Revenue Authority of Singapore, or whether the Distributions made under the Series 3 Convertible Securities will be regarded as interest payable on indebtedness for the purposes of the Income Tax Act 1947 of Singapore, or whether the tax concessions available for "qualifying debt securities" under the qualifying debt securities scheme would apply to the Series 3 Convertible Securities. There is no assurance that the Series 3 Convertible Securities will enjoy or will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked at any time.

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

You have no rights as Shareholder until you acquire Conversion Shares upon conversion of your Series 3 Convertible Securities. Unless and until you acquire Conversion Shares upon conversion of your Series 3 Convertible Securities, you will have no rights as Shareholder (including voting rights and rights to receive dividends or distributions) with respect to the Conversion Shares.

MARKET AND CREDIT RISKS

The market value of the Series 3 Convertible Securities and Conversion Shares may fluctuate. Trading prices of the Series 3 Convertible Securities and the Conversion Shares may be influenced by numerous factors, including (i) the market for similar securities, (ii) the respective operating results and/or financial condition of the Group, (iii) (in the case of the Series 3 Convertible Securities) the trading price of the Shares, and (iv) political, economic, financial, regulatory and any other factors that can affect the equity and debt capital markets, the industry and the Group.

An investment in the Series 3 Convertible Securities is subject to interest rate risk. The Series 3 Convertible Securities are a form of fixed distribution security and may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Series 3 Convertible Securities.

The Rights Issue may cause the market value of the Shares to immediately decrease. The initial Conversion Price of S\$1.08 for each Series 3 Convertible Security represents a discount of approximately 0.5% to the volume weighted average price of S\$1.085 per Share for Shares traded on 23 July 2024, being the last full Market Day prior to the date of the First Announcement. For the avoidance of doubt, there were no Shares traded on the Mainboard of the SGX-ST on 24 and 25 July 2024. The initial Conversion Price represents a premium of approximately 0.9% over the volume weighted average price of S\$1.07 per Share for Shares traded on 16 August 2024, being the Latest Practicable Date. However, there is no assurance that the Conversion Price will be at a discount or premium to or over the prevailing market price of the Shares at the time of conversion. The discount or premium represented by the Conversion Price to or over the prevailing market price of the Shares, as the case may be, at such time, coupled with the potential increase in the number of Shares upon the conversion of Series 3 Convertible Securities, may result in an immediate decrease in the market value of the Shares. The Conversion Price does not bear a direct relationship to the book value of the Group's assets, past operations, cash flow, earnings, financial condition or other established criteria for value. Hence, the Conversion Price may not be an indication of any underlying value of the Shares.

LIQUIDITY RISKS

There is no prior market for the Series 3 Convertible Securities nor any assurance that one will develop to provide liquidity for the Series 3 Convertible Securities. Although approval in-principle has been obtained from the SGX-ST for the listing of and quotation for the Series 3 Convertible Securities on the SGX-ST, no assurance can be given that an active trading market for the Series 3 Convertible Securities will develop or as to the liquidity or sustainability of any such market and your ability to sell your Series 3 Convertible Securities or the price at which you will be able to sell your Series 3 Convertible Securities. In the event that permission is not granted by the SGX-ST for the listing of and quotation for the Series 3 Convertible Securities on the Official List of the SGX-ST due to an insufficient spread of holdings of the Series 3 Convertible Securities to provide for an orderly market in the trading of the Series 3 Convertible Securities, the Company shall nevertheless proceed and complete the Rights Issue. In such an event, you will not be able to trade your Series 3 Convertible Securities on the SGX-ST.

OTHER PERTINENT RISKS

The Terms and Conditions and the provisions of the Trust Deed may be modified. The Trust Deed contains provisions for calling meetings of Securityholders to consider matters affecting their interests generally, including the modification to the Terms and Conditions or any provision of the Trust Deed. These provisions permit defined majorities to bind all Securityholders, including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority. Further, any material alteration to the Terms and Conditions after the issue thereof to the advantage of the Securityholders and prejudicial to the Shareholders must be approved by the Shareholders in general meeting, except where the alterations are made pursuant to the Terms and Conditions.

DEFINITIONS

1H	:	The six-month financial period ended 30 June.
CDL	:	City Developments Limited.
Controlling Shareholder	:	A person who (a) holds directly or indirectly 15.0% or more of the total voting rights in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over the Company.
Conversion Right	:	The right of a Securityholder to convert his Series 3 Convertible Securities into Conversion Shares in accordance with the Terms and Conditions.
Distribution Rate	:	The rate of distribution applicable to the Series 3 Convertible Securities shall be 4.85% per annum and shall be calculated on the principal amount of S\$1.08 for each Series 3 Convertible Security.

EPS	:	Earnings per Share.
First Announcement	:	The announcement dated 25 July 2024 made by the Company in relation to the Rights Issue.
FY	:	Financial year ended 31 December.
Group	:	The Company, its subsidiaries, associated companies and joint ventures. However, for the purposes of the Sections titled “ Disclosure Requirements under the Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 ” and “ Additional Disclosure Requirements for the Rights Issue under Appendix 8.2 of the Listing Manual ” and Appendices B, C, D, E and I of the Offer Information Statement, the “ Group ” shall mean the Company and its subsidiaries, unless the context otherwise requires.
Issue Size	:	Up to S\$283,810,021.56 in aggregate principal amount of Series 3 Convertible Securities.
Latest Practicable Date	:	16 August 2024.
Parity Obligation	:	Any instrument or security (other than shares) issued, entered into or guaranteed by the Company (a) which ranks or is expressed to rank, by its terms or by operation of law, <i>pari passu</i> with the Series 3 Convertible Securities and (b) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Company and/or, in the case of an instrument or security guaranteed by the Company, the issuer thereof.
Securityholder	:	A person in whose name a Series 3 Convertible Security is registered, except that where the registered holder is CDP, the term “Securityholder” shall, in relation to such Series 3 Convertible Security, mean each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Series 3 Convertible Securities.
SGX-ST	:	Singapore Exchange Securities Trading Limited.
Shareholders	:	Registered holders of Shares in the Register of Members of the Company except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares.
Shares	:	Ordinary shares with a par value of US\$0.10 each in the capital of the Company.
Tai Tak	:	Tai Tak Estates Sendirian Berhad.
Terms and Conditions	:	The terms and conditions of the Series 3 Convertible Securities to be set out in the Trust Deed.
Trust Deed	:	The trust deed to be entered into between the Company and the Trustee to constitute the Series 3 Convertible Securities, as amended, varied or supplemented from time to time.

CONTACT INFORMATION

If you have any questions, please contact:

- The Company: 19 Lorong Telok, Singapore 049031, Tel: (65) 6436 4920
- DBS Bank Ltd.: 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Level 3, Singapore 018982, Tel: 1800 111 1111

If you have questions in relation to applications through Accepted Electronic Services, please contact:

- The Central Depository (Pte) Limited at (65) 6535 7511, Monday to Friday between 8.30 a.m. and 5.00 p.m.

For more information, please refer to www.sgx.com/cdpfaqs.