



珍惜土地 用心铸造

# First Sponsor Group Limited

**Investor Presentation**

**24 October 2014**

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

# Disclaimer

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This document may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, customers and partners, expected levels of occupancy rate, property rental income, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

We had on 10 July 2014 issued a prospectus which was lodged for registration by the Monetary Authority of Singapore (the “Prospectus”). The results contained in this document should be reviewed in conjunction with the Prospectus.

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**Section 1**

**Key Message**

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# Key Message

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- 1. Significant turnaround from 1H 2014 pre-tax loss of S\$8.5m to profit before tax of S\$10.3m for YTD September 2014 mainly due to profit recognized from the relinquishment of Chengdu Wenjiang Factory Land and Chengdu Wenjiang Factory.**
- 2. Strong growth in the property financing business, with YTD September 2014 property financing revenue increasing substantially by 123% or S\$7.5m from YTD September 2013 (3Q 2014 vs 3Q2013: 82% or S\$2.5m). Management continues to seek opportunities to grow the property financing loan portfolio.**
- 3. Strong balance sheet backed by net cash of S\$98m and committed unutilised credit facilities of S\$222m as at 30 September 2014. This provides us with the flexibility to act promptly on any attractive expansion opportunities including outside of the PRC by leveraging on the extensive business networks of its controlling shareholders.**
- 4. Achieved credible property development sales performance in the Millennium Waterfront project despite the challenging backdrop with 298 residential units sold in 3Q 2014.**

## Key Message

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5. **Barring any unforeseen circumstances, we expect to commence revenue recognition of the Millennium Waterfront project from December 2014 onwards in various phases. The value of the 2,533 residential units cumulatively sold\* as at 30 September 2014 amounts to RMB1,313m, of which 85.5% has been collected.**
6. **Site preparation works are in progress for the Star of East River Project, with expected sales launch in 1H 2016.**

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## Section 2

## Financial Highlights

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# Statement of Profit or Loss - Highlights

Statement of Profit or Loss - Highlights						
In S\$'000	3Q 2014	3Q 2013	Change %	YTD Sep 2014	YTD Sep 2013	Change %
<b>Revenue</b>	54,722	87,757	(37.6)	68,750	149,142	(53.9)
<b>Gross Profit</b>	18,200	32,674	(44.3)	27,437	43,739	(37.3)
<b>PBT</b>	18,746	27,792	(32.5)	10,295	50,269	(79.5)
<b>PAT</b>	14,869	18,838	(21.1)	2,447	38,543	(93.7)
<b>Basic EPS (cents)</b>	2.56	6.52	(60.7)	0.52	13.37	(96.1)
<b>Adjusted PBT <sup>(1)</sup></b>	18,746	27,792	(32.5)	18,500	29,186	(36.6)
<b>Adjusted PAT <sup>(1)</sup></b>	14,869	18,838	(21.1)	10,652	17,460	(39.0)

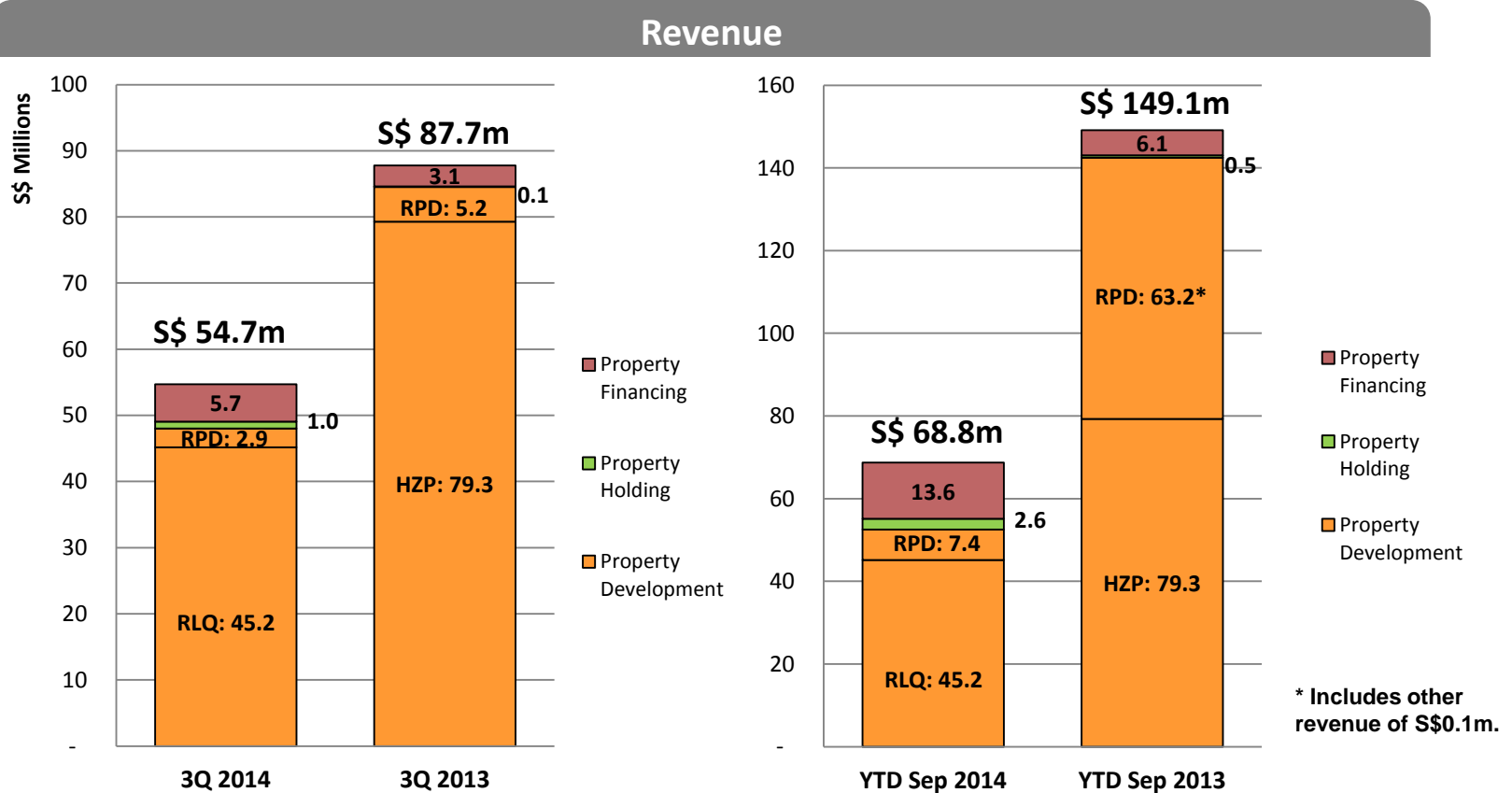
(1) Adjusted PBT and PAT

- Adjusted PBT and PAT for YTD Sep 2014 exclude IPO expenses of S\$3.5m and share-based charge of S\$4.7m.
- Adjusted PBT and PAT for YTD Sep 2013 exclude impairment loss reversal of S\$21.1m.

Note: The accounting for the share-based charge does not have an impact on the total equity of the Group.



# Statement of Profit or Loss – Revenue



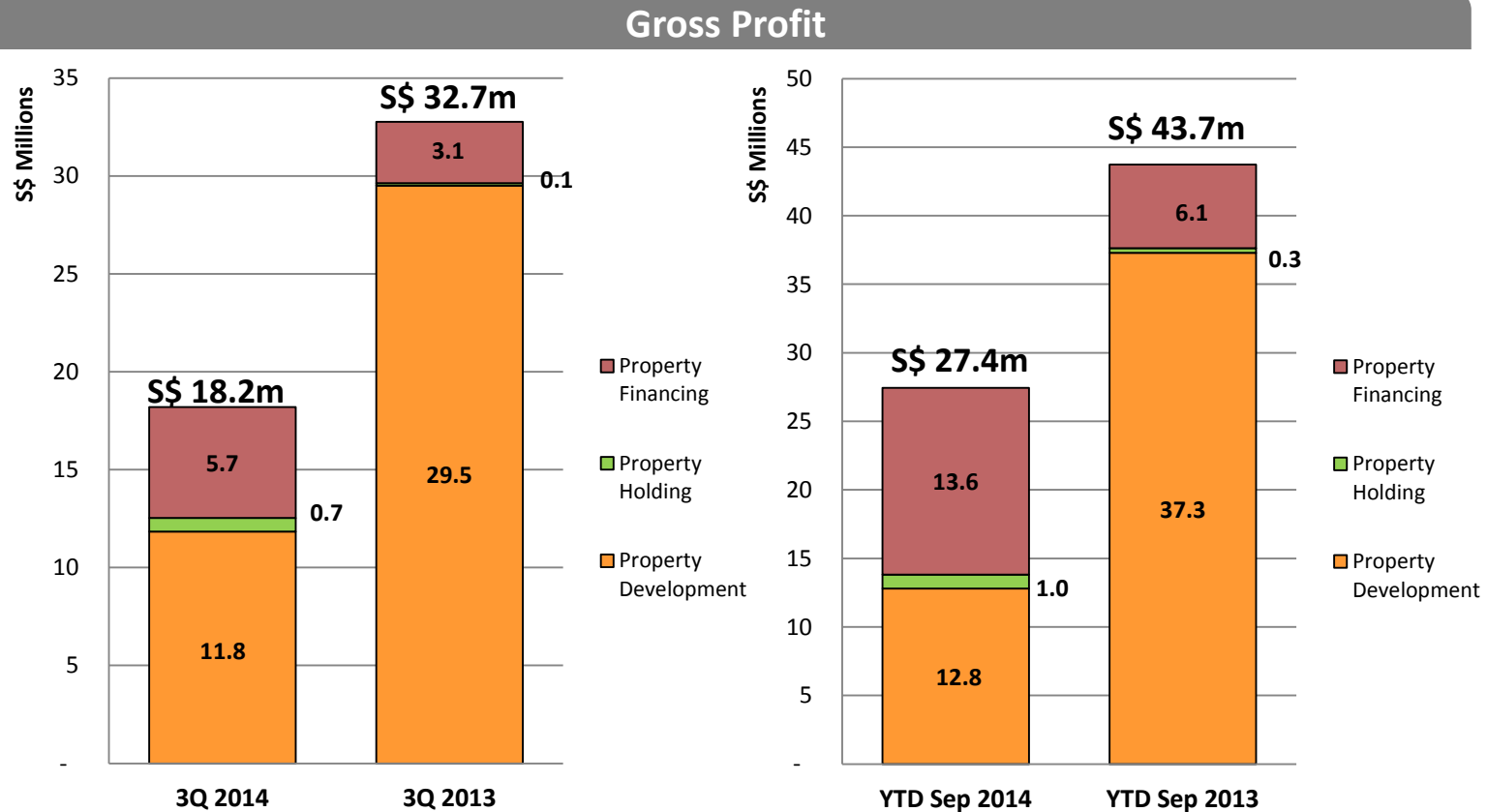
## Property development

- No project handover occurred in 3Q 2014 and 3Q 2013.
- Revenue from the relinquishment of Chengdu Wenjiang Factory Land and Chengdu Wenjiang Factory (“RLQ”) of S\$45.2m was recognised in 3Q 2014.
- In Q3 2013, the sale of Humen Zhenbiao Project (“HZP”) contributed S\$79.3m to the Group’s revenue.
- The remaining PD revenue (“RPD”) comprise mainly revenue from Chengdu Cityspring development properties.

## Property Financing

- 3Q 2014 recorded higher property financing revenue due to a larger loan portfolio.

# Statement of Profit or Loss – Gross Profit



## Property development

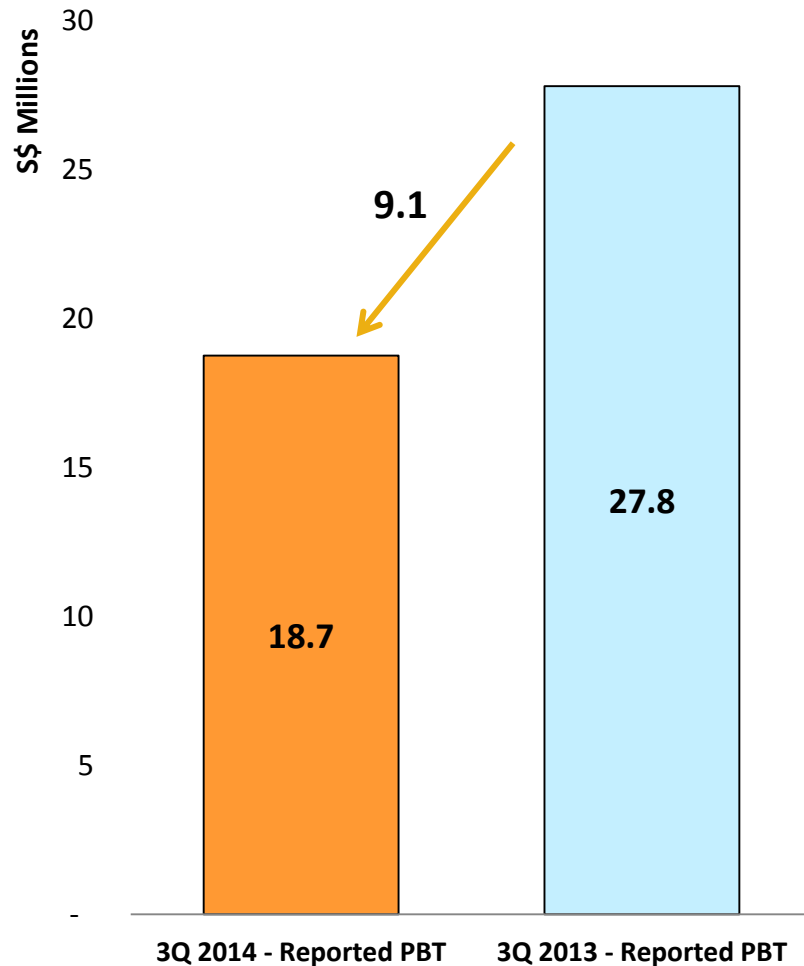
- The relinquishment of Chengdu Wenjiang Factory Land and Chengdu Wenjiang Factory contributed S\$12.2m to the Group's gross profit in 3Q 2014.
- The disposal of Humen Zhenbiao Project in 3Q 2013 contributed S\$28.8m to the Group's gross profit in 3Q 2013.

## Property financing

- Higher gross profit from property financing business recorded in 3Q 2014 due to larger loan portfolio. The gross profit in YTD Sep 2014 has more than doubled that achieved in YTD Sep 2013.

# Statement of Profit or Loss – Profit before Tax (3Q 2014 vs 3Q 2013)

## 3Q 2014 and 3Q 2013 – Profit before Tax



1. Profit before tax decreased by S\$9.1m or 32.5% from 3Q 2013 to S\$18.7m in 3Q 2014.

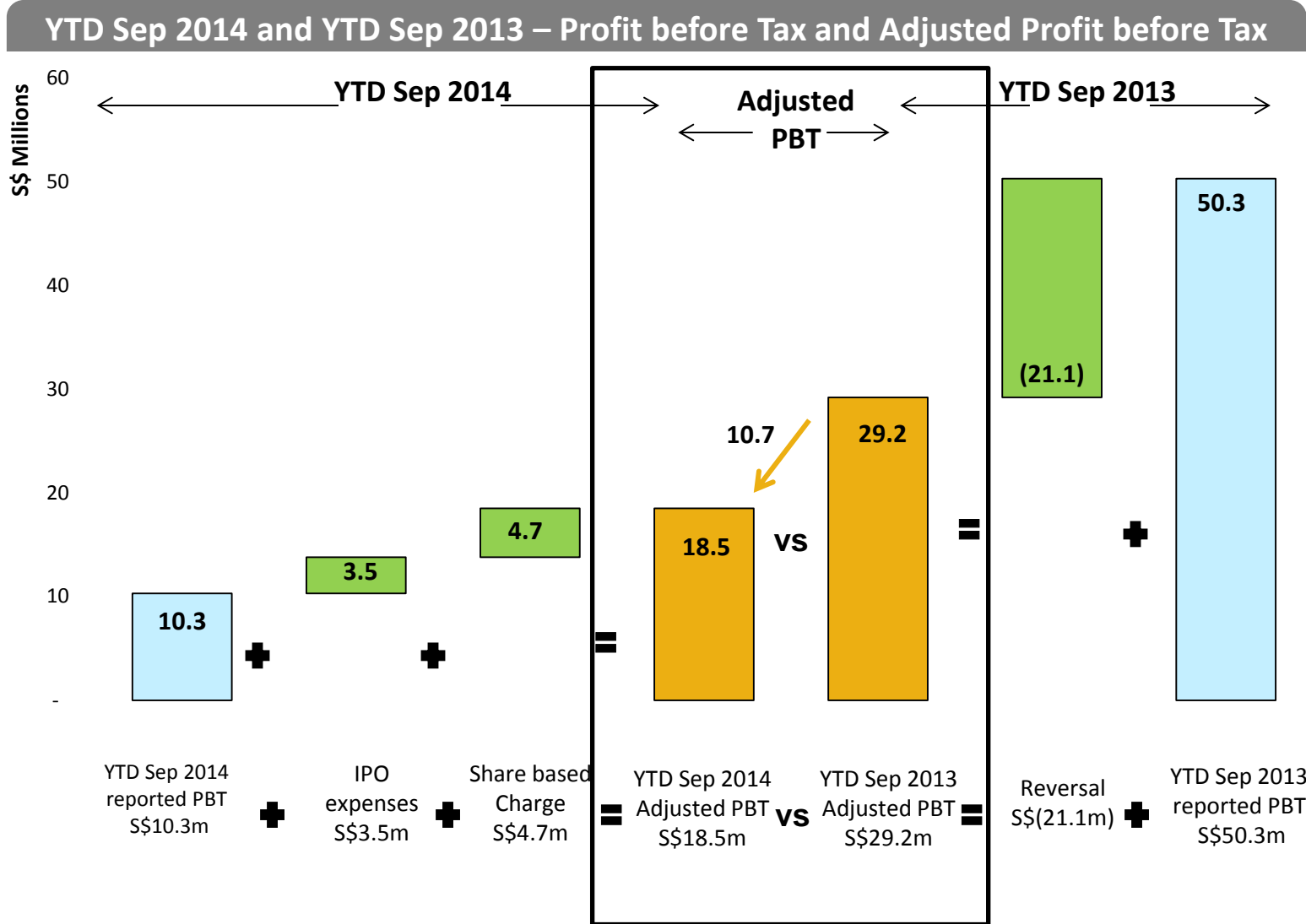
2. This is mainly due to

- Higher profit contribution from the disposal of Humen Zhenbiao Project in 3Q 2013

Partially offset by

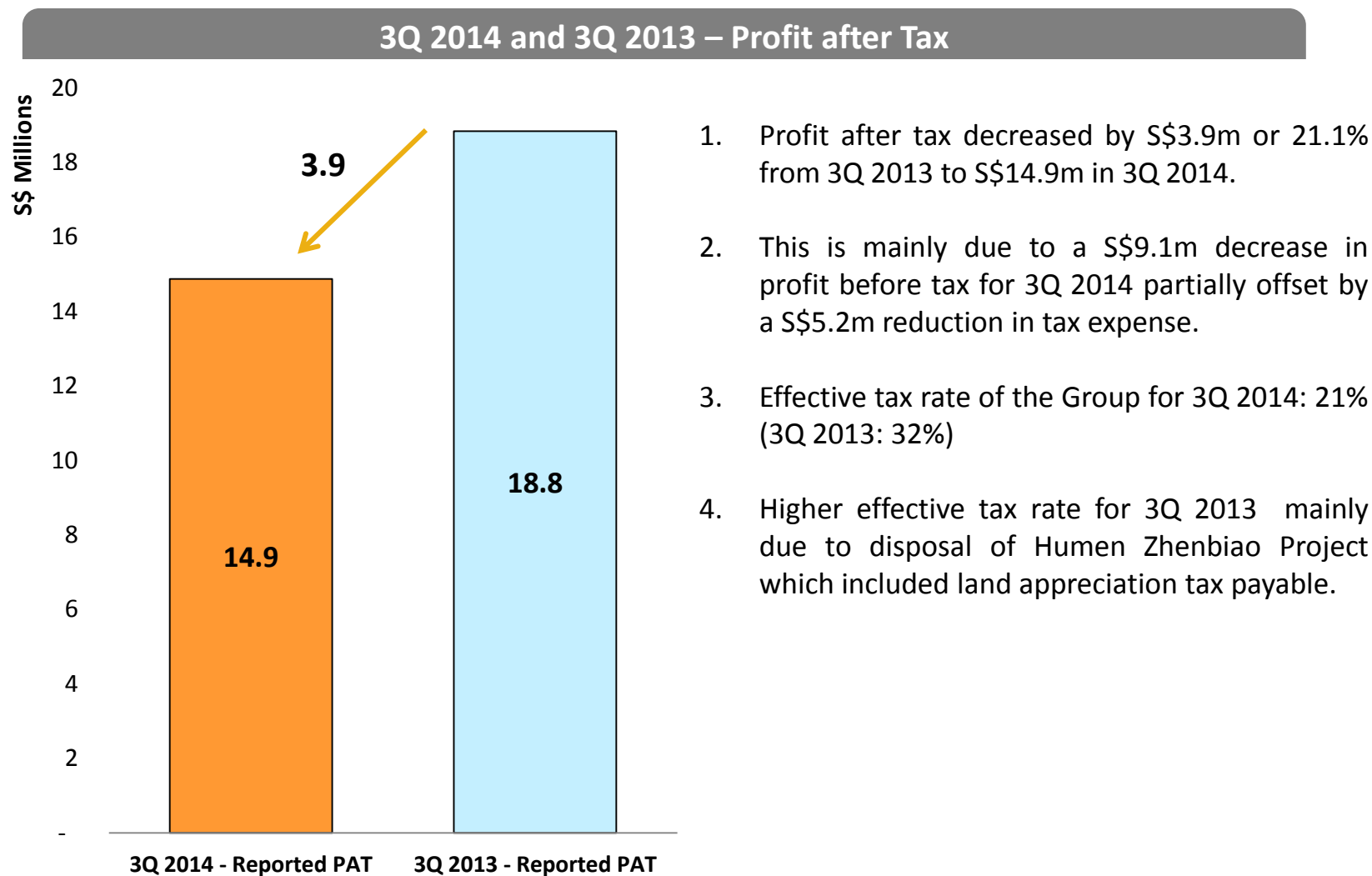
- Profit contribution from the relinquishment of Chengdu Wenjiang Factory Land and Chengdu Wenjiang Factory in 3Q 2014.
- Higher profit contribution from the property financing business in 3Q 2014.
- Higher net finance income due mainly to interest income from loans to the Wenjiang Government.

# Statement of Profit or Loss – Profit before Tax (YTD Sep 2014 vs YTD Sep 2013)

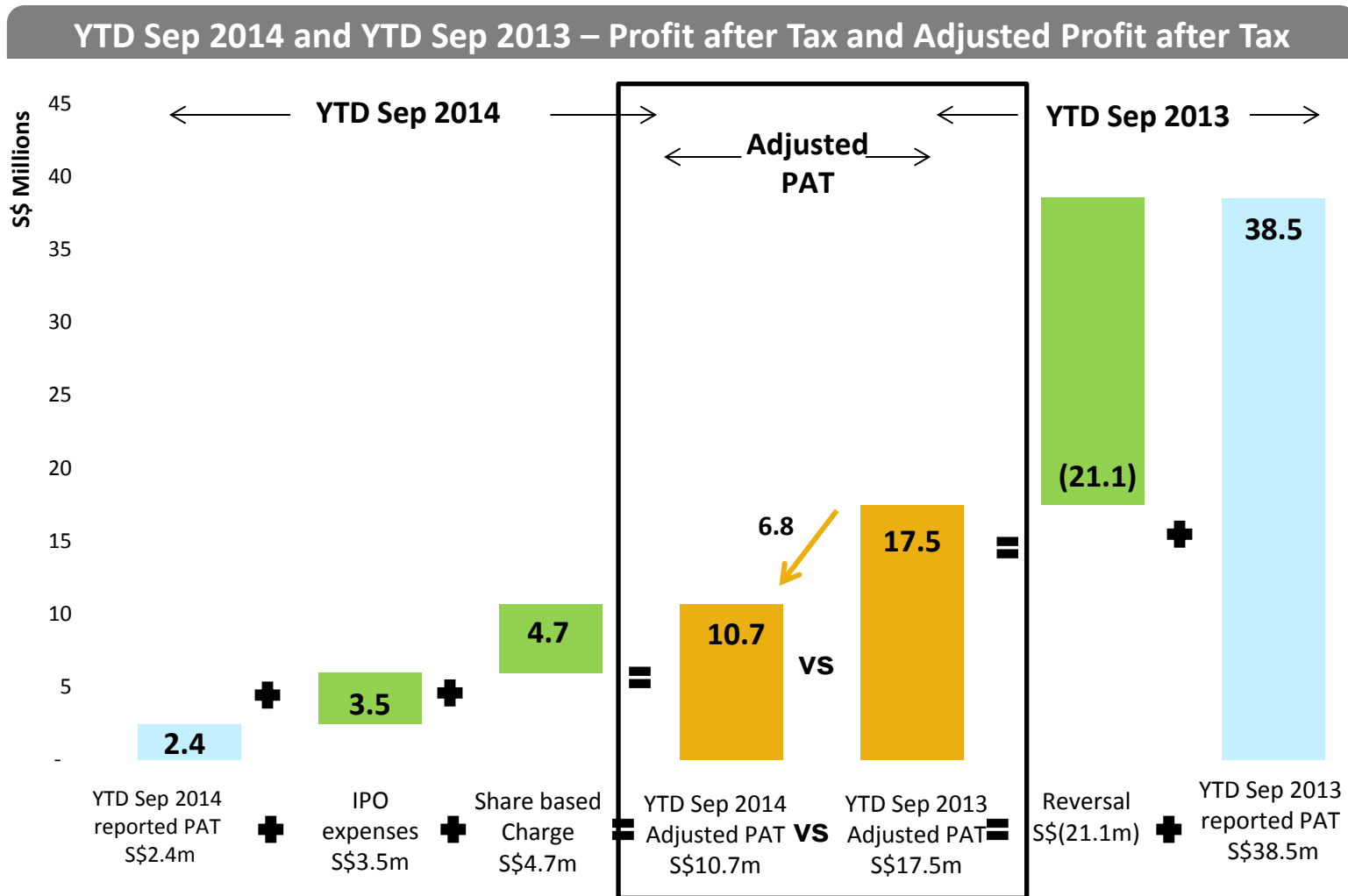


The decline in adjusted profit before tax for the YTD period mainly arises from Q3 movements (see preceding slide).

# Statement of Profit or Loss – Profit after Tax (3Q 2014 vs 3Q 2013)



# Statement of Profit or Loss – Profit after Tax (YTD Sep 2014 vs YTD Sep 2013)



- Adjusted profit after tax decreased by S\$6.8m or 36.6% from YTD Sep 2013 to S\$10.7m in YTD Sep 2014, mainly due to a S\$10.7m decrease in adjusted profit before tax for YTD Sep 2014 partially offset by a S\$3.9m decrease in tax expenses.
- Effective tax rate (based on adjusted PBT) of the Group for YTD Sep 2014 : 42.4% (YTD Sep 2013 : 40.2%)
- High effective tax rate for YTD Sep 2014 mainly due to adjustment in respect of prior year and the tax effect of non-deductible expenses.
- High effective tax rate for YTD Sep 2013 mainly due to land appreciation tax in conjunction with the recognition of property development revenue for Chengdu Cityspring Project and disposal of Humen Zhenbiao Project, and the tax effect of non-deductible expenses.

# Statement of Financial Position - Highlights

Statement of Financial Position - Highlights			
In S\$'000	30 Sep 2014	30 Jun 2014	Change %
<b>Total cash</b>	179,125	261,559	(31.5)
<b>Receipts in advance</b>	243,840	214,807	13.5
<b>Total debt</b>	77,484 <sup>(1)</sup>	218,018 <sup>(2)</sup>	(64.5)
<b>Net Asset Value (NAV)</b>	851,660	742,485	14.7
<b>NAV per share (cents)</b>	144.39	135.98 <sup>(3)</sup>	6.2
<b>Gearing ratio <sup>(4)</sup></b>	Net Cash	Net Cash	N.M

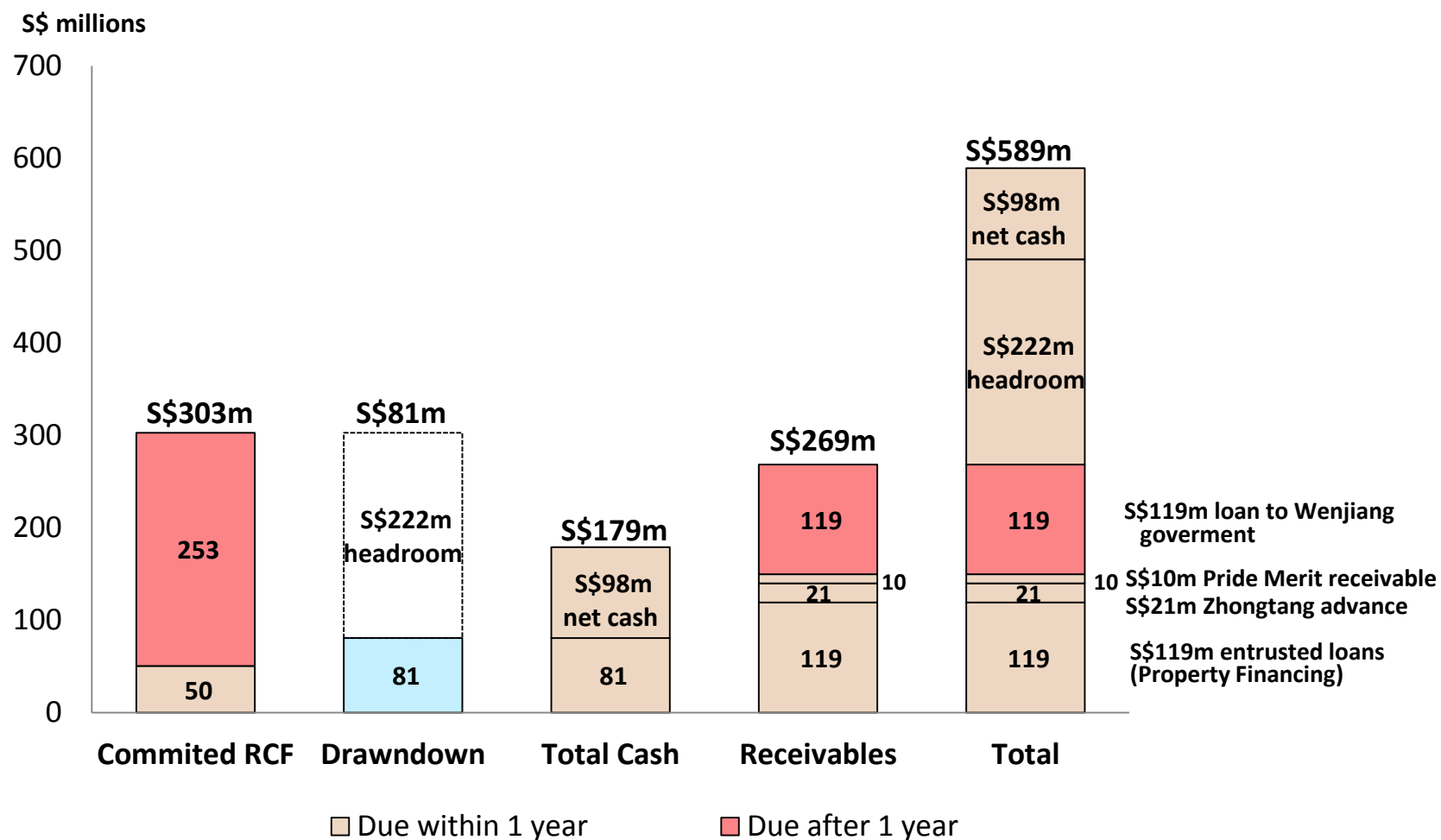
(1) Comprises gross borrowings of S\$80.6m net of unamortised upfront fee of S\$3.1m.

(2) Comprises gross borrowings of S\$223.2m net of unamortised upfront fee of S\$5.2m.

(3) The computation of net asset value per ordinary share above does not take into account the 43,800,000 shares issued by the Company pursuant to its initial public offering on 22 July 2014.

(4) Computed as net debt / total equity

# Liquidity Management as at 30 September 2014



- Net cash of S\$98m computed based on total cash and cash equivalents less gross borrowings of S\$80.6m.
- The Group has S\$589m of monetary receivables, net cash and committed unutilised credit facilities.



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## Section 3

## Key Business Review 3Q 2014 – Property Development

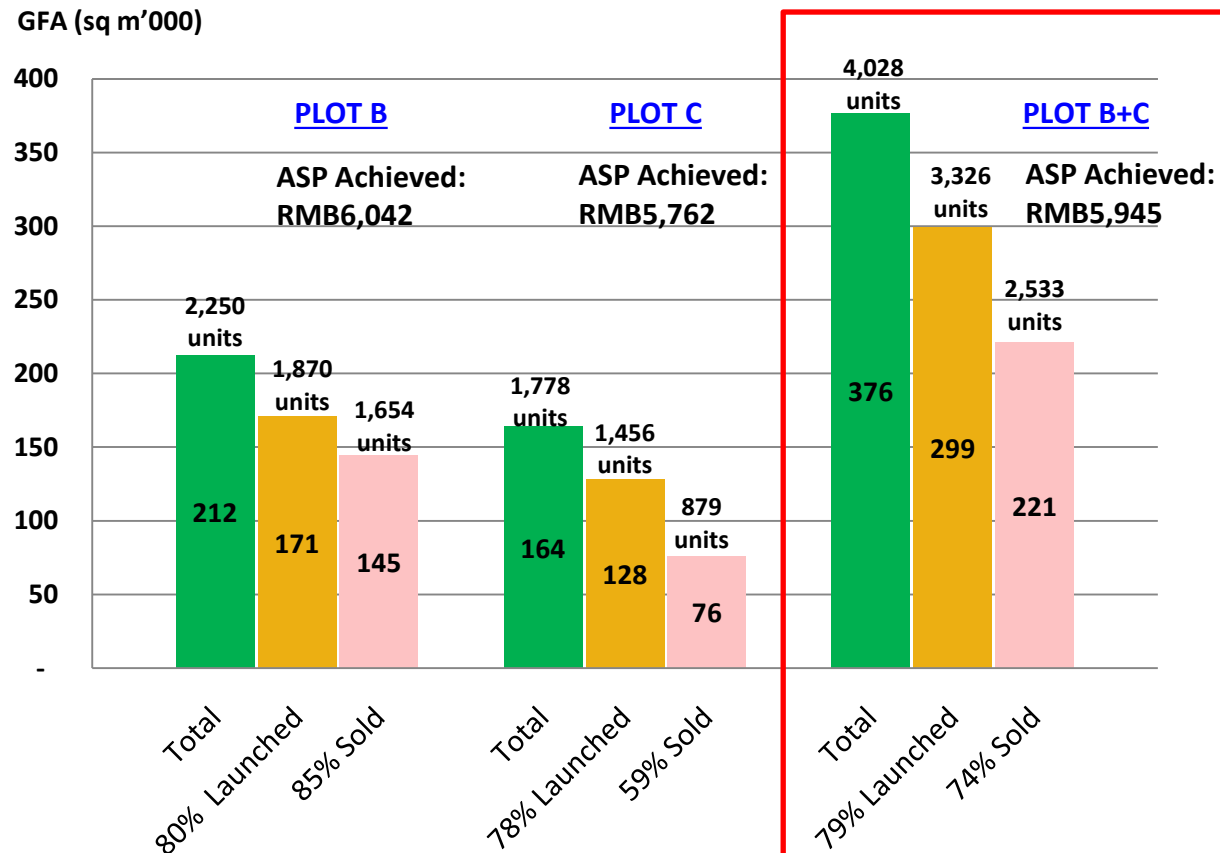
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# Property Development – Millennium Waterfront Project

## 3.1 Millennium Waterfront Project – Chengdu

- Since Plot C's first pre-sale in Jan 2014, sold 879 residential units as of end Sept 2014.
- Sold 102 residential units of Plot B in YTD September 2014, achieving 85% sold as of end Sept 2014
- Achieved cumulative combined pre-sale rate of 74%.

Plot B and C Residential Pre-sale Performance as of 30 September 2014



# Property Development – Millennium Waterfront Project

## 3.2 Millennium Waterfront Project – Chengdu

- Construction for Plots B and C are on schedule, with expected handover of the relevant units of Plot B from December 2014 onwards in various phases.



Plot B residential blocks

Plot C residential blocks

# Property Development – Dongguan City Projects

## 3.3 Dongguan City Projects

- Site preparation works are in progress for the Star of East River Project.
- Anticipate main construction work to commence in 2Q 2015.
- Expected to initiate sales launch in 1H 2016.



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**Section 4**

**Key Business Review 3Q 2014 – Property Holding**

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# Property Holding – M Hotel Chengdu and Millennium Waterfront Chengdu

## 4.1 M Hotel Chengdu

- YTD Sep 2014 occupancy of 24.4%, ADR of RMB412, RevPar of RMB101.
- Phase II renovation (including gymnasium, squash court, banquet multi-purpose hall) is largely completed and has been put into operations.



banquet multi-purpose hall



gymnasium

# Property Holding – M Hotel Chengdu and Millennium Waterfront Chengdu



Table-tennis Room



Kids Relaxing Corner



Billiard Room



Squash Court



# Property Holding – M Hotel Chengdu and Millennium Waterfront Chengdu

## 4.2 Millennium Waterfront Chengdu Hotel

- Construction of basement has been completed. Work is ongoing for the main building and supplementary building.





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**Section 5**

**Key Business Review 3Q 2014 – Property Financing**

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## Property Financing - Overview of Financial Performance

	Revenue (S\$' m) <sup>(1)</sup>	As a % of Group Revenue	Profit before tax (S\$' m)	As a % of Group Adjusted PBT
<b>3Q 2014</b>	5.7	10.4	6.0 <sup>(3)</sup>	32.1
<b>3Q 2013<sup>(2)</sup></b>	2.5	2.8	2.3	8.4

	Revenue (S\$' m) <sup>(1)</sup>	As a % of Group Revenue	Profit before tax (S\$' m)	As a % of Group Adjusted PBT
<b>YTD Sep 2014</b>	13.6	19.8	15.7 <sup>(3)</sup>	84.9
<b>YTD Sep 2013<sup>(2)</sup></b>	4.3	2.9	3.8	13.2

	Total no. of loans	Third Party Loan Book as at 30 September 2014 / 31 December 2013
<b>30 September 2014</b>	8	RMB 575.0m / S\$119.3m
<b>31 December 2013</b>	2	RMB 150.0m / S\$31.3m

**To-date, we have not experienced any loan default and interest servicing on all loans has been current.**

(1) Comprises interest income on entrusted loans to third parties, interest income on vendor financing arrangements and financial consultancy fee income.

(2) Excludes entrusted loans to an affiliated corporation.

(3) PBT for 3Q 2014 and YTD Sep 2014 is higher than revenue as interest income generated from surplus funds is higher than expenses incurred for the period.

# Property Financing - Overview of Financial Performance

## 5.1 New Loans

Disbursed 2 secured loans with an aggregate principal of RMB120.0m, RMB60.0m each in July 2014 and August 2014, at interest rates of 18% per annum.

## 5.2 Loan Repayment

Collected the above 2 secured loans of aggregate RMB120.0m in September 2014.

## 5.3 Current Loan Book

8 secured loans amounting to RMB575.0m with interest ranging from 16.5% - 18.0% per annum.



Strata office units in Beijing as loan collaterals