



# 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 2015

### 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			The Group Full year ended 31 December		
	2015 S\$'000	2014 S\$'000	Incr / (Decr) %	2015 S\$'000	2014 S\$'000	Incr / (Decr) %
Revenue	100,297	84,461	18.7	214,963	153,211	40.3
Cost of sales	(61,010)	(54,783)	11.4	(122,232)	(96,096)	27.2
<b>Gross profit</b>	<b>39,287</b>	<b>29,678</b>	<b>32.4</b>	<b>92,731</b>	<b>57,115</b>	<b>62.4</b>
Administrative expenses	(3,027)	(4,038)	(25.0)	(16,407)	(17,764)	(7.6)
Selling expenses	(528)	(1,424)	(62.9)	(6,496)	(4,908)	32.4
Other income/ (expenses)	2,095	1,286	62.9	4,135	(7,801)	n.m.
Other (losses)/gains	(512)	13	n.m.	(236)	909	n.m.
<b>Results from operating activities</b>	<b>37,315</b>	<b>25,515</b>	<b>46.2</b>	<b>73,727</b>	<b>27,551</b>	<b>167.6</b>
Finance income	5,210	5,476	(4.9)	21,841	15,073	44.9
Finance costs	(1,626)	(766)	112.3	(4,636)	(2,104)	120.3
<b>Net finance income</b>	<b>3,584</b>	<b>4,710</b>	<b>(23.9)</b>	<b>17,205</b>	<b>12,969</b>	<b>32.7</b>
Share of after-tax profit of associates	39	-	n.m.	39	-	n.m.
<b>Profit before income tax</b>	<b>40,938</b>	<b>30,225</b>	<b>35.4</b>	<b>90,971</b>	<b>40,520</b>	<b>124.5</b>
Income tax expense	(8,667)	(10,968)	(21.0)	(22,651)	(18,816)	20.4
<b>Profit for the period/year</b>	<b>32,271</b>	<b>19,257</b>	<b>67.6</b>	<b>68,320</b>	<b>21,704</b>	<b>214.8</b>
<b>Attributable to:</b>						
<b>Equity holders of the Company</b>	<b>31,914</b>	<b>19,257</b>	<b>65.7</b>	<b>67,362</b>	<b>21,704</b>	<b>210.4</b>
Non-controlling interests	357	-	n.m.	958	-	n.m.
<b>Profit for the period/year</b>	<b>32,271</b>	<b>19,257</b>	<b>67.6</b>	<b>68,320</b>	<b>21,704</b>	<b>214.8</b>
<b>Earnings per share (cents)</b>						
- basic	5.41	3.26	66.0	11.42	4.33	163.7
- diluted	5.41	3.26	66.0	11.42	4.33	163.7

n.m.: not meaningful

The initial public offering of the Company's shares was sponsored by DBS Bank Ltd., who assumes no responsibility for the contents of this announcement.

## Consolidated Statement of Comprehensive Income

	The Group Fourth quarter ended 31 December		The Group Full year ended 31 December	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Profit for the period/year</b>	32,271	19,257	68,320	21,704
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Realisation of foreign currency translation reserve arising from liquidation of a subsidiary	101	-	(364)	-
Translation differences on financial statements of foreign subsidiaries, net of tax	(27,728)	22,114	20,563	24,732
Share of translation differences on financial statements of foreign associates, net of tax	1	-	1	-
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	(1,672)	1,443	1,257	1,013
<b>Other comprehensive income for the period/year, net of tax</b>	<b>(29,298)</b>	<b>23,557</b>	<b>21,457</b>	<b>25,745</b>
<b>Total comprehensive income for the period/year</b>	<b>2,973</b>	<b>42,814</b>	<b>89,777</b>	<b>47,449</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	2,752	42,814	88,836	47,449
Non-controlling interests	221	-	941	-
<b>Total comprehensive income for the period/year</b>	<b>2,973</b>	<b>42,814</b>	<b>89,777</b>	<b>47,449</b>

## Notes to the Group's Income Statement:

Profit before income tax includes the following:

	The Group Fourth quarter ended 31 December		The Group Full year ended 31 December	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Other (losses)/gains comprise:				
Gain on liquidation of a subsidiary	1	-	287	-
(Losses)/gains on disposal of:				
- investment property	(478)	-	(478)	-
- lease prepayments	-	14	-	1,146
- property, plant and equipment (net)	3	(1)	1	(237)
Property, plant and equipment written off	(38)	-	(46)	-
	<u>(512)</u>	<u>13</u>	<u>(236)</u>	<u>909</u>
Profit before income tax includes the following (income)/expenses:				
Amortisation of lease prepayments	-	-	-	25
Depreciation of property, plant and equipment	396	448	1,625	1,374
Exchange losses/(gains)(net)	1,028	(201)	(2,879)	(166)
Fair value (gains)/losses on investment properties	(1,816)	597	(1,816)	597
Hotel base stocks written off	-	45	-	91
Reversal of impairment loss on trade and other receivables	-	(1)	-	(1)
IPO expenses (written back)/accrued	-	-	(562)	3,500
Net investment return from a PRC government linked entity	(519)	-	(5,644)	-
Operating lease expense	101	99	400	330
Reversal of accrual of construction costs no longer required	-	(1,631)	-	(2,753)
Share-based charge	-	-	-	4,705

**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 2015 S\$'000	As at 31 December 2014 S\$'000	As at 31 December 2015 S\$'000	As at 31 December 2014 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	151,110	116,517	-	-
Investment properties	245,624	80,979	-	-
Investments in:				
- subsidiaries	-	-	881,329	863,829
- associates	14,426	-	-	-
Amount due from subsidiaries	-	-	287,222	-
Other receivables	310,327	118,671	-	-
Deferred tax assets	7,368	8,951	-	-
	<u>728,855</u>	<u>325,118</u>	<u>1,168,551</u>	<u>863,829</u>
<b>Current assets</b>				
Development properties	660,187	559,522	-	-
Inventories	148	458	-	-
Amounts due from subsidiaries	-	-	133,696	31,560
Trade and other receivables	299,560	276,105	1,653	7,845
Cash and cash equivalents	112,044	131,797	1,257	2,432
	<u>1,071,939</u>	<u>967,882</u>	<u>136,606</u>	<u>41,837</u>
<b>Total assets</b>	<u>1,800,794</u>	<u>1,293,000</u>	<u>1,305,157</u>	<u>905,666</u>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	736,404	736,404	736,404	736,404
Reserves	238,334	158,070	37,637	(5,850)
	<u>974,738</u>	<u>894,474</u>	<u>774,041</u>	<u>730,554</u>
Non-controlling interests	3,359	-	-	-
<b>Total equity</b>	<u>978,097</u>	<u>894,474</u>	<u>774,041</u>	<u>730,554</u>
<b>Non-current liabilities</b>				
Loans and borrowings	260,824	83,003	229,181	83,003
Derivative liability	3,327	-	3,327	-
Deferred tax liabilities	11,963	13,036	-	-
	<u>276,114</u>	<u>96,039</u>	<u>232,508</u>	<u>83,003</u>
<b>Current liabilities</b>				
Amounts due to subsidiaries	-	-	80,447	91,175
Trade and other payables	127,838	80,707	1,881	934
Receipts in advance	182,059	200,158	-	-
Loans and borrowings	216,280	-	216,280	-
Current tax payables	20,406	21,622	-	-
	<u>546,583</u>	<u>302,487</u>	<u>298,608</u>	<u>92,109</u>
<b>Total liabilities</b>	<u>822,697</u>	<u>398,526</u>	<u>531,116</u>	<u>175,112</u>
<b>Total equity and liabilities</b>	<u>1,800,794</u>	<u>1,293,000</u>	<u>1,305,157</u>	<u>905,666</u>

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

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

	<b>The Group</b>	
	<b>As at 31 December 2015 S\$'000</b>	<b>As at 31 December 2014 S\$'000</b>
<b>Unsecured</b>		
- repayable within one year	216,280	-
- repayable after one year	229,181	83,003
Total	<u>445,461</u>	<u>83,003</u>
<b>Secured</b>		
- repayable within one year	-	-
- repayable after one year	31,643	-
Total	<u>31,643</u>	<u>-</u>
<b>Grand total</b>	<b><u>477,104</u></b>	<b><u>83,003</u></b>
Gross borrowings	480,892	84,600
Less: cash and cash equivalents as shown in the statement of financial position	<u>(112,044)</u>	<u>(131,797)</u>
Net borrowings / (Net cash and cash equivalents)	<u>368,848</u>	<u>(47,197)</u>

**Details of any collateral**

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

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

	Fourth quarter ended 31 December		Full year ended 31 December	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Cash flows from operating activities</b>				
Profit for the period/year	32,271	19,257	68,320	21,704
Adjustments for:				
Amortisation of lease prepayments	-	-	-	25
Depreciation of property, plant and equipment	396	448	1,625	1,374
Fair value (gain)/loss on investment properties	(1,816)	597	(1,816)	597
Fair value (gain)/loss on a cross-currency swap	(1,561)	-	3,327	-
Finance costs	1,626	766	4,636	2,104
Finance income	(5,210)	(5,476)	(21,841)	(15,073)
Gain on liquidation of a subsidiary	(1)	-	(287)	-
Impairment loss on property, plant and equipment	-	20	-	-
Loss/(gain) on disposal of:				
- investment property	478	-	478	-
- lease prepayments	-	(14)	-	(1,146)
- property, plant and equipment	(3)	1	(1)	237
Property, plant and equipment written off	38	-	46	-
Reversal of impairment loss on trade and other receivables	-	(1)	-	(1)
Share-based charge	-	-	-	4,705
Share of after-tax profit of associates	(39)	-	(39)	-
Income tax expense	8,667	10,968	22,651	18,816
	<u>34,846</u>	<u>26,566</u>	<u>77,099</u>	<u>33,342</u>
Change in working capital:				
Development properties	(8,611)	(7,400)	(84,629)	(213,270)
Inventories	357	81	321	(412)
Trade and other receivables	1,863	(37,124)	(86,846)	(153,928)
Trade and other payables	(33,673)	8,172	21,210	86,307
<b>Cash used in operations</b>	<u>(5,218)</u>	<u>(9,705)</u>	<u>(72,845)</u>	<u>(247,961)</u>
Interest received	9,289	5,854	34,463	19,219
Income tax paid	(12,178)	(6,047)	(23,952)	(22,594)
<b>Net cash used in operating activities</b>	<u>(8,107)</u>	<u>(9,898)</u>	<u>(62,334)</u>	<u>(251,336)</u>

	Fourth quarter ended 31 December		Full year ended 31 December	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Cash flows from investing activities</b>				
Receipt of investment return from a PRC government linked entity	-	-	3,567	-
Repayment of advances/loans by third parties	2,651	184	18,304	29,155
Advances/loans to third parties	-	(35,421)	-	(152,366)
Loans to associates	(179,108)	-	(179,108)	-
Acquisition of a subsidiary	-	-	(73,963)	(212)
Acquisition of associates	(14,884)	-	(14,884)	-
Interest received	5,215	3,318	24,992	15,839
Proceeds from disposal of:				
- investment property	4,936	-	4,936	-
- lease prepayments	-	30	-	4,145
- property, plant and equipment	3	5	11	5
- subsidiaries	-	1,211	-	10,774
Payment for additions to:				
- investment property	(90)	-	(83,960)	-
- property, plant and equipment	(15,350)	(13,786)	(33,702)	(33,004)
<b>Net cash used in investing activities</b>	<b>(196,627)</b>	<b>(44,459)</b>	<b>(333,807)</b>	<b>(125,664)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to:				
- owners of the Company	(4,128)	-	(8,611)	-
- non-controlling interests	(2,847)	-	(2,847)	-
Interest paid	(2,869)	(634)	(4,812)	(966)
Loan from former immediate holding company	-	-	-	1,562
Payment of transaction costs related to borrowings	(1,816)	-	(3,048)	(6,743)
Proceeds from issue of shares	-	6,000	-	125,350
Proceeds from bank borrowings	378,659	54,200	655,758	384,300
Proceeds from issue of medium term notes	-	-	50,000	-
Repayment of bank borrowings	(175,986)	(50,200)	(313,121)	(299,700)
Share issue expense	-	(6,000)	-	(6,000)
<b>Net cash generated from financing activities</b>	<b>191,013</b>	<b>3,366</b>	<b>373,319</b>	<b>197,803</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(13,721)</b>	<b>(50,991)</b>	<b>(22,822)</b>	<b>(179,197)</b>
Cash and cash equivalents at beginning of the period/year	120,298	179,125	131,797	311,154
Effect of exchange rate changes on balances held in foreign currencies	5,467	3,663	3,069	(160)
<b>Cash and cash equivalents at end of the period/year</b>	<b>112,044</b>	<b>131,797</b>	<b>112,044</b>	<b>131,797</b>

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

	Share capital S\$'000	Share premium S\$'000	Statutory reserve S\$'000	Capital reserve S\$'000	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
<b>The Group</b>									
At 1 January 2015	736,404	9,570	14,835	(1,497)	83,891	51,271	894,474	-	894,474
<b>Total comprehensive income for the period</b>									
Profit for the year	-	-	-	-	-	67,362	67,362	958	68,320
Realisation of foreign currency translation differences arising from liquidation of a subsidiary	-	-	-	-	(364)	-	(364)	-	(364)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	20,580	-	20,580	(17)	20,563
Share of translation differences on financial statements of foreign associates, net of tax	-	-	-	-	1	-	1	-	1
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	1,257	-	1,257	-	1,257
<b>Total comprehensive income for the period</b>	-	-	-	-	21,474	67,362	88,836	941	89,777
<b>Transaction with owners, recognised directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Dividends paid to the owners of the Company	-	-	-	-	-	(8,611)	(8,611)	-	(8,611)
Dividends paid to the non-controlling interests	-	-	-	-	-	-	-	(2,847)	(2,847)
Reversal of share issue expenses	-	39	-	-	-	-	39	-	39
Transfer to statutory reserves	-	-	8,531	-	-	(8,531)	-	-	-
<b>Total contributions by and distributions to owners</b>	-	39	8,531	-	-	(17,142)	(8,572)	(2,847)	(11,419)
<b>Changes in ownership interests in subsidiaries</b>									
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	5,265	5,265
Liquidation of a subsidiary	-	-	(686)	1,722	-	(1,036)	-	-	-
<b>Total changes in ownership interests in subsidiaries</b>	-	-	(686)	1,722	-	(1,036)	-	5,265	5,265
<b>Total transactions with owners of the Company</b>	-	39	7,845	1,722	-	(18,178)	(8,572)	2,418	(6,154)
At 31 December 2015	736,404	9,609	22,680	225	105,365	100,455	974,738	3,359	978,097



	Share capital S\$'000	Share premium S\$'000	Reserve for own shares S\$'000	Statutory reserves S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>The Group</b>								
At 1 January 2014	363,317	-	(3,717)	10,190	(1,563)	58,146	29,507	455,880
<b>Total comprehensive income for the year</b>								
Profit for the year	-	-	-	-	-	-	21,704	21,704
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	24,732	-	24,732
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	1,013	-	1,013
<b>Total comprehensive income for the year</b>	-	-	-	-	-	25,745	21,704	47,449
<b>Transaction with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Issue of ordinary shares	373,087	11,370	-	-	-	-	-	384,457
Share issue expenses	-	(1,800)	-	-	-	-	-	(1,800)
Issue of treasury shares	-	-	3,717	-	66	-	-	3,783
Share based payment transaction	-	-	-	-	-	-	4,705	4,705
Transfer to statutory reserves	-	-	-	4,645	-	-	(4,645)	-
<b>Total contributions by and distributions to owners</b>	373,087	9,570	3,717	4,645	66	-	60	391,145
<b>Total transactions with owners of the Company</b>	373,087	9,570	3,717	4,645	66	-	60	391,145
At 31 December 2014	736,404	9,570	-	14,835	(1,497)	83,891	51,271	894,474

	Share capital S\$'000	Share premium S\$'000	Reserve for own shares S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>The Company</b>						
At 1 January 2015	736,404	9,821	-	245	(15,916)	730,554
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	58,331	58,331
<b>Total comprehensive income for the year</b>	-	-	-	-	58,331	58,331
<b>Transaction with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividends paid to the owners of the Company	-	-	-	-	(8,611)	(8,611)
Waiver of preference share dividends	-	-	-	(6,233)	-	(6,233)
<b>Total contributions by and distributions to owners</b>	-	-	-	(6,233)	(8,611)	(14,844)
<b>Total transactions with owners of the Company</b>	-	-	-	(6,233)	(8,611)	(14,844)
At 31 December 2015	736,404	9,821	-	(5,988)	33,804	774,041
At 1 January 2014	363,317	-	(3,717)	179	(41,581)	318,198
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	20,960	20,960
<b>Total comprehensive income for the year</b>	-	-	-	-	20,960	20,960
<b>Transaction with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Issue of ordinary shares	373,087	11,370	-	-	-	384,457
Share issue expenses	-	(1,549)	-	-	-	(1,549)
Issue of treasury shares	-	-	3,717	66	-	3,783
Share based payment transaction	-	-	-	-	4,705	4,705
<b>Total contributions by and distributions to owners</b>	373,087	9,821	3,717	66	4,705	391,396
<b>Total transactions with owners of the Company</b>	373,087	9,821	3,717	66	4,705	391,396
At 31 December 2014	736,404	9,821	-	245	(15,916)	730,554

**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 2015. As at 31 December 2015 and 31 December 2014, the issued and fully paid up share capital of the Company was US\$589,814,949 comprising 589,814,949 ordinary shares of US\$1 each.

There were also no outstanding convertible instruments and treasury shares as at 31 December 2015 and 31 December 2014.

**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 2015 and 31 December 2014 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 2015.

**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 2014.

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

The Group adopted various new standards, amendments to standards and interpretations that are effective for the financial period beginning on 1 January 2015. The adoption of these IFRSs did not result in any significant impact on the financial statements of the Group.

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	
	2015	2014	2015	2014
Basic and diluted earnings per share (cents)	5.41	3.26	11.42	4.33
a) Profit attributable to equity holders of the Company (S\$'000)	31,914	19,257	67,362	21,704
b) Weighted average number of ordinary shares in issue: - basic and diluted	589,814,949	589,814,949	589,814,949	501,629,770

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 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Net asset value per ordinary share (cents) based on 589,814,949 issued ordinary shares (excluding treasury shares) as at 31 December 2015 and 31 December 2014	165.26	151.65	131.23	123.86

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

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

**Group performance**

**Revenue and cost of sales**

Revenue of the Group mainly comprises revenue arising from the sale of properties, rental income from investment properties, revenue from hotel operations and interest income from the provision of property financing services. The breakdown of our revenue (net of business tax) for the period under review is as follows:

	Fourth quarter ended 31 December		Full year ended 31 December	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Revenue from sale of properties	86,330	77,347	165,429	129,892
Rental income from investment properties	3,516	274	10,494	1,497
Hotel operations	1,069	943	3,590	2,314
Revenue from property financing	9,382	5,897	35,450	19,508
<b>Total</b>	<b>100,297</b>	<b>84,461</b>	<b>214,963</b>	<b>153,211</b>

**4Q 2015 vs 4Q 2014**

Group revenue in 4Q 2015, increased significantly by 18.7% or S\$15.8 million, from S\$84.5 million in 4Q 2014 to S\$100.3 million in 4Q 2015. The increase is mainly due to increase in revenue from sale of properties by S\$9.0 million, from S\$77.3 million in 4Q 2014 to S\$86.3 million in 4Q 2015, increase in rental income from investment properties by S\$3.2 million, from S\$0.3 million in 4Q 2014 to S\$3.5 million in 4Q 2015, and increase in revenue from property financing by S\$3.5 million, from S\$5.9 million in 4Q 2014 to S\$9.4 million in 4Q 2015.

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. Revenue from the sale of properties in 4Q 2015 mainly resulted from the recognition of revenue from the sale of 372 residential units, 20 commercial units and 135 car park lots of Plot B of the Millennium Waterfront project, and 367 residential units of Plot C of the Millennium Waterfront project which were handed over in December 2015 for the first time. Revenue from the sale of 746 residential units of Plot B of the Millennium Waterfront project were recognised in 4Q 2014.

Rental income from investment properties increased exponentially from S\$0.3 million in 4Q 2014 to S\$3.5 million in 4Q 2015 and is mainly due to contributions from Zuiderhof I, an office building acquired in February 2015 and Arena Towers, consisting of two Holiday Inn hotels acquired in June 2015. Both Zuiderhof I and Arena Towers are located in Amsterdam, the Netherlands.

Revenue from property financing increased by 59.1% or S\$3.5 million, from S\$5.9 million in 4Q 2014 to S\$9.4 million in 4Q 2015. This is mainly due to the increase in interest income generated from secured entrusted loans to third parties due to a larger average loan portfolio of S\$222.1 million in 4Q 2015 as compared to S\$134.8 million in 4Q 2014.

Cost of sales mainly comprises land costs, development expenditure, borrowing costs, hotel-related depreciation charge, and other related expenditure. Cost of sales increased by 11.4% or S\$6.2 million, from S\$54.8 million in 4Q 2014 to S\$61.0 million in 4Q 2015. The increase in cost of sales is in line with the increase in revenue from sale of properties and rental income from investment properties in 4Q 2015.

Our gross profit increased by 32.4% or S\$9.6 million, from S\$29.7 million in 4Q 2014 to S\$39.3 million in 4Q 2015. The increase was mainly due to higher gross profit generated from property financing, investment properties and sale of properties of S\$3.5 million, S\$3.2 million and S\$2.9 million respectively.

The Group's gross profit margin has increased from 35.1% for 4Q 2014 to 39.2% for 4Q 2015. This is mainly due to a higher contribution of net rental income from investment properties due to the expansion into the Netherlands in 2015. The property investment segment contributed 8.6% to the Group's gross profit for 4Q 2015 (4Q 2014: 0.5%).

#### **Administrative expenses**

Our 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.

These expenses had decreased by 25.0% or S\$1.0 million, from S\$4.0 million in 4Q 2014 to S\$3.0 million in 4Q 2015 mainly due to decrease in staff cost, of approximately S\$1.8 million arising from the adjustment of provision for bonus in the current quarter.

#### **Selling expenses**

Our selling expenses mainly comprise staff costs of our sales and marketing staff, advertising and promotion expenses, sales commissions paid to external sales agents and other expenses. These expenses decreased by 62.9% or S\$0.9 million, from S\$1.4 million in 4Q 2014 to S\$0.5 million in 4Q 2015 due to over-accrual of selling expenses in the earlier quarter.

#### **Other income/ (expenses)**

In 4Q 2015, the Group recorded S\$2.1 million of other income mainly comprising a S\$1.8 million fair value gain on investment properties and S\$1.6 million fair value gain on cross-currency swap, offset by the cost adjustments relating to M Hotel Chengdu and investment properties of the Chengdu Cityspring project of S\$1.0 million in aggregate and bank charges of S\$0.2 million.

In 4Q 2014, the Group recorded S\$1.3 million of other income mainly comprising a S\$1.6 million reversal of accrual of construction costs of M Hotel Chengdu no longer required, offset by the fair value loss of S\$0.6 million on investment properties.

#### **Other (losses)/ gains**

In 4Q 2015, the Group recorded S\$0.5 million of other losses mainly arising from the disposal of one retail unit in the Chengdu Cityspring project (classified as part of investment properties).

#### **Net finance income**

Net finance income decreased by 23.9% or S\$1.1 million, from S\$4.7 million in 4Q 2014 to S\$3.6 million in 4Q 2015. This is mainly due to increase in finance costs of S\$0.9 million led by the increase in borrowings to finance the acquisitions in the Netherlands.

## **Share of after-tax profit of associates**

On 30 November 2015, the Group completed its acquisition of a 33.0% equity interest in FSMC NL Property Group B.V. ("FSMC") (formerly known as Delta Lloyd Vastgoed Kantoren B.V.). FSMC held the title to 16 office properties throughout the Netherlands ("DL Portfolio"). The Group recognized its 33.0% share of after-tax profit of FSMC amounting to approximately S\$39,000 in 4Q 2015.

## **Income tax expense**

The Group recorded total income tax expense of S\$8.7 million on profit before tax of S\$40.9 million in 4Q 2015, which included land appreciation tax of S\$1.5 million. After adjusting for the tax effect of net non-taxable income of S\$2.1 million, tax effect of land appreciation tax of S\$0.4 million, and tax effect of deferred tax assets not recognised of S\$0.3 million, the effective tax rate of the Group would be approximately 22.9% for 4Q 2015.

## **FY2015 vs FY2014**

Revenue of the Group for the year ended 31 December 2015 ("FY2015"), increased by 40.3% or S\$61.8 million, from S\$153.2 million in the year ended 31 December 2014 ("FY2014") to S\$215.0 million in FY2015. The increase is mainly due to higher revenue from sale of properties of S\$35.5 million from S\$129.9 million in FY2014 to S\$165.4 million in FY2015, increase in rental income from investment properties by S\$9.0 million, from S\$1.5 million in FY2014 to S\$10.5 million in FY2015, and higher revenue from property financing of S\$16.0 million, from S\$19.5 million in FY2014 to S\$35.5 million in FY2015.

The increase in revenue from sale of properties is mainly due to higher revenue recognised on the Millennium Waterfront project of S\$161.3 million in FY2015 compared to S\$76.1 million in FY2014. This is partially offset by lower revenue recognized on the Chengdu Cityspring project of S\$4.1 million on 8 residential units, 3 commercial units and 48 car park lots in FY2015, compared to S\$8.3 million on 53 commercial units and 61 car park lots in FY2014. In addition, the relinquishment of the Chengdu Wenjiang Interest also contributed revenue of S\$45.5 million in FY2014.

Rental income from investment properties increased by 601.0% or S\$9.0 million, from S\$1.5 million in FY2014 to S\$10.5 million in FY2015. The increase is mainly due to rental income contributed by Zuiderhof I and Arena Towers which were acquired in February 2015 and June 2015 respectively.

Revenue from property financing increased by 81.7% or S\$16.0 million, from S\$19.5 million in FY2014 to S\$35.5 million in FY2015. This is in the form of higher interest income from secured entrusted loans to third parties mainly due to a larger average entrusted loan portfolio of S\$207.8 million for FY2015 as compared to S\$113.9 million for FY2014.

Revenue from hotel operations increased by 55.1% or S\$1.3 million, from S\$2.3 million in FY2014 to S\$3.6 million in FY2015. The increase is mainly due to improved performance of M Hotel Chengdu as it enters into its third year of operations with full hotel facilities.

Cost of sales increased by 27.2% or S\$26.1 million, from S\$96.1 million in FY2014 to S\$122.2 million in FY2015. The increase in cost of sales is in line with the increase in revenue from sale of properties, rental income from investment properties and hotel operations in FY2015.

Our gross profit increased by 62.4% or S\$35.6 million, from S\$57.1 million in FY2014 to S\$92.7 million in FY2015. The increase is due to the higher gross profit generated from property financing, sale of properties, rental income from investment properties and hotel operations of S\$15.9 million, S\$10.3 million, S\$8.7 million and S\$0.7 million respectively.

The Group's gross profit margin increased from 37.3% for FY2014 to 43.1% for FY2015. This is mainly due to the higher contribution of net rental income from the investment properties in the Netherlands. This property investment segment constituted 10.8% of the Group's gross profit for FY2015 (FY2014: 2.3%).

### **Administrative expenses**

Administrative expenses declined by 7.6% or S\$1.4 million, from S\$17.8 million in FY2014 to S\$16.4 million in FY2015, mainly attributable to a non-cash share-based charge of S\$4.7 million in connection with the Company's issuance of 25,850,000 ordinary shares to certain management staff and employees of the Group at par value in March 2014 (prior to the IPO of the Company). This is partially offset by higher staff costs of approximately S\$3.1 million in FY2015 compared to FY2014 due to the Company's acquisition of First Sponsor Management Pte. Ltd. (which employs the Group's employees based in Singapore) in July 2014, and increase in headcount for the property development operations in Chengdu and Dongguan and M Hotel Chengdu.

### **Selling expenses**

Selling expenses increased by 32.4% or S\$1.6 million, from S\$4.9 million in FY2014 to S\$6.5 million in FY2015. This is in line with the increase in sales activities of the Group including higher sales commissions paid based on the higher sales collections achieved for the year.

### **Other income/ (expenses)**

In FY2015, the Group recorded other income of S\$4.1 million which mainly comprised net investment return from a PRC government linked entity of S\$5.6 million, net foreign exchange gain of S\$2.9 million and S\$1.8 million fair value gain on investment properties. This is partially offset by fair value loss on a cross-currency swap of S\$3.3 million, cost adjustments relating to M Hotel Chengdu and investment properties of S\$2.6 million.

In FY2014, we recorded other expenses of S\$7.8 million which mainly comprised IPO expenses of S\$3.5 million, service fees charged by a controlling shareholder of S\$5.7 million prior to the IPO and fair value loss on investment properties of S\$0.6 million. This was offset by the S\$2.8 million reversal of accrual of construction costs of M Hotel Chengdu no longer required.

### **Net finance income**

Net finance income increased by 32.7% or S\$4.2 million, from S\$13.0 million in FY2014 to S\$17.2 million in FY2015. This is mainly due to additional finance income arising from loans to the Chengdu Wenjiang government and FSMC of S\$7.5 million and S\$0.8 million, respectively which was partially offset by the lower interest income earned from bank deposits as well as increase in finance costs of S\$2.5 million due to increase in borrowings to finance the acquisitions in the Netherlands in FY2015.

### **Income tax expense**

The Group recorded total income tax expense of S\$22.7 million on profit before tax of S\$91.0 million in FY2015, which included land appreciation tax of S\$1.9 million. After adjusting for the tax effect of non-deductible expenses of S\$2.2 million, tax effect of non-taxable income of S\$3.3 million, tax effect of land appreciation tax of S\$0.5 million, tax effect of deferred tax assets not recognised of S\$0.9 million as well as reversal of overprovision in respect of prior years of S\$0.6 million in FY2015, the effective tax rate of the Group would be approximately 24.1% for FY2015.



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

**Non-current assets**

Property, plant and equipment increased by S\$34.6 million, from S\$116.5 million as at 31 December 2014 to S\$151.1 million as at 31 December 2015. The increase is mainly due to additions to construction in progress for the Millennium Waterfront Chengdu Hotel amounting to \$34.8 million partially offset by depreciation charge on the Group's property, plant and equipment.

Investment properties more than tripled, from S\$81.0 million as at 31 December 2014 to S\$245.6 million as 31 December 2015. The significant increase is mainly due to the investment properties acquired in the Netherlands which constituted S\$165.6 million of the balance as at 31 December 2015.

On 30 November 2015, the Group completed its acquisition of FSMC. Subsequent to this in December 2015, FSMC incorporated seven wholly-owned subsidiaries (the "SPVs"), and disposed 15 properties in the portfolio to the SPVs. FSMC also carried out a capital reduction exercise and returned S\$88.1 million (EUR57.7 million) cash to the Group. The Group's net carrying amount in FSMC Group amounted to S\$14.4 million at 31 December 2015, and is classified as investment in associates.

Other receivables increased by S\$191.6 million, from S\$118.7 million as at 31 December 2014 to S\$310.3 million as at 31 December 2015. The increase is mainly due to the disbursements of unsecured loans amounting to an aggregate amount of S\$181.5 million (EUR117.2 million) to the SPVs for their acquisition of the 15 properties from FSMC. The loans comprise S\$85.3 million (EUR55.1 million) which bears interest at 8.36% per annum and is due in December 2017 and S\$96.2 million (EUR62.1 million) which bears interest at 7.38% per annum and is due in June 2023.

**Current assets**

Development properties increased by S\$100.7 million, from S\$559.5 million as at 31 December 2014 to S\$660.2 million as at 31 December 2015, mainly due to increase in development costs for ongoing PRC development projects, namely the Millennium Waterfront project in Chengdu and the Star of East River project in Dongguan. This is partially offset by profit recognition on the sales of the Millennium Waterfront project and Chengdu Cityspring project.

**Current liabilities**

Trade and other payables increased by S\$47.1 million, from S\$80.7 million as at 31 December 2014 to S\$127.8 million as at 31 December 2015, mainly due to increase in trade payables especially for the Millennium Waterfront project of approximately S\$36.7 million.

**Loans and borrowings**

The Group's gross borrowings increased by S\$396.3 million, from S\$84.6 million as at 31 December 2014 to S\$480.9 million as at 31 December 2015. This is largely due to the financing of the development of the Millennium Waterfront project, the Star of East River project, and the acquisition of the investment properties in the Netherlands entirely via debt, including an issuance of S\$50.0 million Series 1 medium term notes (for three years at a fixed coupon of 4.0% per annum) on 4 June 2015 under the S\$1.0 billion Multicurrency Debt Issuance Programme established in May 2015. This S\$ debt was swapped into EUR debt at a lower fixed coupon of 2.28% per annum. The Group maintained a healthy net gearing ratio of 0.38 at 31 December 2015.

## **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.

With the Group's entry to the property market in the Netherlands, whilst the Group tries to fully hedge its currency exposure by financing all its Dutch acquisitions with euro-denominated borrowings and non-euro-denominated borrowings swapped to EUR, the Group's earnings is still exposed to the volatility of the EUR against S\$ to the extent that these are unhedged.

As at 31 December 2015, the Group recorded a cumulative translation gain of S\$105.4 million as part of the reserves in its shareholders' equity, even though there was a translation loss of S\$27.7 million recorded in 4Q 2015. 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 favorable exchange rate movements between the RMB and S\$ so far despite the recent volatility of the RMB against USD.

We do not currently have a formal hedging policy with respect to our foreign exchange exposure and have not used any financial hedging instruments to actively manage our foreign exchange risk. We will continue to monitor our foreign exchange exposure and may employ hedging instruments to manage our foreign exchange exposure should the need arise. The cost of such hedging instruments may fluctuate significantly over time and can outweigh the potential benefit from the reduced exposure to currency volatility. 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 2015**

Net cash used in operating activities of S\$8.1 million in 4Q 2015 was mainly due to the payment of income tax of S\$12.2 million and the payment of construction costs for the Millennium Waterfront project. This was partially offset by interest received on the entrusted loans to third parties of S\$9.3 million (primarily from the property financing business).

Net cash used in investing activities of S\$196.6 million in 4Q 2015 included the disbursement of unsecured loans of S\$179.1 million to the SPVs and purchase consideration of FSMC of approximately S\$14.9 million (net of capital reduction proceeds) as well as additions of property, plant and equipment of S\$15.4 million mainly relating to the Millennium Waterfront Chengdu Hotel. This is partially offset by proceeds received from the disposal of a retail unit in the Chengdu Cityspring project of S\$4.9 million, interest received of S\$5.2 million (primarily in respect of the loans to Chengdu Wenjiang government) and repayment of loan principal of S\$2.7 million by the Chengdu Wenjiang government and a PRC government linked entity.

Net cash generated from financing activities amounted to S\$191.0 million in 4Q 2015 and was mainly due to net draw down of bank borrowings of S\$202.7 million, partially offset by the payment of the related interest expenses of S\$2.9 million, and payment of dividends to the owners and non-controlling interests of the Company amounting to S\$4.1 million and S\$2.8 million respectively. The significant borrowings drawn in 4Q 2015 was to finance the Group's investment in FSMC.

## **FY2015**

Net cash used in operating activities amounting to S\$62.3 million in FY2015 was mainly due to the payment of income tax of S\$24.0 million and payment of construction costs for the Millennium Waterfront project and Star of East River project. This was partially offset by the receipts in advance attributable to the Millennium Waterfront project and interest received on the entrusted loans to third parties of S\$34.5 million (primarily from the property financing business).

Net cash used in investing activities amounted to S\$333.8 million in FY2015 and consists of investment in FSMC amounting to S\$194.0 million in aggregate, comprising disbursement of unsecured loans of S\$179.1 million to the SPVs and purchase consideration of FSMC of approximately S\$14.9 million. The Group also spent S\$74.0 million (net of cash acquired from the acquisition of S\$1.9 million) and S\$84.0 million for the acquisition of Zuiderhof I and Arena Towers in Amsterdam respectively, as well as additions of property, plant and equipment amounted to S\$33.7 million for FY2015. The above mentioned cash outflows were partially offset by interest received of S\$25.0 million (primarily in respect of the loans to Chengdu Wenjiang government), repayment of Chengdu Wenjiang government loan principal of S\$17.2 million, partial repayment of loan principal of S\$1.1 million by a PRC government linked entity, investment return received from a PRC government linked entity of S\$3.6 million and net sale proceeds of S\$4.9 million from the disposal of a retail unit in the Chengdu Cityspring project.

Net cash generated from financing activities amounted to S\$373.3 million in FY2015 and was mainly due to the net draw down of bank borrowings of S\$342.6 million and proceeds from the issue of S\$ denominated medium term notes of S\$50.0 million, partially offset by the payment of the related interest expenses of S\$4.8 million and payment of dividends to the owners and non-controlling interests of the Company amounting to S\$8.6 million and S\$2.8 million respectively.

**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**

#### **People's Republic of China**

The PRC's GDP for 2015 is 6.9%<sup>1</sup>, the lowest growth rate in the past 25 years. IMF has predicted an even lower growth of 6.3%<sup>2</sup> and 6.0% for 2016 and 2017 respectively, reflecting the generally negative outlook on the PRC economy. January 2016 also saw plummeting stock prices in both of the PRC's stock exchanges, resulting in the suspension of stock trading. In addition, plunging commodity and oil prices further aggravated uncertainty in the global and PRC equity markets.

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<sup>1</sup> National Bureau of Statistics of China – Preliminary Accounting Results of GDP for the Fourth Quarter and the Whole Year of 2015 published on 21 January 2016

<sup>2</sup> International Monetary Fund - World Economic Outlook Update published on 19 January 2016

Despite the negative outlook on the PRC's economy, residential sales prices increased for 39 cities (among 70 medium and large-sized cities) including Chengdu and Shenzhen<sup>3</sup> for the month of December 2015 compared with the previous month. For Shenzhen in particular, residential sales prices have increased by over 40% year-on-year. This augurs well for our Star of East River ("SoER") project given Dongguan's close proximity to Shenzhen.

Furthermore, on 2 February 2016, the People's Bank of China ("PBOC") has announced that banks will be allowed to cut mortgage down-payment requirement from 25% to 20% for first home purchases, and from 40% to 30% for second home purchases in cities without purchase restrictions. This is the third mortgage down-payment cut within the past 12 months.

### The Netherlands

Real estate transaction activities in the Netherlands show signs of being healthy with Savills World Research<sup>4</sup> reporting a higher investment volume in 2015 and seeing a positive outlook for the Dutch property market for 2016. The positive sentiment is brought about by the past quarter-on-quarter growth in the Dutch economy and positive consumer confidence<sup>5</sup>. Other indirect bolsters to the real estate industry are predictions of an increase in disposable income and employment rate in 2016<sup>6</sup>. Low interest rate environment is likely to continue for the Eurozone.

### Company Outlook

#### Property Development

The Group commenced first time handover of two residential blocks in Plot C of the Millennium Waterfront Project, Chengdu in December 2015, and expects to progressively handover the remaining Plot C residential blocks during the course of FY2016. The Group has also proceeded to re-design the development in Plot D of the project to achieve a larger number of smaller size units to better cater for the current residential market demand.

For the Star of East River Project in Dongguan, the Group has won the public land tender for East River Plot Two (constituting approximately 25% of the total site area) in December 2015. The Group expects to commence construction of phase 1 of the project in the course of FY2016. The Dongguan residential market is currently fairly strong with an inventory turnover of approximately 5 months.

In the Netherlands, the Group, through a wholly owned subsidiary of its newly acquired 33%-owned associated company, FSMC NL Property Group B.V. ("FSMC"), has teamed up with a Dutch property developer with a plan to redevelop the Boompjes office property in Rotterdam into two residential towers consisting of 360 modern apartments, supported by commercial and retail services. This marks the Group's maiden entry into the Dutch property development market. FSMC will also study the redevelopment feasibility of certain properties in its office portfolio.

#### Property Holding

The Group has successfully diversified into the Netherlands during the course of FY2015 by building a portfolio of core commercial properties that deliver steady recurrent income. As at 31 December 2015, our Dutch investments constitute approximately 20% of our total asset base.

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<sup>3</sup> National Bureau of Statistics of China – Sales Prices of Residential Buildings in 70 Medium and Large-sized Cities in December 2015 published on 18 January 2016

<sup>4</sup> Savills World Research article on Netherlands Market in Minutes published in December 2015

<sup>5</sup> Statistics Netherlands (CBS) on Consumer confidence, economic climate and willingness to buy published on 18 December 2015

<sup>6</sup> Centraal Planbureau (CPB) of the Netherlands: Short-term forecasts December 2015

The Group has, through a wholly owned subsidiary of FSMC, on 14 January 2016 contracted to sell the bulk of the Dutch non-core trading properties acquired as part of the DL Portfolio on 30 November 2015 at approximately 41% premium to cost. The sale is expected to be completed in 1Q2016.

For FY2016, the Group and its associated companies will be working on extending the leases of certain existing tenants and increasing the occupancy of its investment properties.

### Property Financing

The property financing loan portfolio stands at RMB980.0 million (S\$213.2 million) as at 31 December 2015. This business has continued to grow and contributed S\$41.4 million or 45.5% to the Group's S\$91.0 million profit before tax for FY2015. The Group has encountered problematic loans in December 2015 and January 2016, its first experience since the inception of the business four years ago.

The first case relates to a loan principal of RMB170.0 million (S\$37.0 million) for which one month's interest of RMB2.6 million (S\$0.6 million) was not received when due on 21 December 2015. It is understood that the legal representative of the borrower was arrested by the public security bureau and is assisting in the investigation of certain alleged criminal business activities conducted by a subsidiary of the borrower. The Group has henceforth promptly exercised its rights under the loan agreement and called for an event of default and accelerated the principal loan repayment date. On 22 December 2015, the Group filed a lawsuit with the Shanghai No. 1 Intermediate People's Court against the borrower, the mortgagor and the guarantors, claiming for the repayment of the entrusted loan principal of RMB170.0 million, the interest due of RMB2.6 million and related liquidated damages (including 27% interest penalty computed on the outstanding payable of RMB172.6 million from 22 December 2015 until the final settlement date, and all related costs and expenses for the enforcement of the creditor's rights). On the same date, the Group also applied for a court preservation order to freeze the assets of the borrower, the mortgagor and the guarantors, including an unencumbered Shanghai residential apartment owned by the legal representative of the borrower who is also the personal guarantor for the loan. The Group has a first legal mortgage on two floors of prime Shanghai offices owned by the mortgagor and corporate guarantor. The loan-to-value ("LTV") ratio of this entrusted loan is approximately 51% based on the valuation of the mortgaged property in December 2015. If the caveat of the residential apartment owned by the personal guarantor is included, the LTV will be lower than 50%. A court hearing is scheduled on 13 April 2016.

The second case relates to 8 related loans disbursed to 6 different borrowing entities totalling RMB470.0 million (S\$102.2 million). One month's interest amounting to RMB6.9 million (S\$1.5 million) was not received when due on 21 January 2016. There are various common corporate and personal guarantors for these loans which are also secured via a first legal mortgage on prime office properties in Beijing, Shanghai, Guangzhou and Chengdu, as well as luxury residential apartments in Chengdu. The LTV of the entire loan portfolio of RMB470.0 million is approximately 54% based on the valuation of the mortgaged properties in December 2015. The Group is in discussion with the borrowers and thereafter will consider the next appropriate course of action, including the possibility of taking legal recovery actions.

These problematic loans will put to test our property financing business strategy of collecting loan principal and interest as our first course of action, and dealing with or repossessing the property loan collaterals as our next course of action. The loans have low LTVs, and the Group holds the first legal mortgage to the properties pledged as loan collaterals, in addition to the various corporate and personal guarantees. External legal advice has been sought which support the enforceability of the Group's claims from the borrowers. Based on the aforementioned, the Group is confident that it will be able to recover its outstanding loan principal and accrued interest. Hence, no provision for the outstanding balances amounting to RMB645.1 million (S\$140.3 million) relating to the abovementioned loans at 31 December 2015 is deemed necessary in the FY2015 financial statements.

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

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

Yes.

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

Name of Dividend	Interim Tax-exempt (One-tier) Ordinary Dividend
Date of Payment	13 October 2015
Dividend Type	Cash
Dividend Amount	0.7 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 2015 of 1.0 Singapore cent 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	1.0 Singapore cent 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	Final Tax-exempt (One-tier) Ordinary Dividend
Date of Payment	26 May 2015
Dividend Type	Cash
Dividend Amount	0.76 Singapore cent per ordinary share

**(c) Date payable**

26 May 2016.

**(d) Books closure date**

5pm on 9 May 2016.

**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	Unallocated \$'000	Total \$'000
<b>2015</b>						
Segment revenue	169,619	10,497	35,450	3,618	5,881	225,065
Elimination of inter-segment revenue	(4,190)	(3)	-	(28)	(5,881)	(10,102)
External revenue	<u>165,429</u>	<u>10,494</u>	<u>35,450</u>	<u>3,590</u>	<u>-</u>	<u>214,963</u>
Profit/(loss) from operating activities	39,807	8,664	34,377	(2,454)	(6,667)	73,727
Finance income	13,830	756	7,064	3	188	21,841
Finance costs	(184)	(2,857)	-	-	(1,595)	(4,636)
Net finance income/(costs)	<u>13,646</u>	<u>(2,101)</u>	<u>7,064</u>	<u>3</u>	<u>(1,407)</u>	<u>17,205</u>
Share of after-tax profit of associates	-	39	-	-	-	39
Segment profit/(loss) before income tax	<u>53,453</u>	<u>6,602</u>	<u>41,441</u>	<u>(2,451)</u>	<u>(8,074)</u>	<u>90,971</u>
				<N1>		
<b>2014</b>						
Segment revenue	138,270	1,497	19,508	2,343	13,376	174,994
Elimination of inter-segment revenue	(8,378)	-	-	(29)	(13,376)	(21,783)
External revenue	<u>129,892</u>	<u>1,497</u>	<u>19,508</u>	<u>2,314</u>	<u>-</u>	<u>153,211</u>
Profit/(loss) from operating activities	27,406	383	18,476	797	(19,511)	27,551
Finance income	11,538	-	3,488	-	47	15,073
Finance costs	(203)	-	-	-	(1,901)	(2,104)
Net finance income	<u>11,335</u>	<u>-</u>	<u>3,488</u>	<u>-</u>	<u>1,854</u>	<u>12,969</u>
Segment profit/(loss) before income tax	<u>38,741</u>	<u>383</u>	<u>21,964</u>	<u>797</u>	<u>(21,365)</u>	<u>40,520</u>
				<N1>	<N2>	

<N1> The hotel segment includes a depreciation charge of S\$1.2 million for FY2015 (FY2014: S\$1.0 million) and cost adjustments of S\$1.0 million. The FY2014 figures include a reversal of accruals of construction costs for M Hotel Chengdu of S\$2.8 million no longer required.

<N2> This includes IPO expenses of S\$3.5 million, non-cash share-based charge of S\$4.7 million and service fee charged by a controlling shareholder of S\$5.7 million prior to our IPO.

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 Investment**

Rental income from investment properties increased by six fold or S\$9.0 million, from S\$1.5 million in FY2014 to S\$10.5 million in FY2015. Pre-tax profits from this segment increased significantly by S\$6.3 million from S\$0.3 million in FY2014 to S\$6.6 million in FY2015.

The above mentioned material change in the contribution by the property investment segment is mainly due to the Group's expansion into the Netherlands in FY2015.

16. **A breakdown of revenue as follows:—**

<b>Group</b>	<b>FY2015</b>	<b>FY2014</b>	<b>% increase / (decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	
(a) Revenue reported for first half year	42,628	14,028	203.9
(b) Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	18,854	(12,422)	n.m.
(c) Revenue reported for second half year	172,335	139,183	23.8
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	49,466	34,126	45.0

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:—**

	<b>FY2015 (S\$'000)</b>	<b>FY2014 (S\$'000)</b>
Interim	4,128	-
Final	5,899	4,483
Total	10,027	4,483

The final tax-exempt (one-tier) ordinary dividend for the year ended 31 December 2015 of 1.0 Singapore cent 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 FY2015 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.

**BY ORDER OF THE BOARD  
Neo Teck Pheng  
Group Chief Executive Officer  
3 February 2016**