珍惜土地 用心铸造

FIRST SPONSOR GROUP LIMITED

POSITIONED FOR GROWTH

ANNUAL REPORT **2014**

CONTENTS

02 Financial Highlights
04 Chairman's Statement
14 Board of Directors
16 Senior Management
18 Corporate Structure
19 Corporate Directory
20 Corporate Governance
36 Financial Review
40 Major Properties
41 Reports and Financial Statements
129 Statistics of Ordinary Shareholdings
132 Notice of Annual General Meeting

STRENGTH TO STRENGTH

FINANCIAL HIGHLIGHTS

	FY2013	FY2014
	(S$'million)	(S$'million)
(A) Consolidated Statement of Profit or Loss		
Property development	147.9	129.9
Property holding(1)	1.1	3.8
Property financing	8.5	19.5
Revenue	157.5	153.2
Gross profit	47.0	57.1
Profit before tax	59.5	40.5
Net profit attributable to equity holders of the Company	48.0	21.7
Adjusted profit before tax(2)	39.1	48.7
Adjusted net profit attributable to equity holders of the Company(2)	27.6	29.9

	31 December 2013	31 December 2014
	(S$'million)	(S$'million)
(B) Consolidated Statement of Financial Position		
Cash and cash equivalents	311.2	131.8
Net cash/(debt)	311.2	47.2
Total assets	955.7	1,293.0
Receipts in advance	139.3	200.2
Equity attributable to owners of the Company	455.9	894.5
Total equity	455.9	894.5

	FY2013	FY2014
(C) Ratio Analysis		
Net gearing ratio(3)	Net Cash	Net Cash
Net asset value per share (cents)(4)	157.07	151.65
Earnings per share (cents)(5)	16.54	4.33
Adjusted earnings per share (cents)(6)	8.14	3.68
Dividends – final ordinary dividend per share (cents)(7)	–	0.76

Notes:

(1) Property holding represents property investment and hotel operations.

(2) Adjustments made to exclude IPO expenses of S$3.5 million and share-based charge of S$4.7 million for FY2014; and reversal of impairment loss on other receivables of S$21.1 million and IPO expenses of S$0.7 million for FY2013.

(3) Net gearing ratio is net cash/(debt) divided by total equity.

(4) Computed based on the equity attributable to owners of the Company and the number of shares in issue (excluding treasury shares) as at the end of each respective financial year.

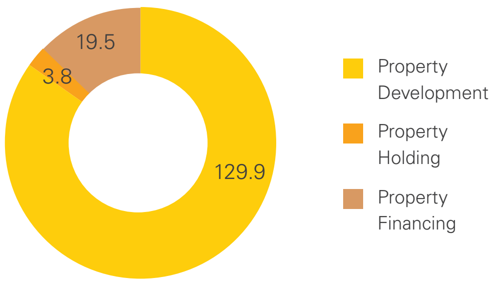
(5) Computed based on the net profit attributable to equity holders of the Company and the weighted average number of shares for the respective year.

(6) Computed based on the net profit attributable to equity holders of the Company for the respective financial year and our post-invitation share capital of 589,814,949 shares.

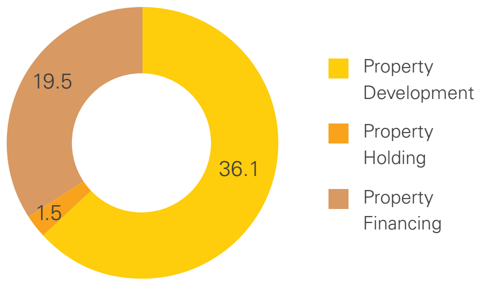
(7) Final tax-exempt (one-tier) ordinary dividends proposed for FY2014 will be subject to the approval of the ordinary shareholders at the forthcoming annual general meeting.

FINANCIAL HIGHLIGHTS

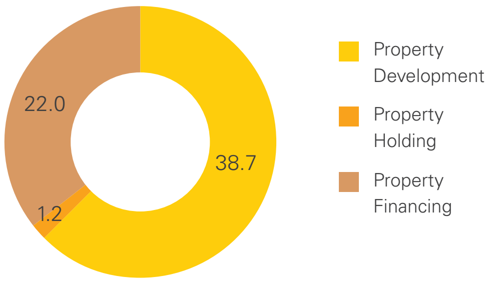
REVENUE BY SEGMENT FOR FY2014 (S$'MILLION)



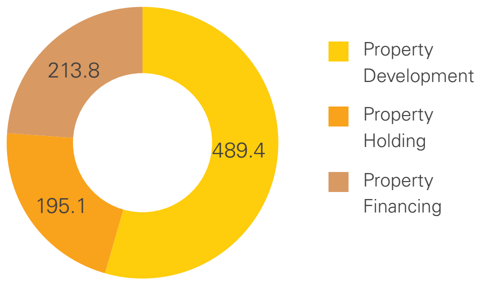
GROSS PROFIT BY SEGMENT FOR FY2014 (S$'MILLION)



REPORTABLE SEGMENT PROFIT BEFORE TAX FOR FY2014[1] (S$'MILLION)



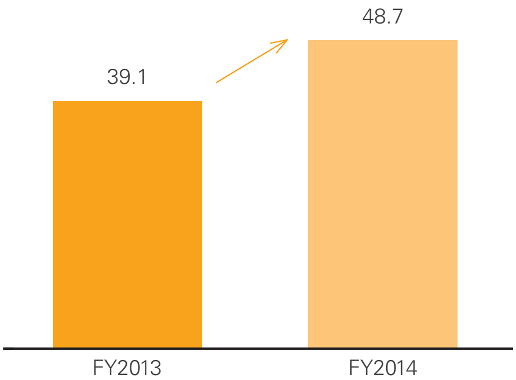
NET ASSETS BY REPORTABLE SEGMENT FOR FY2014[2] (S$'MILLION)



(1) The figure excludes unallocated segment expenses of S$21.4 million.

(2) The figure excludes unallocated net liabilities of S$3.8 million.

ADJUSTED PROFIT BEFORE TAX[3] (S$'MILLION)



(3) Adjustments made to exclude IPO expenses of S$3.5 million and share-based charge of S$4.7 million for FY2014; and reversal of impairment loss on other receivables of S$21.1 million and IPO expenses of S$0.7 million for FY2013.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the first set of First Sponsor Group Limited's results as a publicly listed company for the financial year ended 31 December 2014.

On 22 July 2014, the Company was successfully listed on the Mainboard of Singapore Exchange Securities Trading Limited, raising gross proceeds of S$65.7 million from its Initial Public Offering ("IPO").

Chairman of Hong Leong Group Singapore, Mr Kwek Leng Beng together with the board members and management of the Company at the SGX on its first day of trading on 22 July 2014.

GROUP PERFORMANCE

For 4Q2014, the Group delivered a strong set of results with revenue of S$84.5 million (4Q2013: S$8.4 million) and net profit attributable to the equity holders of the Company of S$19.3 million (4Q2013: S$9.2 million), up by 906.7% and 109.4% respectively. This was mainly due to the first time profit recognition from the sale of residential units of the Millennium Waterfront project in December 2014 and a higher income contribution from the property financing business due to a larger entrusted loan portfolio.

For FY2014, the Group posted revenue of S$153.2 million (FY2013: S$157.5 million). Net profit attributable to equity holders of the Company was S$21.7 million (FY2013: S$48.0 million). However, excluding one-off accounting gains and expenses such as reversal of impairment losses, non-cash share-based charge and IPO expenses, the adjusted net profit attributable to equity holders of the Company of S$29.9 million would have increased by 8.3% compared to FY2013, on a like-for-like basis. This profit represents the core earnings from the Group's business activities.

For FY2014, in terms of gross profit, the property development segment is the lead contributor, constituting 63.2% of the Group's S$57.1 million gross profit. The property financing segment is the second largest contributor at 34.2%.

As at 31 December 2014, the Group's balance sheet remained strong with a net cash position of S$47.2 million and unutilised committed credit facilities of S$218.4 million.

The Board is recommending a final dividend of 0.76 Singapore cents per share amounting to approximately S$4.5 million, representing S$10.0 million adjusted on a pro rata basis for the period from our listing to 31 December 2014, which is in line with what was disclosed in the IPO Prospectus.

On 22 July 2014, the Company was successfully listed on the Mainboard of Singapore Exchange Securities Trading Limited, raising gross proceeds of S$65.7 million from its Initial Public Offering ("IPO").

PROPERTY DEVELOPMENT

Millennium Waterfront Project

The Group has achieved credible property development sales performance in the Millennium Waterfront project in Chengdu, Sichuan province of the People's Republic of China ("PRC"), with a 7.9% increase in sales value* from RMB683.0 million in FY2013 to RMB736.8 million in FY2014. As at 31 December 2014, the Group has achieved 82% cumulative pre-sale rate for the residential units launched for sale in Plot B and Plot C.

Plot B blocks of the Millennium Waterfront project

In December 2014, the Group carried out its first-time handover of Plot B residential units of the Millennium Waterfront project. Pre-sales launch of Plot A is expected to be in FY2015. This project will be the primary profit driver for the Group in FY2015 on the property development front.

Star of East River Project

On 29 April 2014, the Group entered into a land grant contract to acquire the land use rights to a site area of 37,104 square metres, which is part of the Star of East River Project in Dongguan, Guangdong province of the PRC. This development is designed to be a mixed-use residential and commercial development which comprises primarily offices, a retail mall and residential units with ancillary retail units.

In view of the current property market conditions and arising from the recent change in building regulations which allows offices to have a larger floor plate, the Group is studying the feasibility of building a single high-rise office building with a larger floor plate instead of the currently approved twin-tower structure. This may result in a delay in the commencement of main construction work and sales launch.

Latest artist's impression of the Star of East River Project

SSCIP Project and Wenjiang Lake Project

There have been delays in the official works in preparing the development land in connection with the SSCIP project and the Wenjiang Lake project (both in Chengdu) for the relevant land tender process. In view of the current PRC property market conditions, the Group will continue to work with the relevant local government bodies and monitor the progress of these preparation works.

* Includes sales under option agreements or sale and purchase agreements, as the case may be.

PROPERTY HOLDING

Phase II renovation of M Hotel Chengdu (including a gymnasium, squash court, multi-purpose banquet hall and M Café extension) has been completed and put into operation. This has boosted the performance of the hotel.

A hotel room in M Hotel Chengdu

M Hotel Chengdu multi-purpose banquet hall

The construction of the Millennium Waterfront Chengdu Hotel is currently ongoing as planned with target hotel commencement date to be in FY2017.

Ongoing construction of the Millennium Waterfront Chengdu Hotel

PROPERTY FINANCING

FY2014 recorded strong growth in the property financing business, with a 129.4% year-on-year increase in revenue achieved. The property financing business accounted for 45.2% of the Group's adjusted profit before tax for FY2014, ending the year with a RMB801.0 million loan portfolio as at 31 December 2014 (31 December 2013: RMB150.0 million) with interest ranging between 17.5% to 20.0% per annum. Property collaterals held include office units in Beijing, Shanghai, Guangzhou and Chengdu, an operating hotel and development land in Shanghai, and completed residential units in Chengdu.

One level of office units in Beijing held as loan collateral

Two levels of office units in Guangzhou held as loan collateral

CORPORATE SOCIAL RESPONSIBILITY

The Group remains committed to the sustainable development of its business, the environment and communities in which it operates.

The Group has adopted various green initiatives and green policies. For example, M Hotel Chengdu had participated in the global Earth Hour event on 29 March 2014 whereby non-essential lights in the hotel were switched off for one hour to raise public awareness on environmental issues. The hotel has also employed the use of recycling cards to encourage hotel guests to recycle the use of the towels.

M Hotel Chengdu staff participating in Earth Hour

Besides being committed to the conservation of the environment, we had organised several activities during the year as part of our effort to contribute to the community.

A fund raising event for a children welfare association in Chengdu was organised in March 2014, with the objective to use the funds raised to purchase daily necessities for the children. Around 500 children from the welfare association benefited from the donations made.

Funds raised were used to purchase daily necessities which were donated to the children welfare association

Similarly in July 2014, M Hotel Chengdu employees visited an elderly nursing home in Chengdu. Beside entertaining and interacting with the elderly, the employees donated basic household appliances to the nursing home. The event was well received by the participants and the elderly.

These activities display the Group's continued commitment to its corporate social responsibility.

CHAIRMAN'S STATEMENT

M Hotel Chengdu staff at an old folks nursing home in Chengdu.

GROUP PROSPECTS

FY2015 remains unpredictable on the global economic front though the U.S. is showing some early signs of recovery. The Group has established three property business platforms and will build upon them while it continually seeks new opportunities.

On the property development front, our focus is to continue to recognise development profit from the strong pre-sales already achieved and new pre-sales to be booked during the year from the Millennium Waterfront project. We will work towards commencing main construction work for the Star of East River project in the later part of this year so that this will form another profit pipeline for the Group in due course.

On the property holding front, efforts will be made to improve the performance at M Hotel Chengdu while the Millennium Waterfront Chengdu Hotel is still under construction and would not be operational until FY2017. Subsequent to the year-end, the Group had announced its first property acquisition outside of the PRC in the Netherlands by leveraging on the business network of the Tai Tak Group. Equipped with a strong balance sheet, we will continue to explore investment opportunities in the Netherlands to build up a more diversified recurrent income base.

Having started the property financing business only in January 2012, we are satisfied with the performance of this business segment and are cautiously optimistic about its growth potential. We have not encountered any loan default nor interest servicing issues to-date. We would seek to prudently grow the property financing business in the year ahead to compliment the cash profit base of the Group.

In the current year, the Group is expected to be profitable in view of the construction and pre-sales progress of its Millennium Waterfront development project, significant loan portfolio, strong balance sheet and prudent management.

APPRECIATION

On behalf of the Board of Directors, I would like to express our heartfelt appreciation to our stakeholders, including our shareholders, customers and business associates, for their continued support of the Group. My appreciation also goes to my fellow Directors for their invaluable advice and guidance during the year and to the Management and staff for their unwavering dedication and commitment in the past year.

Wong Hong Ren
Chairman

9 March 2015

董事主席报告

我谨代表董事部同仁欣然呈报首铸集团作为上市公司截至2014年12月31日的首次经营成果。

首铸集团于2014年7月22日成功在新加坡证券交易所上市，其首次公开募股也为公司募集了约新币6570万元的资金。

新加坡证券交易所（2014年7月22日）– 新加坡丰隆集团主席郭令明先生与首铸集团董事部及管理层

首铸集团表现

2014年第四季度，首铸集团取得强势业绩，收入达新币8450万元（2013年第四季度为新币840万元），归属股东净利润为新币1930万元（2013年第四季度为新币920万元），分别比上年同期增长906.7%和109.4%。这主要乃因2014年12月份首次确认千禧河畔项目住宅销售收入，以及房地产融资业务贷款总额增加所带来的更高收入贡献。

首铸集团2014全年度实现收入新币1亿5320万元（2013全年度为新币1亿5750万元），归属股东的净利润为新币2170万元（2013年度为新币4800万元）。然而，剔除非经常性损益后（例如坏账准备转回、非现金的相关股份费用、首次公开募股费用等一次性收益和费用），调整后的归属于股东的净利润为新币2990万元比2013年度增加8.3%，并且也体现了首铸集团2014全年真正的主营业务利润。

首铸集团在2014年度的毛利为新币5710万元，主要来自于房地产开发业务。房地产开发业务占了集团毛利的63.2%。其次是来自房地产融资业务，占了首铸集团毛利的34.2%。

截至2014年12月31日，首铸集团的资产负债表仍然雄厚，净现金为新币4720万元，未使用已承诺信贷额度为新币2亿1840万元。

董事部提议派发普通股股息每股新币0.76分，累计分配约新币450万元，按从公司上市至2014年12月31日期间的时间比例折算后相当于新币1000万元，与首次公开募股招股说明书披露的一致。

房地产开发业务

千禧河畔项目

成都千禧河畔项目在2014年度取得了骄人的销售表现，销售额*从2013年度的人民币6亿8300万元增长至2014年度的人民币7亿3680万元，达到7.9%的增长。截至2014年12月31日，千禧河畔项目B区和C区（已开售）的住宅累计预售率高达82%。

首铸集团已于2014年12月份首次交付千禧河畔B区住宅，并且预计在2015年度展开千禧河畔项目A区的预售。千禧河畔项目将是首铸集团2015年度房地产开发方面的主要利润来源。

首铸集团于2014年7月22日成功在新加坡证券交易所上市，其首次公开募股也为公司募集了约新币6570万元的资金。

*依具体情况而言，包括认购协议或买卖协议在内。

千禧河畔项目 – B区

最新构思图-东江之星项目

东江之星项目

2014年4月29日，首铸集团签订了土地转让协议，取得37,104平方米的土地使用权，且该部分土地构成东莞东江之星项目的一部分。东江之星项目设计为一个住宅与商业综合开发项目，主要由办公楼、零售商场、住宅以及附属零售商舖构成。

鉴于当前的房地产市场状况以及最近建造规范的改变（更改条例允许办公楼可以有更大的单层面积），首铸集团正在探讨取消现有已审批双子塔写字楼的构造，改为建造一栋更高的写字楼（有更大的单层面积）的可行性。这可能推迟主要建造工程进展及销售开盘时间点。

新加坡–四川高科技创新园和温江湖项目

新加坡–四川高科技创新园和温江湖项目相关的开发土地招标准备工作已经迟延。鉴于中国目前的房地产市场状况，首铸集团将继续与当地政府机构配合，并密切关注这些准备工作的进展。

房地产自持业务

成都M酒店二期装修（包括健身房、壁球室、多功能宴会厅和用餐区扩建）均已完成并投入使用，也提升了酒店运营表现。

成都M酒店 – 标间房

成都M酒店 – 多功能宴会厅

成都千禧河畔酒店目前正在按计划建设之中，目标是在2017年度酒店正式开业。

成都千禧河畔酒店目前正在按计划建设之中

房地产融资业务

2014年是房地产融资业务强劲增长的一年，收入同比去年增长129.4%，房地产融资业务也占2014年度集团（调整后）税前利润的45.2%。同时，截至2014年12月31日房地产贷款总额为人民币8亿100万元（2013年12月31日为人民币1亿5000万元），贷款年利率于17.5%至20.0%之间。房地产融资的房地产抵押物包括位于北京、上海、广州和成都的办公楼，上海一间运营中的酒店和几宗地块，以及位于成都已竣工的住宅。

房地产融资抵押物 – 位于北京的办公楼(一层)

房地产融资抵押物 – 位于广州的办公楼(两层)

企业社会责任

除了致力于持续发展业务之外，首铸集团也着重于对（其经营所在地的）环境与社区做出贡献。

首铸集团采用了许多绿色倡议和环保制度。例如，成都M酒店于2014年3月29日参与了全球性节能活动 – "地球一小时"，关闭了酒店所有非必要的灯光以倡导社会对环境问题的关注。此外，酒店在客房内放置了循环使用卡以鼓励酒店客人循环使用毛巾。

董事主席报告


成都M酒店员工参与"地球熄灯一小时"活动


成都M酒店员工探访成都一家敬老院

除了致力于环境保护外，我们也在2014年组织了数次回馈社区的活动。

我们于2014年3月份为成都一家儿童福利院举行了一次募捐活动，筹得的款项全数为儿童们购买日常用品。约500名福利院儿童从此募捐活动中获益。


筹得款项所购买的日常用品全数捐给儿童福利院

另外，成都M酒店员工于2014年7月份探访了成都一家敬老院，并且与敬老院的年长人士们进行了交流及互动。于此同时，M酒店员工也向敬老院捐赠了日常生活必需品。这次的活动备受成都M酒店员工及敬老院年长人士的好评。

这些活动体现了首铸集团倡导企业社会责任的决心。

集团前景

尽管美国已显示出一些经济复苏的早期信号，2015年度全球经济前景仍然难以预测。首铸集团已建立了三个主要房地产业务，在巩固这些业务的同时，首铸集团将继续寻找新的商机。

在房地产开发业务方面，我们将继续从位于成都的千禧河畔项目已取得的强劲预售成绩及2015年将实现的新预售中确认房地产开发利润。我们将努力在2015年下旬开始位于东莞的东江之星项目的主要建造工程，以便此项目在日后成为集团的另一个主要利润来源。

在房地产自持业务方面，我们将致力于提升成都M酒店的经营表现。成都千禧河畔酒店预计直至2017年度才会开业。另外，首铸集团也在2015年初发布公告首次在中国以外收购房地产。这次在荷兰的房地产收购是借助了首铸集团的大股东之一 – 大德园集团的商业网络而达成的。凭着雄厚的资产负债表，我们将继续在荷兰寻找投资机会，以打造更多样化的定期收入来源。

对于仅从2012年1月份开始的房地产融资业务，我们对此业务的表现感到满意，并对此业务的增长潜力表示乐观。截至目前为止，没有任何的房地产融资项目违约或利息逾期。2015年我们将谨慎地继续寻求房地产融资业务的增长，以充实集团的现金利润基础。

凭借千禧河畔项目的建设和预售进展，房地产融资业务，雄厚的资产负债表和审慎的管理，首铸集团预计2015年将会是盈利的一年。

鸣谢

我谨代表董事部同仁，衷心感谢与首铸集团利益相关的各方，包括股东、客户和商业伙伴对本集团持续不断的支持。本人也要感谢董事部各成员这一年来给予的宝贵意见和指导以及管理层和众员工过去一年来坚定不移的奉献与承诺。

王鸿仁
董事主席

2015年3月9日

Chengdu CitySpring Project, including M Hotel Chengdu

BOARD OF DIRECTORS

MR WONG HONG REN

Age 62

Non-Executive Chairman

Mr Wong was appointed as the Non-Executive Chairman of the Company on 10 October 2007. He is currently the Non-Executive Chairman of Millennium & Copthorne Hotels New Zealand Limited, CDL Investments New Zealand Limited (both listed on the New Zealand Stock Exchange), Grand Plaza Hotel Corporation (listed on the Philippine Stock Exchange), and M&C REIT Management Limited and M&C Business Trust Management Limited which manage CDL Hospitality Trusts (listed on the Singapore Exchange Securities Trading Limited (SGX-ST). He is also the Chief Executive Officer of City e-Solutions Limited, a company listed on the Hong Kong Stock Exchange.

Mr Wong holds a Master in Business Administration from Bradford University, United Kingdom. Mr Wong is widely experienced in investment analysis, international capital markets and mergers and acquisitions transactions as well as post-acquisition management re-organisation matters.

MR HO HAN LEONG CALVIN

Age 63

Non-Executive Vice-Chairman

Mr Ho was appointed as the Non-Executive Vice-Chairman of the Company on 1 October 2007.

Mr Ho has accumulated extensive experience during his tenure as Chief Executive Officer of Singapore-incorporated Tai Tak Estates Sendirian Berhad ("Tai Tak"), having been involved in its businesses, including in plantations, listed and private equities and property holding and development. He has also been instrumental in assisting the Group's senior management in the conceptualisation and setting of the strategic direction and corporate values of the Group.

Mr Ho holds a Higher National Diploma in Business Studies from Polytechnic of The South Bank, United Kingdom.

MR HO HAN KHOON,

Age 53

Alternate Director to Non-Executive Vice-Chairman

Mr Ho was appointed as an Alternate Director to the Non-Executive Vice-Chairman of the Company on 19 May 2014. He is currently holding the position as an executive vice-president of Tai Tak, where he is responsible for overseeing Tai Tak group's overall business and financial strategy, investments and operations.

Mr Ho holds a Bachelor of Social Sciences Degree with Honours from the National University of Singapore.

MR NEO TECK PHENG

Age 44

Group Chief Executive Officer and Executive Director

Mr Neo was appointed as the Group Chief Executive Officer and Executive Director of the Company on 1 October 2007. He has overall responsibility for management, operations and growth of the Group's businesses.

Mr Neo began his career with KPMG in 1994. In 1996, Mr Neo joined Hong Leong Group Singapore and held various roles within Hong Leong Group Singapore. Mr Neo was also previously the board member of various entities within Hong Leong Group Singapore.

Mr Neo holds a Bachelor of Accountancy Degree (First Class Honours) from Nanyang Technological University, Singapore.

MDM TING PING EE, JOAN MARIA

Age 59

Independent Director

Mdm Ting was appointed as an Independent Director of the Company on 19 May 2014. She has spent her entire career from 1977 to 2013 at DBS Bank Ltd. She is currently an Independent Director of Grandland Shipping Limited.

Mdm Ting holds a Bachelor of Accountancy (Second Class Honours) degree from the National University of Singapore. Mdm Ting was a member of the Financial Industry Competency Standards Steering Committee and concurrently Chairman of the Financial Industry Competency Corporate Banking Sub-Committee from 2003 to 2009.

MR YEE CHIA HSING

Age 43

Lead Independent Director

Mr Yee was appointed as the Lead Independent Director of the Company on 19 May 2014. He is currently Head, Catalist of CIMB Bank Berhad, Singapore Branch, a position he has held since early 2011. At CIMB Bank, he is responsible for the introduction, supervision and continuing sponsorship of Catalist companies on the SGX-ST.

Mr Yee holds a Bachelor of Accountancy Degree (First Class Honours) from the Nanyang Technological University, Singapore. He currently serves on the Audit Committee and Investment Committee of Ren Ci Hospital, a Singapore charity.

MR HWANG HAN-LUNG BASIL

Age 43

Independent Director

Mr Hwang was appointed as an Independent Director of the Company on 19 May 2014. He is a partner of Zhong Lun Law Firm and an Executive Director of Linmark Group Limited, a company listed on the Hong Kong Stock Exchange. Mr Hwang is also a Director of the Singapore Chamber of Commerce. He has advised extensively on cross-border mergers and acquisitions transactions and on investments into and out of the PRC.

Mr Hwang holds a Bachelor of Laws Degree (Second Class Upper Honours) from the National University of Singapore. He also holds a Master of Science in Global Finance jointly granted by the Hong Kong University of Science and Technology and New York University's Stern School of Business. He was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1998, as a solicitor of England and Wales in 2000 and as a solicitor of Hong Kong in 2004.

SENIOR MANAGEMENT

MS LEE SAU HUN

Group Chief Financial Officer

Ms Lee was appointed as the Group Chief Financial Officer in May 2011.

Ms Lee began her career at PricewaterhouseCoopers where her last held position was senior manager. Ms Lee then joined Hong Leong Management Services Pte. Ltd. as the Vice-President (Investment) between January 2006 and April 2011 where she engaged in corporate advisory services within Hong Leong Group Singapore. She was also a director of various subsidiaries of Hong Leong Group Singapore prior to the listing of the Company.

Ms Lee holds a Bachelor of Accountancy Degree (Second Class Honours) from the Nanyang Technological University, Singapore. She is a Non-Practising Member of the Institute of Singapore Chartered Accountants.

MR SUN GANG

Group Chief Operating Officer

Mr Sun was appointed as the Group Chief Operating Officer in November 2011. He oversees the Group's PRC business operations.

Mr Sun has more than 30 years of experience in managing property projects in the PRC.

Mr Sun holds a Bachelor Degree in Environmental Engineering and Water Supply and Drainage from Tongji University, Shanghai, PRC.

MR WANG GONGYI

Chief Executive Officer (Chengdu Operations)

Mr Wang was appointed as the Chief Executive Officer (Chengdu Operations) of the Group in October 2011. He oversees the management and operations of the Group's business in Chengdu.

Prior to that, from June 1998 to May 2011, Mr Wang held the position of general manager of the former candy business operations of the Group, in charge of its general management and operations.

Mr Wang holds a Bachelor Degree in Machinery Design and Manufacturing from Sichuan Chengdu University, Chengdu, PRC. Mr Wang also achieved several awards, including the Sichuan Provincial Fourth Session of Excellent Entrepreneur award and the Model Worker award granted by the Sichuan Provincial Government.

SENIOR MANAGEMENT

MR SHU ZHEN

Chief Executive Officer (Guangdong Operations)

Mr Shu was appointed as the Chief Executive Officer (Guangdong Operations) of the Group in August 2012. Mr Shu is currently responsible for overseeing the Group's business operations in Dongguan.

Mr Shu first joined the Group in December 2007 as a director and vice-president of the Group's key subsidiary, First Sponsor Guangdong.

Mr Shu holds a Graduation Certificate in China Finance and Futures Higher Level Study from Beijing University, School of Economics, PRC.

MS ZHANG JING

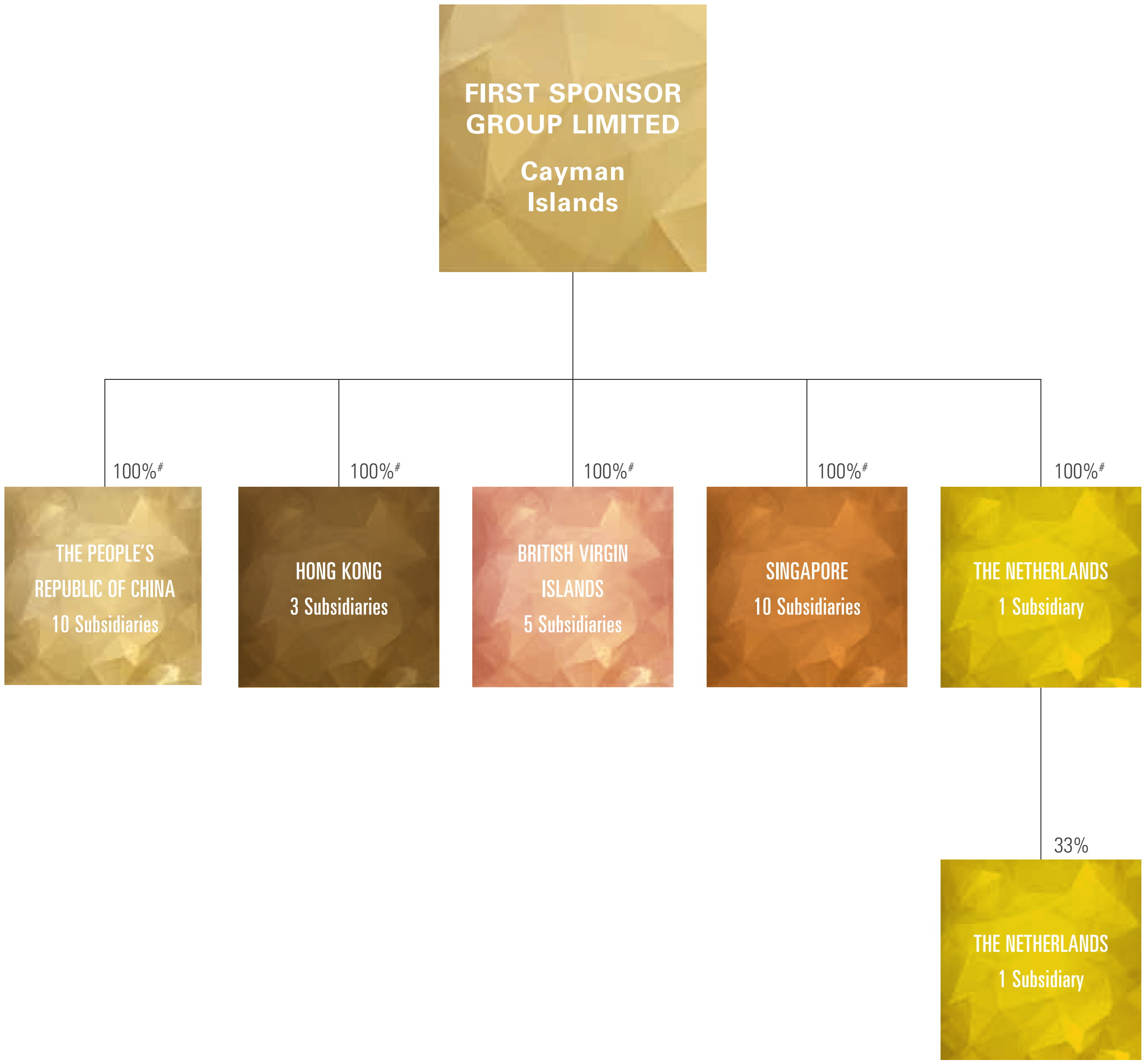
Chief Executive Officer (Shanghai Operations)

Ms Zhang was appointed as the Chief Executive Officer (Shanghai Operations) of the Group in November 2011. From her Shanghai office, Ms Zhang is responsible for the management and expansion of the Group's property financing business in the PRC.

Ms Zhang has extensive experience in the PRC financing and leasing operations from her role as general manager in various financing companies prior to joining the Group.

Ms Zhang holds a Bachelor Degree in Economics from the School of Economics, Aoyama Gakuin University, Japan.

CORPORATE STRUCTURE
AS AT 9 MARCH 2015



\# Represents direct / indirect shareholding

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Wong Hong Ren
Non-Executive Chairman

Ho Han Leong Calvin
Non-Executive Vice-Chairman

Ho Han Khoon
Alternate Director to Ho Han Leong Calvin

Neo Teck Pheng
Group Chief Executive Officer and Executive Director

Ting Ping Ee, Joan Maria
Independent Director

Yee Chia Hsing
Lead Independent Director

Hwang Han-Lung Basil
Independent Director

AUDIT COMMITTEE

Yee Chia Hsing – *Chairman*
Ting Ping Ee, Joan Maria
Ho Han Leong Calvin
(Ho Han Khoon – *Alternate Director to Ho Han Leong Calvin)*

NOMINATING COMMITTEE

Ting Ping Ee, Joan Maria – *Chairman*
Yee Chia Hsing
Neo Teck Pheng

REMUNERATION COMMITTEE

Hwang Han-Lung Basil – *Chairman*
Ting Ping Ee, Joan Maria
Ho Han Leong Calvin
(Ho Han Khoon – *Alternate Director to Ho Han Leong Calvin)*

COMPANY SECRETARY

Low Mei Wan

SHARE REGISTRAR & SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road, #02-00
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 4399

REGISTERED OFFICE

190 Elgin Avenue, George Town, KY1-9005
Grand Cayman, Cayman Islands

BUSINESS ADDRESS

63, Market Street, #06-03
Bank of Singapore Centre
Singapore 048942
Tel: (65) 6436 4920
Fax: (65) 6438 3170

AUDITORS

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
(Partner-in-charge: Lo Mun Wai, appointment commenced from the audit of the financial statements for the financial period ended 31 December 2008)

PRINCIPAL BANKERS

Bank of China
China Construction Bank
DBS Bank Ltd
Industrial and Commercial Bank of China
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

CORPORATE GOVERNANCE

First Sponsor Group Limited (the "Company") and its subsidiaries (the "Group") are committed to adopting and maintaining high standards of corporate governance to protect its shareholders' interests.

This report outlines the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 2012 (the "Code"). As at the date of this report, the Group has adhered to the principles and guidelines set out in the Code, where applicable, and has identified and explained areas of non-compliance in this report.

BOARD MATTERS

BOARD OF DIRECTORS

The board of directors (the "Board") is entrusted with the responsibility for the overall management of the Group. The Board comprises the following six members, three of whom are Independent Directors:

Mr Wong Hong Ren	(Non-Executive Chairman)
Mr Ho Han Leong Calvin	(Non-Executive Vice-Chairman)
Mr Ho Han Khoon (Alternate Director to Mr Ho Han Leong Calvin)	(Alternate Director to the Non-Executive Vice-Chairman)
Mr Neo Teck Pheng	(Group Chief Executive Officer)
Mdm Ting Ping Ee, Joan Maria	(Independent Director)
Mr Yee Chia Hsing	(Lead Independent Director)
Mr Hwang Han-Lung Basil	(Independent Director)

The profile of each member of the Board is provided on pages 14 and 15 of this Annual Report.

BOARD FUNCTIONS

The duties and responsibilities of the Board are:

- to supervise and approve the strategic direction of the Group;
- to review the management performance of the Group;
- to review the business practices and risk management of the Group;
- to review the financial plans and performance of the Group;
- to approve matters beyond the authority of the management;
- to ensure that there are policies and safeguards in the internal controls system to preserve the integrity of the assets;
- to ensure compliance with legal and regulatory requirements;
- to deliberate on and approve recommendations made by the Audit Committee ("AC"), Remuneration Committee ("RC") and Nominating Committee ("NC"); and
- to consider sustainability issues such as environmental and social factors, as part of the Group's strategic formulation.

Decisions on material acquisitions or disposals, share issuances, funding proposals, interested person transactions and dividends are reserved for the Board. To facilitate effective management, the Board has granted management mandates to carry out transactions below certain thresholds.

The Board has established three board committees, namely (1) AC; (2) RC; and (3) NC, which are chaired by Mr Yee Chia Hsing, Mr Hwang Han-Lung Basil and Mdm Ting Ping Ee, Joan Maria respectively. Each board committee has its own written terms of reference, with actions reported to and monitored by the Board.

The Board meets at least once on a quarterly basis to review, *inter alia*, the Company's quarterly results. Additional meetings may be convened on an ad-hoc basis as and when necessary where appropriate.

Principle 1: BOARD'S CONDUCT OF AFFAIRS

The directors' attendance at the board and committee meetings for the financial year ended 31 December 2014 is as follows:

	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee	
	Number of Meetings							
Name of Directors	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Wong Hong Ren	2	2	NA	NA	NA	NA	NA	NA
Mr Ho Han Leong Calvin	2	1	2	–	1	–	NA	NA
Mr Ho Han Khoon[(1)] (Alternate Director to Mr Ho Han Leong Calvin)	2	2	2	2	1	1	NA	NA
Mr Neo Teck Pheng	2	2	NA	NA	NA	NA	1	1
Mdm Ting Ping Ee, Joan Maria[(2)]	2	2	2	2	1	1	1	1
Mr Yee Chia Hsing[(3)]	2	2	2	2	NA	NA	1	1
Mr Hwang Han-Lung Basil[(4)]	2	2	NA	NA	1	1	NA	NA

Notes:

(1) Mr Ho Han Khoon was appointed as the Alternate Director to Mr Ho Han Leong Calvin on 19 May 2014.

(2) Mdm Ting Ping Ee, Joan Maria was appointed as Independent Director on 19 May 2014.

(3) Mr Yee Chia Hsing was appointed as Lead Independent Director on 19 May 2014.

(4) Mr Hwang Han-Lung Basil was appointed as Independent Director on 19 May 2014.

For the financial year under review, the Board held two meetings and has on numerous occasions used circular resolution in writing to sanction certain decisions. As provided in the Company's Articles of Association, directors may convene board meetings by teleconferencing or video conferencing. All directors are provided with relevant information on the Company's policies, procedures and practices relating to governance issues, including disclosure of interests in securities, restrictions on disclosure of price sensitive information and disclosure of interests relating to the Group's businesses.

The Company was listed on the Mainboard of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 22 July 2014. Prior to the listing of the Company, all directors have attended a training session relating to post listing matters which covers continuing listing obligations, dealings in securities and disclosure of interests. The directors have been briefed on the roles and responsibilities of a director of a public listed company, in accordance with the requirements under the SGX-ST listing rules. In addition, all new directors have also been provided with background information about the Group's history and core values, its strategic direction and industry specific knowledge.

Principle 2: COMPOSITION AND BALANCE

The Board consists of three Independent Directors, two Non-Executive Directors and one Executive Director. The Board's size and composition are considered appropriate for the Company's needs, with a good mix and diversity of skills, experiences and gender, to ensure that the Board will be able to make satisfactory and independent decisions regarding the affairs of the Company. None of the Independent Directors has any relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. No individual or group of individuals dominates the Board's decision making.

The Independent Directors constitute 50% of the Board, which complies with the requirements set out under the Code. This provides a strong and independent element for the Board.

The Non-Executive Directors and Independent Directors participate actively in the meetings of the Board. They provide strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively develop proposals on strategy.

Principle 3: ROLE OF THE CHAIRMAN AND THE GROUP CHIEF EXECUTIVE OFFICER

Mr Wong Hong Ren, who was appointed as the Non-Executive Chairman of the Board on 10 October 2007, has a clear role that is distinct from that of the Group Chief Executive Officer, Mr Neo Teck Pheng. The Non-Executive Chairman is not related to the Group Chief Executive Officer.

The Chairman is responsible for the workings of the Board. He leads all the board meetings and ensures that meetings are held on a timely basis to deliberate or approve matters which require the Board's attention. He is also responsible for promoting and maintaining high standards of corporate governance, ensures effective communication with shareholders and facilitates effective contributions from the Non-Executive Directors. The Group Chief Executive Officer is the most senior executive in the Company and has overall responsibility for management, operations and growth of the Group's businesses.

The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent.

The Board has no dissenting view on the Chairman's statement to the shareholders for the financial year under review.

Principle 4: BOARD MEMBERSHIP

NOMINATING COMMITTEE

The NC comprises the following three members, two of whom are Independent Directors:

Mdm Ting Ping Ee, Joan Maria (Independent Director)	(Chairman)
Mr Yee Chia Hsing (Lead Independent Director)	(Member)
Mr Neo Teck Pheng (Group Chief Executive Officer)	(Member)

The NC was set up for the purpose of ensuring that there is a formal and transparent process for all board appointments.

The duties and responsibilities of the NC include, *inter alia*:

- recommending to the Board relevant matters relating to
    - (a) review of board succession plans for directors, in particular, the Non-Executive Chairman, the Group Chief Executive Officer and the Independent Directors taking into consideration each director's contribution and performance;
    - (b) the development of a process for evaluation of the performance of the Board, the board committees and directors;
    - (c) the review of training and professional development programmes for the Board; and
    - (d) making evaluation, assessment and recommendations with respect to the selection and appointment of any proposed new directors and re-appointment of directors (including alternate directors, if applicable);
- reviewing whether the size of the Board is appropriate;
- reviewing annually the composition of the Board to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities;
- reviewing and determining annually, and as and when circumstances require, if a director is independent;
- where a director has multiple board representations, deciding whether the director is able to and has been adequately carrying out his duties as director taking into consideration the number of listed company board representations of the directors and their other principal commitments;
- recommending directors who are retiring by rotation to be put forward for re-election. The Articles of Association of the Company requires all directors to submit themselves for re-nomination and re-election at least every three years;

- reviewing and approval of any new employment of related persons and the proposed terms of their employment;
- recommending to the directors, candidates for senior management positions and candidates for directorships (including executive directorships);
- reviewing succession plans for senior management and recommending to the Board for approval; and
- reviewing that no individual member of the Board dominates the Board's decision making process.

During the year ended 31 December 2014, the NC met once, approving the terms of reference of the NC, reviewing the independence of the Independent Directors and discussing the re-appointment of directors who are subject to retirement at the forthcoming annual general meeting. All committee members participated in the meeting and discussions.

The NC has reviewed the independence of Mdm Ting Ping Ee, Joan Maria, Mr Yee Chia Hsing and Mr Hwang Han-Lung Basil (all were appointed on 19 May 2014) and is satisfied that there are no relationships which would deem any of them not to be independent. As of the date of this report, there is no independent director who has been appointed for more than nine years from the date of his/her first appointment.

The NC is satisfied that the directors have devoted sufficient time and attention to the Company. Although some Board members have multiple board representations, the Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance of the meeting dates. As such, the NC has decided not to fix a maximum limit on the number of directorships a director can hold.

The Articles of Association of the Company provides that any director appointed by the Board shall retire at the next annual general meeting of the Company and shall then be eligible for re-election at that meeting. In addition, each Director of the Company shall retire from office at least once every three years and shall be eligible for re-election.

Mdm Ting Ping Ee, Joan Maria, Mr Yee Chia Hsing and Mr Hwang Han-Lung Basil are subject to retirement at the forthcoming annual general meeting pursuant to the Articles of Association of the Company. Accordingly, the NC has assessed and recommended, and the Board has endorsed the re-election of Mdm Ting Ping Ee, Joan Maria, Mr Yee Chia Hsing and Mr Hwang Han-Lung Basil, who have offered themselves for re-election, by shareholders at the forthcoming annual general meeting.

CORPORATE GOVERNANCE

Key information on the directors as at the date of this Annual Report is set out below:

Name of Directors	Appointment	Date of initial appointment	Directorships in other listed companies and other principal commitments: Current	Directorships in other listed companies and other principal commitments: Past 3 Years
Mr Wong Hong Ren	Non-Executive Chairman	10 October 2007	• Millennium & Copthorne Hotels New Zealand Limited (Non-Executive Chairman) (listed on the New Zealand Stock Exchange) • CDL Investments New Zealand Limited (Non-Executive Chairman) (listed on the New Zealand Stock Exchange) • Grand Plaza Hotel Corporation (Non-Executive Chairman) (listed on the Philippine Stock Exchange) • CDL Hospitality Trusts (listed on the SGX-ST) (Non-Executive Chairman of M&C REIT Management Limited and M&C Business Trust Management Limited) • City e-Solutions Limited (Chief Executive Officer) (listed on the Hong Kong Stock Exchange)	• Millennium & Copthorne Hotels plc (listed on the London Stock Exchange)

Name of Directors	Appointment	Date of initial appointment	Directorships in other listed companies and other principal commitments: Current	Past 3 Years
Mr Ho Han Leong Calvin	Non-Executive Vice-Chairman	1 October 2007	• Tai Tak Estates Sendirian Berhad (Director)	–
Mr Ho Han Khoon (Alternate Director to Mr Ho Han Leong Calvin)	Alternate Director to the Non-Executive Vice-Chairman	19 May 2014	• Tai Tak Estates Sendirian Berhad (Director)	–
Mr Neo Teck Pheng	Group Chief Executive Officer	1 October 2007	–	–
Mdm Ting Ping Ee, Joan Maria	Independent Director	19 May 2014	• Grandland Shipping Limited (Independent Director)	–
Mr Yee Chia Hsing	Lead Independent Director	19 May 2014	• CIMB Bank Berhad, Singapore Branch (Head of Catalist)	–
Mr Hwang Han-Lung Basil	Independent Director	19 May 2014	• Linmark Group Limited (Executive Director) (listed on the Hong Kong Stock Exchange) • Zhong Lun Law Firm (Hong Kong) (Partner) • Singapore Chamber of Commerce (Hong Kong) (Director)	–

Principle 5: BOARD PERFORMANCE

For the financial year under review, the NC has met once to approve the methodology in reviewing the effectiveness of the Board as a whole and this had been documented accordingly. The review of the Board's performance as a whole will be conducted by the NC annually. The NC has determined that given the number of directors of the Company, size of the Board, the background, expertise and the participation in the board meetings of the Company, it would not be necessary for each director to perform a self-evaluation exercise.

Principle 6: ACCESS TO INFORMATION

The Board is provided with reports as well as financial statements on a regular basis. Board papers are also distributed in advance of board meetings so that the directors would have sufficient time to understand the matters which are to be discussed. The directors are entitled to request from the management and should be provided additional information as needed to make informed decisions.

The Independent Directors and Non-Executive Directors are always available to provide guidance to the management on business issues and in areas which they specialise in.

Under the direction of the Chairman, the Company Secretary ensures good information flow within the Board and its board committees and between Management and Non-Executive Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as and when required. The directors may communicate directly with the Management and the Company Secretary on all matters whenever they deem necessary, to ensure adherence to the Board procedures and relevant rules and regulations which are applicable to the Company. During the financial year under review, the Company Secretary has attended all Board and board committee meetings. In addition, the directors also have direct access to the Company's professional advisors if they require more information.

The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

Principles 7, 8 and 9: REMUNERATION MATTERS

The RC consists of:

Mr Hwang Han-Lung Basil (Independent Director)	(Chairman)
Mr Ho Han Leong Calvin (Non-Executive Vice-Chairman)	(Member)
Mr Ho Han Khoon (Alternate Director to Mr Ho Han Leong Calvin)	
Mdm Ting Ping Ee, Joan Maria (Independent Director)	(Member)

The RC is chaired by an independent director and the members are all non-executive directors.

The duties and responsibilities of the RC are:

- recommending to the Board a framework of remuneration for the directors and key executives of the Group, including the Group Chief Executive Officer, Group Chief Financial Officer, Group Chief Operating Officer and Chief Executive Officers of the respective regions;
- determining specific remuneration packages for each executive director, including the Group Chief Executive Officer;
- reviewing all aspects of remuneration of employees (including, among others, employees who are related to the directors and relatives of the directors and controlling shareholders, if any), including directors' fees, salaries, allowances, bonuses and other benefits-in-kind;
- reviewing and ensuring that the remuneration of Non-Executive Directors is appropriate to the level of contribution by them, taking into account factors such as effort and time spent, and responsibilities of the directors;

- recommending employees' share option schemes or any long term incentive scheme which may be set up from time to time and to do all acts necessary in connection therewith; and
- reviewing the Company's obligation arising in the event of termination of the Executive Directors and key executives' contract of services, to ensure that such contract of services contain fair and reasonable clauses which are not overly generous.

During the year ended 31 December 2014, the RC met once, approving the terms of reference of the RC and discussing various remuneration matters and recording its decisions by way of minutes. All the RC members were involved in the deliberations. No director was involved in the fixing of his/her own remuneration.

The Company has established the First Sponsor Employee Share Option Scheme on 19 May 2014 but no options had been granted under the said scheme to-date, which details can be found in the Directors' Report.

In reviewing the remuneration packages of the Executive Directors and key executives, the RC considers the level of remuneration based on the Company's remuneration policy which comprises the following distinct objectives:

- to ensure that the remuneration packages are competitive in attracting and retaining employees capable of meeting the Company's needs;
- to reward employees for achieving corporate performance targets in a fair and equitable way; and
- to ensure that the remuneration reflects the employees' duties and responsibilities.

The remuneration packages for Executive Directors and key executives comprise a fixed component (in the form of a base salary and, where applicable, fixed allowances together with other benefits-in-kind determined by the Company's human resource policies), and variable components (which include variable bonuses) which is determined by amongst other factors, the individual's performance, the Company's overall performance and industry practices, in each specific year. The RC does consider granting long-term incentives to the Executive Directors and key executives at the appropriate time, such as granting employees' share options under the option scheme approved by the shareholders and proposing performance share plans for shareholders' approval. It will also consider to include a contractual provision to reclaim such long term incentives from the Executive Directors and key executives in the event of exceptional circumstances of misstatement of financial results or of misconduct resulting in financial or other losses to the Company. Currently, variable bonus is given as a short-term incentive and employees' share options will be granted as a long-term incentive to the staff, to link rewards to corporate and individual performance so as to promote the long-term sustainability of the Company.

The remuneration of the Non-Executive Directors and Independent Directors is in the form of a fixed fee which is fixed after taking into consideration factors such as responsibilities, effort and time spent of the directors. Such fee is subject to shareholders' approval at the annual general meeting.

Board of Directors and Key Executives

The remuneration (in percentage terms) of the directors paid or payable for FY2014 is set out below:

Name of Directors	Fees[(1)] %	Salary[(2)] %	Bonus[(2)] %	Benefits-in-kind %	Total %
S$1,000,000 to S$1,250,000					
Mr Neo Teck Pheng[(3)]	–	34	65	1	100
Below S$250,000					
Mr Wong Hong Ren	100	–	–	–	100
Mr Ho Han Leong Calvin[(4)]	–	–	–	–	–
Mdm Ting Ping Ee, Joan Maria[(5)]	100	–	–	–	100
Mr Yee Chia Hsing[(6)]	100	–	–	–	100
Mr Hwang Han-Lung Basil[(5)]	100	–	–	–	100

Notes:

(1) The fees are subject to approval by shareholders at the annual general meeting to be held on 27 April 2015.

(2) The salary is inclusive of allowances. The salary and bonus are inclusive of employer's contributions to Central Provident Fund.

(3) Mr Neo Teck Pheng is an employee of First Sponsor Management Pte Ltd ("FSMPL") which was acquired by the Group on the date of the Company's listing on 22 July 2014. The remuneration figure has been derived based on the portion of remuneration borne by the Group in the current financial year ended 31 December 2014 i.e. it does not include the portion incurred by FSMPL prior to its acquisition by the Group. The remuneration figure also excludes a non-cash share-based charge of an approximately S$2.4 million in aggregate, in connection with the issuance of Management Equity Participation Shares prior to our listing, to Ararat Holdings Limited and Magnificent Opportunity Limited, each entity of which is wholly owned by Mr Neo Teck Pheng, representing the difference between the fair value and the par value of the new shares in the Company subscribed for, and issued to both entities. The accounting for such a charge does not have an impact on the net assets of the Group.

(4) Mr Ho Han Leong Calvin renounced his director's fees for FY2014 to the Company.

(5) Appointed as Independent Director on 19 May 2014.

(6) Appointed as Lead Independent Director on 19 May 2014.

Although Guideline 9.2 of the Code provides that the Company should disclose the remuneration of each individual director and the Group Chief Executive Officer to the nearest thousand dollars, the Company will not disclose such figures as the Company believes that such disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in.

The Company also does not believe it to be in its best interest to disclose the identity and remuneration of its top 5 key executives (who are not directors) in bands of S$250,000 as well as the total remuneration paid to them, having regard to the highly competitive human resource environment and so as not to hamper the Company's efforts to retain and nurture its talent pool.

For the financial year ended 31 December 2014, there was no termination, retirement or post-employment benefits granted to the Directors and key executives.

There is no employee related to a Director or the Group Chief Executive Officer whose remuneration exceeds S$50,000 in the Group's employment for the financial year ended 31 December 2014.

Principle 10: ACCOUNTABILITY AND AUDIT

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the performance, position and prospects of the Company and Group. The Board is mindful of its obligation to provide timely and fair disclosure of material information. The Board is accountable to the shareholders while the management is accountable to the Board.

The Board meets to approve the Group's quarterly and full year financial results. All Board papers are given to the Board members prior to any meeting to facilitate effective discussion and decision making.

Principle 12: AUDIT COMMITTEE

The members of the AC are:

Mr Yee Chia Hsing (Lead Independent Director)	(Chairman)
Mdm Ting Ping Ee, Joan Maria (Independent Director)	(Member)
Mr Ho Han Leong Calvin (Non-Executive Vice-Chairman)	(Member)
Mr Ho Han Khoon (Alternate Director to Mr Ho Han Leong Calvin)	

Two of the members of the AC are Independent Directors. There is a good mix of expertise among the members who can handle financial as well as commercial issues relating to the Group's business.

There were two AC meetings held during the year. Both the Group Chief Executive Officer and the Group Chief Financial Officer were present at the meetings. In addition, the AC had met with the independent auditors without the presence of the management during the year.

Below are the key duties and responsibilities of the AC:

- review with the Company's external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response, and results of the Company's audit conducted by internal and external auditors;
- review the reports of the Company's external auditors as well as the independence and objectivity of the external auditors;
- review the co-operation given by the Company's officers to the external auditors;
- review any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or likely to have a material adverse impact on the Group's operating results or financial position, and the management's response and discuss with the external auditors as appropriate;
- make recommendations to the Board on the proposal to the shareholders, on the appointment, reappointment and removal of external auditors, and approving the remuneration and terms of engagement of the external auditors;

- review the quarterly, half yearly and annual financial statements, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards, and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;
- review the significant financial reporting issues so as to ensure integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- review the material internal control procedures, comprising financial, operational, compliance and information technology controls, ensure co-ordination between the external auditors and the management, review the assistance given by management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);
- approve the Company's internal audit plans;
- monitor the implementation of outstanding internal control weaknesses highlighted by the auditors and reporting accountants in their memorandum prepared in connection with the listing process;
- review interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual (including any entrusted loans that may be provided to interested persons prior to such loans being entered into, to ensure that (i) the terms and (ii) the grant of the entrusted loans (taking into account various factors that may include, but are not limited to, the rationale for the grant, the creditworthiness of the borrower and the interest rate payable to the Group) are not prejudicial to the Group and the shareholders);
- review potential conflicts of interest, if any;
- review and consider transactions in which there may be potential conflicts of interests between the Company and interested persons and recommend whether those who are in a position of conflict should abstain from participating in any discussions or deliberations of the Board or voting on resolutions of the Board or the shareholders in relation to such transactions as well as to ensure that proper measures to mitigate such conflicts of interest have been put in place;
- review and assess from time to time the prevailing processes put in place to manage any material conflicts of interest in relation to the Controlling Shareholders as described in the section titled "Interested Person Transactions and Conflicts of Interest – Conflicts of Interest – Conflict of Interests in relation to First Sponsor Capital Limited and First Sponsor Management Limited" in the prospectus registered by the Monetary Authority of Singapore on 10 July 2014 ("Prospectus") in relation to the Company's initial public offering (the "IPO") and listing of its shares on the Mainboard of the SGX-ST on 22 July 2014 and consider, where appropriate, additional measures for the management of such conflicts;
- monitoring the investments in the customers, suppliers and competitors made by our directors, Controlling Shareholders and their respective associates who are involved in the management of the Company or have shareholding interests in similar or related business of the Company and make assessments on whether there are any potential conflicts of interests and ensuring that proper measures to mitigate such conflicts of interests have been put in place;

- review our key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review will be disclosed in the annual reports or if there are material findings, to be immediately announced via SGXNET;
- review and recommend hedging policies and instruments, if any, to be implemented by the Company to the directors;
- review the suitability of the Group Chief Financial Officer;
- if applicable, review the effectiveness of the Company's internal audit function;
- undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time on a quarterly basis; and
- apart from the abovementioned duties, the AC shall commission and review the findings of internal investigations in the event of suspected fraud, irregularity, failure of internal controls or infringement of any laws and regulations including in the People's Republic of China and Singapore, which has or is likely to have a material adverse impact on the Group's operating results and/or financial position. In addition, all future transactions with related parties shall comply with the requirements of the SGX-ST Listing Manual.

The AC Chairman, Mr Yee Chia Hsing is the Lead Independent Director of the Company, who is available to shareholders who have concerns, to contact through the normal channels if the Non-Executive Chairman, Group Chief Executive Officer or the Group Chief Financial Officer has failed to resolve or for such contact is inappropriate.

To facilitate a more effective check on the management, the Independent Directors meet with the external auditors, without the presence of the management, at least once a year. The Lead Independent Director will meet the Independent Directors of the Company without presence of the other directors, as and when required, with feedback given back to the Non-Executive Chairman after such meetings.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with the Listing Rules 712 and 715 of the SGX-ST Listing Manual in relation to the appointment of its external auditors. After reviewing the non-audit services provided by the external auditors, the AC is satisfied with the independence and objectivity of the external auditors and recommends to the Board, the nomination of the external auditors for re-appointment.

The amount of fees paid/payable to the external auditors for audit and non-audit services for the financial year ended 31 December 2014 are set out on Note 19 of the Financial Statements in this Annual Report.

WHISTLE-BLOWING POLICY

The Company has put in place a whistle-blowing policy since October 2014. The AC has the authority to conduct independent investigations into any complaints. As at to-date, no reports of fraudulent or inappropriate activities or malpractices have been received.

Principles 11 and 13: RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT

The Board acknowledges that risks are inherent in business and views the taking of risks as a prelude to generating returns. However, the Board's policy is that risks should be managed in order to reduce the variability of returns.

The primary responsibility for identifying business risks lies with the management. The Board reviews and approves the processes for managing risk recommended by the management.

Management reviews the system of internal controls regularly in order to ensure that sufficient checks and balances exist within the system to safeguard the Company's assets, ensure maintenance of proper accounting records, and compliance with relevant legislation and best practices. Prior to the listing of the Company, a reputable consulting firm was appointed by the Board to review the Group's existing systems of internal controls. It is the intention of the Group to outsource its internal audit function in the near future. The external independent auditors will, in the course of their external audit, also conduct a review of certain internal control procedures but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

The Board has reviewed the adequacy of the Group's internal controls framework in relation to financial, operational, compliance and information technology controls as well as risk management systems of the Group, with the assistance of management and the external auditors. The Board acknowledges that no system of internal controls can provide absolute assurance against the occurrence of human and system errors, poor judgment in decision-making, losses, fraud or other irregularities. Based on its assessment of the work performed by the external auditors and aforementioned independent consulting firm, as well as confirmation from the Group Chief Executive Officer and Group Chief Financial officer, the Board, with the concurrence of the AC, is of the view that the Group's internal controls in addressing the financial, operational, compliance and information technology risks and the risk management systems are adequate as at 31 December 2014.

The Board has also received assurance from the Group Chief Executive Officer and the Group Chief Financial Officer (a) that the financial records as at 31 December 2014 have been properly maintained and the financial statements for the financial year under review give a true and fair view of the Company's operations and finances, and (b) regarding the effectiveness of the Company's risk management and internal control systems.

Principles 14, 15 and 16: SHAREHOLDERS RIGHT, COMMUNICATION WITH SHAREHOLDERS AND GREATER SHAREHOLDER PARTICIPATION

The Company treats all shareholders fairly and equitably as well as recognises, protects and facilitates the exercise of shareholders' rights. It is the Company's policy to be transparent and open with its shareholders and this is achieved through timely announcements and meaningful disclosures, which are made on a non-selective basis.

The Board supports and encourages shareholders' participation at the Company's general meetings. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key executives, and to interact with them. Sufficient explanations of all resolutions are included in the notice of general meetings.

The Company's Articles of Association allows a shareholder to appoint not more than two proxies to attend and vote instead of the shareholder at the general meetings. A proxy needs not be a shareholder of the Company. The Company does not permit voting in absentia by mail, facsimile or e-mail due to the difficulty in verifying and ensuring authenticity of the vote.

All shareholders will be given an opportunity to participate effectively in and vote at general meetings. Separate resolutions on each distinct issue will be tabled at general meetings. "Bundling" of resolutions will be kept to a minimum and executed only where the resolutions are interdependent as to form one significant proposal and only where there are reasons and material implications involved.

The Company Secretary will prepare minutes of the general meetings that include all comments or queries raised by shareholders relating to the agenda of the meeting and responses from the Board and management.

The Company does not practise selective disclosure as all material and price-sensitive information is released through SGXNET.

In its Prospectus dated 10 July 2014, the Company has stated that it does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, financial position, results of operations, capital needs, plans for expansion and other factors which our directors may deem appropriate.

In addition to the quarterly financial results released on SGXNET, the Company also concurrently provides a presentation pack highlighting key developments of the Group to its investors on SGXNET. The Group Chief Executive Officer and Group Chief Financial Officer hold briefings for analysts and key shareholders immediately after each release of its quarterly results.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out procedures for review and approval of such interested person transactions.

Post listing, there were no interested person transactions with the aggregate value of S$100,000 and above. The Company also does not have a shareholders' general mandate for interested person transactions.

MATERIAL CONTRACTS

Other than as disclosed in the financial statements, there are no material contracts of the Company or its subsidiaries involving the interest of any director or controlling shareholder subsisting as at the end of the financial year ended 31 December 2014.

DEALING IN THE COMPANY'S SECURITIES

In line with Rule 1207 (19) of the SGX-ST Listing Manual on dealing in securities, the Group has adopted an internal code which provides guidance to its directors and key management in relation to dealing in securities.

The Company has informed its directors and key management not to deal in the Company's shares whilst they are in possession of unpublished material price-sensitive information and during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. They are also advised not to deal in the Company's securities on short-term considerations. There has not been any incidence of non-compliance.

UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

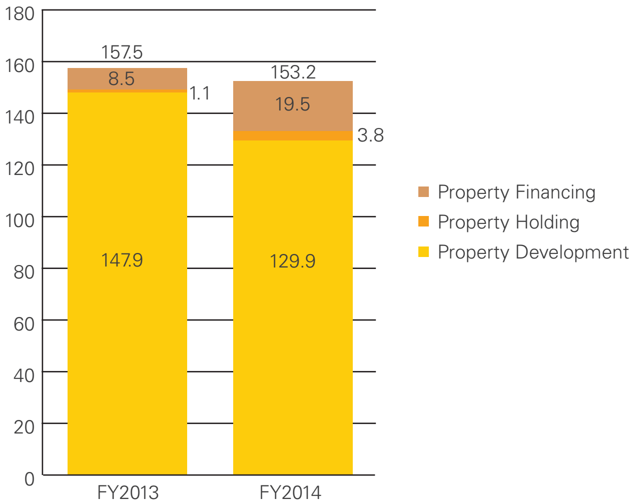
On 25 July 2014, the entire net IPO proceeds of S$59.7 million (comprising gross proceeds raised of S$65.7 million less estimated issue expenses incurred in connection therewith of S$6.0 million), were used to repay the revolving credit facilities of the Group, pending the deployment of such funds for their intended use as stated in the Company's Prospectus.

Subsequently on 10 September 2014, the Company announced that it had withdrawn S$3.0 million from its revolving credit facilities for working capital purposes in the People's Republic of China, leaving a balance of unutilised net IPO proceeds of S$56.7 million.

On 18 February 2015, the Company had further announced that the finalised issue expenses amounted to approximately S$5.4 million, a savings of approximately S$0.6 million. Correspondingly, the unutilised net IPO proceeds have increased to approximately S$57.3 million. This entire sum was fully utilised by the Group to partially finance its investment in and loans to a newly acquired subsidiary incorporated in the Netherlands which owns an office building in Amsterdam. The remainder of the consideration for the acquisition was financed using the Company's Euro-denominated revolving credit facilities.

FINANCIAL REVIEW

REVENUE BY SEGMENT (S$'MILLION)



The Group's total revenue decreased by 2.7% or S$4.3 million to S$153.2 million in FY2014 (FY2013: S$157.5 million). The decrease is mainly due to the lower revenue generated from the property development segment of S$18.0 million, offset by the higher revenue from the property financing segment of S$11.0 million, and higher revenue from the property holding segment of S$2.7 million in FY2014, as compared to FY2013.

PROPERTY DEVELOPMENT

Revenue decreased by 12.2% or S$18.0 million to S$129.9 million in FY2014 (FY2013: S$147.9 million) which was mainly attributable to the lower revenue contributed from the relinquishment of the Chengdu Wenjiang Interest of S$45.5 million in FY2014, compared to the revenue recognised from the sale of Humen Zhenbiao Project of S$79.3 million in FY2013. This has been offset by the higher revenue recognised of S$18.6 million from the sale of 746 residential units in Plot B of the Millennium Waterfront project and the sale of 53 commercial units and 61 car park lots of the Chengdu Cityspring project amounting to S$84.4 million in FY2014, compared to the sale of 9 residential units, 583 commercial units and 329 car park lots of the Chengdu Cityspring project amounting to S$65.8 million in FY2013.

PROPERTY HOLDING

Revenue increased by 114.3% or S$0.7 million to S$1.5 million in FY2014 (FY2013: S$0.8 million) due to the full year contribution from the leasing of commercial units in the Chengdu Cityspring project. Out of the total lettable gross floor area of 6,456 square metres, approximately 82.9% was leased out to tenants as at 31 December 2014.

For the hotel operations, revenue increased by 666.7% or S$2.0 million to S$2.3 million in FY2014 (FY2013: S$0.3 million) which was mainly due to the full year contribution from M Hotel Chengdu (soft opening in September 2013).

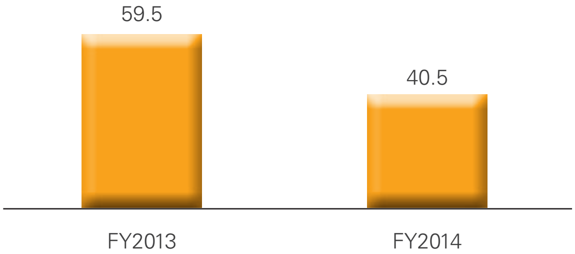
PROPERTY FINANCING

Revenue increased by 129.4% or S$11.0 million to S$19.5 million in FY2014 (FY2013: S$8.5 million). This is attributable to a higher average third party entrusted loan balance of S$113.9 million (RMB553.0 million) for FY2014 (FY2013: S$29.5 million or RMB145.0 million). These entrusted loans were each secured on property collateral with interest per annum ranging from 16.5% to 20.0% for FY2014 (FY2013: 16.5% to 21.6%).

As at 31 December 2014, the entrusted loan balance was S$170.3 million (RMB801.0 million) (31 December 2013: S$31.3 million or RMB150.0 million). The average Loan to Value ("LTV") ratio for the entrusted loan portfolio as at 31 December 2014 was 42.7% (31 December 2013: 41.7%) and ranged from 27.0% to 51.4% (31 December 2013: 37.0% to 55.6%).

FINANCIAL REVIEW

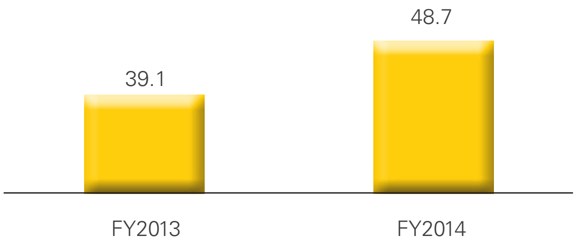
PROFIT BEFORE TAX (S$'MILLION)



Pre-tax profit decreased by 31.9% or S$19.0 million to S$40.5 million (FY2013: S$59.5 million) in FY2014.

The decrease was mainly due to the reversal of impairment loss on other receivables of S$21.1 million in FY2013.

ADJUSTED PROFIT BEFORE TAX (S$'MILLION)



Adjusted pre-tax profit in FY2014 was S$48.7 million after adjusting for the IPO expenses of S$3.5 million and non-cash share-based charge of S$4.7 million.

Adjusted pre-tax profit in FY2013 was S$39.1 million after adjusting for the IPO expenses of S$0.7 million and reversal of impairment loss on other receivables of S$21.1 million.

Adjusted pre-tax profit increased by 24.6% or S$9.6 million to S$48.7 million (FY2013: S$39.1 million) in FY2014 which mainly arises from the profit recognition of the Millennium Waterfront project and higher income contribution from the property financing business.

Millennium Waterfront Project in Chengdu

Based on artist's impression which may not be fully representative of the actual development


■ 1,778 residential units, 91 commercial units and 1,505 basement car park lots
■ Expected handover of residential units in phases from late 2015
Plot C
Plot E
Plot D
Plot F
Plot G
■ Construction of Millennium Waterfront Chengdu Hotel is currently ongoing as planned with target hotel commencement date to be in FY2017

MAJOR PROPERTIES

	City/Country	Effective Group Interest (%)	Tenure of Land Use Rights	Approximate Lettable/Strata/ Gross Floor Area (Sq m)
INVESTMENT PROPERTIES				
1) Chengdu Cityspring Comprising commercial and retail units	Chengdu, Sichuan Province, PRC	100	Leasehold to year 2049	28,331
HOTELS				
1) M Hotel Chengdu Comprising 196 hotel rooms and suites	Chengdu, Sichuan Province, PRC	100	Leasehold to year 2049	19,188
2) Millennium Waterfront Hotel (under development) – Expected to have 610 hotel rooms on completion	Chengdu, Sichuan Province, PRC	100	Leasehold to year 2051	122,863
				142,051

Project	City/ Country	Effective Group Interest (%)	Tenure of Land Use Rights	Project Construction Commencement Date	Project Handover Date	Site Area (Sq m)	Approximate Gross Floor Area (Sq m)
PROPERTIES UNDER DEVELOPMENT FOR SALE							
1) Millennium Waterfront	Chengdu, Sichuan Province, PRC	100	Leasehold to year 2051 (commercial); year 2081 (residential)				
a) Plot A Expected to have 2,000 residential units and ancillary commercial component and 1,718 basement car park lots				December 2014	Expected handover in phases from 2017	51,300	276,985
b) Plot B (partially completed) – Remaining development expected to have 1,343 residential units, 96 commercial units, 1,908 basement car park lots and a three-storey commercial building				November 2012	Handover in phases from December 2014	57,192	200,263
c) Plot C Expected to have 1,778 residential units, 91 commercial units and 1,505 basement car park lots				September 2013	Expected handover in phases from late 2015	45,262	247,039
d) Plots D, E & F				Under planning	*	80,435	939,436
2) Star of East River Project (East River Plot One)	Dongguan, Guangdong Province, PRC	100	Leasehold to year 2054 (commercial); year 2084 (residential)	Under planning	*	37,104	337,646
						271,293	2,001,369

* Yet to be ascertained as the development plan relating to these plots are currently still in the preliminary stage.

REPORTS AND FINANCIAL STATEMENTS

Directors' Report 42

Statement by Directors 46

Independent Auditors' Report 47

Statements of Financial Position 49

Consolidated Statement of Profit or Loss 50

Consolidated Statement of Comprehensive Income 51

Consolidated Statement of Changes in Equity 52

Consolidated Statement of Cash Flows 54

Notes to the Financial Statements 56

DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2014.

DIRECTORS

The directors in office at the date of this report are as follows:

Wong Hong Ren	
Ho Han Leong Calvin	
Ho Han Khoon (Alternate Director to Ho Han Leong Calvin)	(Appointed on 19 May 2014)
Neo Teck Pheng	
Ting Ping Ee, Joan Maria	(Appointed on 19 May 2014)
Yee Chia Hsing	(Appointed on 19 May 2014)
Hwang Han-Lung Basil	(Appointed on 19 May 2014)

ADMISSION OF THE COMPANY TO THE OFFICIAL LIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The Company's shares were listed on the Singapore Exchange Securities Trading Limited ("SGX – ST") on 22 July 2014.

DIRECTORS' INTERESTS

According to the register kept by the Company, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

	Holdings in the name of the director, spouse and/or infant children		Holdings in which directors are deemed to have an interest	
	At beginning of the year/ date of appointment	At end of the year	At beginning of the year/ date of appointment	At end of the year
The Company				
Ordinary shares				
Wong Hong Ren	–	981,000	–	–
Ho Han Leong Calvin	–	–	286,587,231	263,643,791
Ho Han Khoon (Alternate Director to Ho Han Leong Calvin)	–	–	260,694,791	260,694,791
Neo Teck Pheng	–	–	286,587,231	274,146,791
Yee Chia Hsing	–	100,000	–	–

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2015.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company.

Except for salaries, bonuses, fees and those benefits that are disclosed in this report and in notes 19 and 28 to the financial statements, and remuneration received by the directors from related corporations, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTIONS

Employee share option scheme

On 19 May 2014, the shareholders of the Company adopted a share option scheme known as the First Sponsor Employee Share Option Scheme (the "Share Option Scheme").

The Share Option Scheme will provide eligible participants (which include the Non-Executive Directors) with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

The Share Option Scheme is administered by the Administration Committee, comprising members of the Remuneration Committee and the Nominating Committee. The exercise price of the options that are granted under the Share Option Scheme shall be determined at the discretion of the Administration Committee and may be:

(a) set at a discount to a price (the "Market Price") equal to the average of the last dealt prices for the shares on the SGX-ST for the five consecutive market days immediately preceding the relevant date of grant of the relevant option (subject to a maximum discount of 20.0%), in which event, such options may be exercised after the second anniversary from the date of grant of the options; or

(b) fixed at the Market Price. These options may be exercised after the first anniversary of the date of grant of that option.

The aggregate number of shares which may be offered by way of grant of options to all controlling shareholders of the Company and their respective associates under the Share Option Scheme shall not exceed 25.0% of the total number of shares available under the Share Option Scheme, with the number of shares which may be offered by way of granting options to each controlling shareholder of the Company and his respective associate not exceeding 10.0% of the total number of shares available under the Share Option Scheme.

During the year, no options have been granted under the Share Option Scheme.

Except as disclosed above, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this report are:

Yee Chia Hsing	(Chairman)
Ting Ping Ee, Joan Maria	(Member)
Ho Han Leong Calvin	(Member)
Ho Han Khoon (Alternate Director to Ho Han Leong Calvin)	

The Audit Committee performs the functions specified in the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 3 meetings since it was formed to the date of this report. In performing its functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the board of directors of the Company that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming annual general meeting of the Company.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the board of directors

Ho Han Leong Calvin
Director

Neo Teck Pheng
Director

9 March 2015

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 49 to 128 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with International Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors of the Company has, on the date of this statement, authorised these financial statements for issue.

On behalf of the board of directors

Ho Han Leong Calvin
Director

Neo Teck Pheng
Director

9 March 2015

INDEPENDENT AUDITORS' REPORT

Members of the Company
First Sponsor Group Limited

We have audited the accompanying financial statements of First Sponsor Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 128.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the financial statements present fairly, in all material respects, the state of affairs of the Group and the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with International Financial Reporting Standards.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
9 March 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		Group		Company	
		2014	**2013**	**2014**	**2013**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
Non-current assets					
Property, plant and equipment	4	**116,517**	81,023	**–**	–
Intangible assets	5	**–**	–	**–**	–
Investment properties	6	**80,979**	80,137	**–**	–
Lease prepayments	7	**–**	3,009	**–**	–
Interests in subsidiaries	8	**–**	–	**863,829**	535,757
Other receivables	9	**118,671**	8,038	**–**	–
Deferred tax assets	10	**8,951**	10,303	**–**	–
		325,118	182,510	**863,829**	535,757
Current assets					
Lease prepayments	7	**–**	44	**–**	–
Development properties	11	**559,522**	333,839	**–**	–
Inventories		**458**	32	**–**	–
Trade and other receivables	9	**276,105**	128,103	**39,405**	39,975
Cash and cash equivalents	12	**131,797**	311,154	**2,432**	6,868
		967,882	773,172	**41,837**	46,843
Total assets		**1,293,000**	955,682	**905,666**	582,600
Equity attributable to owners of the Company					
Share capital	13	**736,404**	363,317	**736,404**	363,317
Reserves	14	**158,070**	92,563	**(5,850)**	(45,119)
Total equity		**894,474**	455,880	**730,554**	318,198
Non-current liabilities					
Deferred tax liabilities	10	**13,036**	12,165	**–**	–
Loans and borrowings	15	**83,003**	–	**83,003**	–
		96,039	12,165	**83,003**	–
Current liabilities					
Trade and other payables	16	**280,865**	460,302	**92,109**	264,402
Current tax payable		**21,622**	27,335	**–**	–
		302,487	487,637	**92,109**	264,402
Total liabilities		**398,526**	499,802	**175,112**	264,402
Total equity and liabilities		**1,293,000**	955,682	**905,666**	582,600

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 $'000	Group 2013 $'000
Revenue	17	**153,211**	157,532
Cost of sales		**(96,096)**	(110,537)
Gross profit		**57,115**	46,995
Administrative expenses		**(17,764)**	(8,992)
Selling expenses		**(4,908)**	(3,923)
Other (expenses)/income		**(7,801)**	16,406
Other gains	19	**909**	6,468
Results from operating activities		**27,551**	56,954
Finance income		**15,073**	2,564
Finance costs		**(2,104)**	–
Net finance income	18	**12,969**	2,564
Profit before tax	19	**40,520**	59,518
Tax expense	20	**(18,816)**	(11,887)
Profit for the year		**21,704**	47,631
Attributable to:			
Equity holders of the Company		**21,704**	47,991
Non-controlling interests		**–**	(360)
Profit for the year		**21,704**	47,631
Earnings per share			
Basic and diluted (cents)	21	**4.33**	16.54

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2014

	Group	
	2014	**2013**
	$'000	**$'000**
Profit for the year	**21,704**	47,631
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Realisation of foreign currency translation differences arising from disposal of subsidiaries, net of tax	**–**	(1,544)
Translation differences on financial statements of foreign subsidiaries, net of tax	**24,732**	24,411
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	**1,013**	8,957
Total other comprehensive income for the year, net of tax	**25,745**	31,824
Total comprehensive income for the year	**47,449**	79,455
Total comprehensive income attributable to:		
Equity holders of the Company	**47,449**	79,559
Non-controlling interests	**–**	(104)
Total comprehensive income for the year	**47,449**	79,455

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2014

	Note	Share capital $'000	Reserve for own shares $'000	Statutory reserve $'000	Capital reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group										
At 1 January 2013		363,317	(3,717)	–	(1,563)	26,578	(8,294)	376,321	5,903	382,224
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	47,991	47,991	(360)	47,631
Other comprehensive income										
Exchange differences realised on disposal of subsidiaries		–	–	–	–	(1,544)	–	(1,544)	–	(1,544)
Translation differences on financial statements of foreign subsidiaries, net of tax		–	–	–	–	24,155	–	24,155	256	24,411
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax		–	–	–	–	8,957	–	8,957	–	8,957
Total other comprehensive income		–	–	–	–	31,568	–	31,568	256	31,824
Total comprehensive income for the year		–	–	–	–	31,568	47,991	79,559	(104)	79,455
Transaction with owners, recognised directly in equity										
Contributions by and distributions to owners										
Contribution by non-controlling interests		–	–	–	–	–	–	–	3,081	3,081
Transfer to statutory reserve		–	–	10,190	–	–	(10,190)	–	–	–
Dividend paid to non-controlling interests of a subsidiary	14	–	–	–	–	–	–	–	(2,033)	(2,033)
Total contributions by and distributions to owners		–	–	10,190	–	–	(10,190)	–	1,048	1,048
Changes in ownership interests in subsidiaries										
Disposal of subsidiaries	23	–	–	–	–	–	–	–	(6,847)	(6,847)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	–	–	(6,847)	(6,847)
Total transactions with owners of the Company		–	–	10,190	–	–	(10,190)	–	(5,799)	(5,799)
At 31 December 2013		363,317	(3,717)	10,190	(1,563)	58,146	29,507	455,880	–	455,880

The accompanying notes form an integral part of these financial statements.

	Note	Share capital $'000	Share premium $'000	Reserve for own shares $'000	Statutory reserve $'000	Capital reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000
Group									
At 1 January 2014		363,317	–	(3,717)	10,190	(1,563)	58,146	29,507	455,880
Total comprehensive income for the year									
Profit for the year		–	–	–	–	–	–	21,704	21,704
Other comprehensive income									
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
Total other comprehensive income		–	–	–	–	–	25,745	–	25,745
Total comprehensive income for the year		–	–	–	–	–	25,745	21,704	47,449
Transaction with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issue of ordinary shares	13	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	19	–	–	–	–	–	–	4,705	4,705
Transfer to statutory reserve		–	–	–	4,645	–	–	(4,645)	–
Total contributions by and distributions to owners		373,087	9,570	3,717	4,645	66	–	60	391,145
Total transactions with owners of the Company		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

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 $'000	Group 2013 $'000
Cash flows from operating activities			
Profit for the year		**21,704**	47,631
Adjustments for:			
Amortisation of intangible assets	5	**–**	13
Amortisation of lease prepayments	7	**25**	725
Depreciation of property, plant and equipment	4	**1,374**	739
Fair value loss/(gain) on investment properties	6	**597**	(5,475)
Finance costs	18	**2,104**	–
Finance income	18	**(15,073)**	(2,564)
Impairment loss reversed on:			
– trade receivables	9	**–**	(312)
– other receivables and deposits	9	**(1)**	(21,112)
(Gain)/Loss on disposal of:			
– lease prepayments		**(1,146)**	–
– property, plant and equipment		**237**	(55)
– subsidiaries	23	**–**	(6,423)
Loss on dissolution of subsidiaries		**–**	10
Share-based charge		**4,705**	–
Tax expense	20	**18,816**	11,887
		33,342	25,064
Changes in working capital:			
Development properties		**(213,270)**	28,682
Inventories		**(412)**	(31)
Trade and other receivables		**(153,928)**	(27,011)
Trade and other payables		**86,307**	113,970
Cash (used in)/generated from operations		**(247,961)**	140,674
Interest received		**19,219**	7,964
Tax paid		**(22,594)**	(17,145)
Net cash (used in)/from operating activities		**(251,336)**	131,493
Cash flows from investing activities			
Acquisition of a subsidiary	22	**(212)**	–
Advances/Loans to third parties		**(152,366)**	(20,350)
Repayment of advances/loans by third parties		**29,155**	32,611
Interest received		**15,839**	9,198
Proceeds from disposal of:			
– lease prepayments		**4,145**	–
– property, plant and equipment		**5**	420
– subsidiaries		**10,774**	26,631
Increase in intangible assets		**–**	(29)
Capital expenditure on investment properties		**–**	(21,061)
Payment of lease prepayments		**–**	(22,987)
Payment for purchase of property, plant and equipment		**(33,004)**	(2,734)
Receipt of remaining consideration on the disposal of a subsidiary in prior years from a former director of the Company		**–**	24,013
Refund of deposit for acquisition of an investee company		**–**	2,450
Net cash (used in)/from investing activities		**(125,664)**	28,162

The accompanying notes form an integral part of these financial statements.

	Note	Group 2014 $'000	Group 2013 $'000
Cash flows from financing activities			
Advances from non-controlling interests		**–**	191
Contribution from non-controlling interests		**–**	3,081
Dividend paid to non-controlling interests		**–**	(2,033)
Loan from former immediate holding company		**1,562**	199,298
Interest paid		**(966)**	(3,418)
Payment of transaction costs related to borrowings		**(6,743)**	–
Proceeds from issue of shares		**125,350**	–
Proceeds from bank borrowings		**384,300**	–
Repayment of:			
– loans from a shareholder of the former immediate holding company		**–**	(57,613)
– loan from an affiliated corporation		**–**	(95,403)
– bank borrowings		**(299,700)**	–
Share issue expense		**(6,000)**	–
Net cash from financing activities		**197,803**	44,103
Net (decrease)/increase in cash and cash equivalents		**(179,197)**	203,758
Cash and cash equivalents at beginning of the year		**311,154**	97,415
Effect of exchange rate changes on balances held in foreign currencies		**(160)**	9,981
Cash and cash equivalents at end of the year	12	**131,797**	311,154

Significant non-cash transaction

During the year, 205,477,157 (2013: Nil) ordinary shares were issued at US$1 each and 3,000,000 (2013: Nil) treasury shares were reissued to First Sponsor Capital Limited ("FSCL"), the former immediate holding company, amounting to $259,107,000 and $3,783,000, respectively, pursuant to the capitalisation of a loan from FSCL.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of financial statements.

The financial statements were approved by the board of directors of the Company on 9 March 2015.

1 DOMICILE AND ACTIVITIES

First Sponsor Group Limited ("FSGL" or the "Company") is incorporated in the Cayman Islands and has its registered office at 190 Elgin Avenue, George Town, KY1-9005, Grand Cayman, Cayman Islands.

The Company was admitted to the Official List of the Mainboard of the Singapore Exchange Securities Trading Limited on 22 July 2014.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are those relating to investment holding, property development and sales, property investment, hotel ownership and operations and provision of property financing services.

The financial statements of the Group as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The directors had considered the immediate and ultimate holding companies to be First Sponsor Capital Limited ("FSCL") and First Sponsor Management Limited ("FSML"), respectively, until 31 March 2014. On 31 March 2014, following a share buyback exercise by FSCL which was settled in cash and FSGL's shares, FSCL and FSML ceased to be the immediate and ultimate holding companies of the Company, respectively.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3.16 – Estimation of provisions for current and deferred taxation
- Note 4 – Estimation of useful lives, residual values and recoverable amounts of property, plant and equipment
- Note 6 – Valuation of investment properties
- Notes 10 and 20 – Estimation of provisions for withholding tax and land appreciation tax
- Note 11 – Measurement of realisable amounts of properties under development and completed properties for sale
- Note 25 – Valuation of financial instruments

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The Group Chief Executive Officer ("Group CEO") and Group Chief Financial Officer ("Group CFO") have overall responsibility for all significant fair value measurements, including Level 3 fair values.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group CEO and Group CFO assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 – Valuation of investment properties
- Note 25 – Valuation of financial instruments

2.5 Changes in accounting policies

The Group has adopted various new standards and amendments to standards, including any consequential amendments to other standards with an initial application of 1 January 2014. The adoption of the new standards and amendments to standards did not have a significant impact on these financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by IFRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Acquisitions from entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the shareholder that controls the Group are accounted for using book value accounting. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

In the separate financial statements, the acquirer and the transferor in a common control transaction account for the common control transaction using book value accounting. The gain/loss arising is recognised directly in equity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(vi) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

(iii) Net investment in a foreign operation

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the proceeds from disposal and the carrying amount of the item) is recognised net in profit or loss.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

(iii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. No depreciation is recognised on construction-in-progress.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	
• Core component of hotel building	35 years
• Other buildings	50 years
• Surface, finishes and services of hotel building	30 years
Plant and machinery	5 to 15 years
Equipment and furniture	5 to 10 years
Motor vehicles	5 to 10 years

Residual values ascribed to the core component of the hotel building depend on the nature, location and tenure of the hotel property. No residual values are ascribed to building surface, finishes and services of the hotel building.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

3.5 Investment properties

Investment properties are properties (including the leasehold interest under an operating lease for a property) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the property) is recognised in profit or loss.

Property that is being constructed for future use as investment property is accounted for at fair value.

Transfers

Transfers to, or from, investment properties are made when there is a change in use, evidenced by:

- commencement of development with a view to sell, for a transfer from investment properties to development properties;
- commencement of an operating lease to another party, for a transfer from development properties or property, plant and equipment to investment properties; or
- commencement of occupation by owner, for a transfer from investment properties to property, plant and equipment.

When the use of a property changes such that it is reclassified as investment properties, its fair value at the date of transfer becomes its cost for subsequent accounting.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's and Company's statements of financial position.

Lease prepayments

Prepaid land lease payments under operating leases, classified as interests in leasehold land held for own use and lease prepayments, are stated at cost less accumulated amortisation and accumulated impairment losses (see note 3.9). Amortisation is recognised in profit or loss on a straight-line basis over the terms of the land use rights of 40 to 50 years.

3.7 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the loans and receivables category.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables (excluding prepayments).

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits, term deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and have maturities of three months or less from the acquisition date and are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or when they expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables (excluding receipts in advance).

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(iii) Financial guarantees

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

(iv) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in a non-distributable capital reserve.

3.8 Development properties

Properties under development for sale

Properties under development are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost and estimated net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

The cost of properties under development for sale comprise specifically identified costs, including the prepaid land lease payments, acquisition costs, development expenditure, capitalised borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are capitalised, on a specific identification basis, as part of the cost of the properties under development for sale until the completion of development. When completed, the properties under development are classified as completed properties for sale.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Development properties (cont'd)

Completed properties for sale

Completed properties for sale are stated at lower of cost or net realisable value. Cost is determined by apportionment of the total land cost, development costs and capitalised borrowing costs based on floor area of the unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses; or is estimated by management in the absence of comparable transactions after taking into consideration prevailing market conditions.

The aggregated costs are presented as development properties while progress billings are presented separately as receipts in advance as part of trade and other payables in the consolidated statement of financial position.

3.9 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Loans and receivables (cont'd)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, development properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Payments to defined contribution plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed defined contribution schemes, such as the Singapore Central Provident Fund, are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the PRC subsidiaries of the Group ("PRC Subsidiaries") have participated in central pension schemes (the "Schemes") operated by local municipal governments whereby the PRC Subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC Subsidiaries. The only obligation of the PRC Subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are accounted for as contributions to defined contribution plans as described above.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Employee benefits (cont'd)

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.11 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.12 Revenue

(i) Sale of properties

Revenue from sale of properties is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, sales taxes and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred. Risks and rewards are considered to have been transferred when the construction of relevant properties has been completed and the properties are ready for delivery to the purchasers pursuant to the sales agreements, and collectability of related receivables is reasonably assured.

Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position as receipts in advance under trade and other payables.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue (cont'd)

(ii) Rental income

Rental income receivable from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Hotel income

Hotel revenue from accommodation, sales of food and beverages and other ancillary services is recognised at the point which the services are rendered.

(iv) Interest income on entrusted loans and vendor financing arrangements

Interest income on entrusted loans made via entrustment banks and from vendor financing arrangements with selected buyers of the Group's development properties is recognised as it accrues in profit or loss, using the effective interest method.

3.13 Government grants

An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable.

Government grants relating to assets are deducted against the carrying amount of the assets, and released to profit or loss over the expected useful life of the relevant asset or over the benefits received by the Group related to the assets.

3.14 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.15 Finance income and costs

Finance income comprises interest income on funds invested and other receivables (other than entrusted loans). Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and imputed interest on non-current financial instruments. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 3.5, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax (cont'd)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group CEO and Group CFO (the chief operating decision makers ("CODM")) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire intangible assets, property, plant and equipment, investment properties and lease prepayments.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as set out below. The Group does not plan to adopt these standards early.

- IFRS 9 *Financial Instruments*, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model from calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

  IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

  The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

- IFRS 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

  IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

  The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

4 PROPERTY, PLANT AND EQUIPMENT

Group	Note	Interests in leasehold land held for own use under operating leases $'000	Buildings $'000	Plant and machinery $'000	Equipment and furniture $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Cost								
At 1 January 2013		–	7,011	551	811	1,062	145	9,580
Additions		–	113	1,217	314	1,080	10	2,734
Transfer from intangible assets	5	–	–	–	102	–	–	102
Transfer from investment properties	6	9,076	38,252	–	–	–	2,210	49,538
Transfer from development properties		–	489	–	–	–	25,844	26,333
Disposal of subsidiaries		–	(1,133)	–	(640)	(183)	–	(1,956)
Other disposals		–	(346)	–	(7)	(94)	–	(447)
Transfer to development properties		–	(5,947)	–	–	–	(148)	(6,095)
Translation differences on consolidation		237	1,311	60	44	52	708	2,412
At 31 December 2013		9,313	39,750	1,828	624	1,917	28,769	82,201
At 1 January 2014		**9,313**	**39,750**	**1,828**	**624**	**1,917**	**28,769**	**82,201**
Additions		**–**	**221**	**395**	**381**	**250**	**31,757**	**33,004**
Acquisition of subsidiary	22	**–**	**–**	**–**	**71**	**453**	**–**	**524**
Transfer from development properties		**213**	**870**	**–**	**–**	**–**	**–**	**1,083**
Disposals		**–**	**–**	**(522)**	**(40)**	**–**	**–**	**(562)**
Reclassification		**–**	**4,764**	**–**	**–**	**–**	**(4,764)**	**–**
Translation differences on consolidation		**176**	**913**	**29**	**28**	**25**	**1,383**	**2,554**
At 31 December 2014		**9,702**	**46,518**	**1,730**	**1,064**	**2,645**	**57,145**	**118,804**

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Note	Interests in leasehold land held for own use under operating leases $'000	Buildings $'000	Plant and machinery $'000	Equipment and furniture $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Accumulated depreciation								
At 1 January 2013		–	953	238	259	403	–	1,853
Depreciation charge for the year		59	215	65	150	250	–	739
Transfer from intangible assets	5	–	–	–	51	–	–	51
Disposal of subsidiaries		–	(35)	–	(285)	(100)	–	(420)
Other disposals		–	(9)	–	(6)	(67)	–	(82)
Transfer to development properties		–	(1,040)	–	–	–	–	(1,040)
Translation differences on consolidation		2	26	14	11	24	–	77
At 31 December 2013		61	110	317	180	510	–	1,178
At 1 January 2014		**61**	**110**	**317**	**180**	**510**	**–**	**1,178**
Depreciation charge for the year		**243**	**468**	**198**	**185**	**280**	**–**	**1,374**
Disposals		**–**	**–**	**(286)**	**(34)**	**–**	**–**	**(320)**
Translation differences on consolidation		**9**	**18**	**3**	**11**	**14**	**–**	**55**
At 31 December 2014		**313**	**596**	**232**	**342**	**804**	**–**	**2,287**
Carrying amounts								
At 1 January 2013		–	6,058	313	552	659	145	7,727
At 31 December 2013		9,252	39,640	1,511	444	1,407	28,769	81,023
At 31 December 2014		**9,389**	**45,922**	**1,498**	**722**	**1,841**	**57,145**	**116,517**

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) Transfers

During the financial year ended 31 December 2014, the Group transferred certain commercial units from development properties (note 11) to property, plant and equipment as these are used as staff dormitory for a hotel.

During the financial year ended 31 December 2013, the Group transferred a hotel building and related staff dormitory from investment properties (note 6) and development properties (note 11), respectively, to property, plant and equipment.

(ii) Significant accounting estimates

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual values. The Group reviews the estimated useful lives and residual values of the assets at each reporting date. Changes in the expected level of use of these assets and the Group's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets. Any changes in the economic useful lives and residual values could impact the depreciation charge and consequently, impact the Group's results.

Impairment assessment of property plant and equipment

Management's judgement is required in the area of asset impairment, particularly in assessing:

(1) whether an event has occurred that may indicate that the related asset values may not be recoverable;

(2) whether the carrying value of an asset can be supported by its estimated recoverable amount which may be determined using its fair value or value in use; and

(3) the appropriate key assumptions to be applied in arriving at the recoverable amount.

Changing the assumptions used in the determining the recoverable amount could impact the Group's financial conditions and results.

5 INTANGIBLE ASSETS

	Note	Goodwill $'000	Display charges $'000	Software $'000	Total $'000
Group					
Cost					
At 1 January 2013		259	5	71	335
Additions		–	–	29	29
Disposal of subsidiary		(266)	–	–	(266)
Written off		–	(5)	–	(5)
Transfer to property, plant and equipment	4	–	–	(102)	(102)
Translation differences on consolidation		7	–	2	9
At 31 December 2013 and 31 December 2014		–	–	–	–
Accumulated amortisation and impairment losses					
At 1 January 2013		259	5	37	301
Amortisation charge for the year	19	–	–	13	13
Disposal of subsidiary		(266)	–	–	(266)
Written off		–	(5)	–	(5)
Transfer to property, plant and equipment	4	–	–	(51)	(51)
Translation differences on consolidation		7	–	1	8
At 31 December 2013 and 31 December 2014		–	–	–	–
Carrying amounts					
At 1 January 2013		–	–	34	34
At 31 December 2013		–	–	–	–
At 31 December 2014		–	–	–	–

Amortisation

Amortisation is recognised in other expenses in consolidated statement of profit or loss.

6 INVESTMENT PROPERTIES

	Note	Group 2014 $'000	Group 2013 $'000
At 1 January		**80,137**	120,885
Additions		**–**	21,061
Disposal of subsidiaries	23	**–**	(28,971)
Transfer from properties under development		**–**	5,999
Transfer to property, plant and equipment	4	**–**	(49,538)
Fair value (loss)/gain	19	**(597)**	5,475
Translation differences on consolidation		**1,439**	5,226
At 31 December		**80,979**	80,137
Analysed between:			
Completed properties		**33,229**	33,262
Properties under construction		**47,750**	46,875
		80,979	80,137

As at 31 December 2014 and 2013, all the investment properties were completed, except for 21,875 square metres ("sq m") of commercial space completed in bare-shell condition and earmarked for the potential expansion of a hotel.

Completed investment properties comprise a number of commercial properties and residential units that are leased to external customers. The leases contain initial non-cancellable periods of one to fifteen years. Subsequent renewals are negotiated with the lessees. No contingent rents are charged.

In 2013, the Group reclassified a hotel and certain retail units of two commercial buildings to property, plant and equipment (note 4) upon commencement of the hotel operations, and certain retail units from development properties (note 11) to investment properties upon the commencement of the leases.

6 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

(i) Fair value hierarchy

The fair value measurement for investment properties of $680,000 (2013: $668,000) has been categorised as a Level 2 fair value based on the comparable market transactions that consider sales of similar properties that have been transacted in the open market.

The fair value measurement for investment properties of $80,299,000 (2013: $79,469,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

As at 31 December 2014 and 31 December 2013, the investment properties were valued by DTZ. The fair values of the investment properties were based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuation of the investment properties was derived using the discounted cash flow method, which takes into consideration the estimated net rent (using the current and projected average rental rates and occupancy) and a discount rate applicable to the nature and type of asset in question, the market comparable method which takes into consideration the sales of similar properties that have been transacted in the open market and residual value method which takes into consideration the estimated net worth of the properties after completion and deducting the estimated costs to complete.

(ii) Level 3 fair value

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	Group	
	2014	**2013**
	$'000	**$'000**
Balance at 1 January	**79,469**	92,227
Additions	**–**	21,061
Transfer from properties under development	**–**	5,999
Transfer to property, plant and equipment	**–**	(49,538)
Fair value (loss)/gain recognised in profit or loss – unrealised	**(597)**	5,455
Translation differences on consolidation	**1,427**	4,265
Balance at 31 December	**80,299**	79,469

6 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Level 3 fair value (cont'd)

The following table shows the key unobservable inputs used in the valuation models:

Type	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Completed properties	Discounted cash flow method	• Rental yield of 5.5% to 8.0% (2013: 5.5% to 6.0%) • Discount rate of 5.5% to 9.0% (2013: 5.5% to 7.0%)	A significant increase in rental yield and a significant decrease in discount rate would result in a significantly higher fair value measurement.
	Market comparable method	• Average sales price for commercial units of RMB10,300 to RMB45,122 (2013: RMB10,365 to RMB45,355) per sq m	A significant increase in average sales prices would result in a significantly higher fair value measurement.
Properties under construction	Discounted cash flow and residual value method	• Average daily rate ("ADR") with increases of 3.0% to 10.6% (2013: 3.0% to 5.0%) • Occupancy rate of 28% to 44% (2013: 50% to 70%) • Discount rate of 9% (2013: 9%)	A significant increase in ADR and occupancy rate and a significant decrease in discount rate would result in a significantly higher fair value measurement.

Key unobservable inputs

Key unobservable inputs correspond to:

- Sale prices derived from the same open markets and sale prices of comparable commercial units.
- Rental yields derived from market data for similar properties, adjusted for nature, location and condition of the properties.
- ADR and occupancy rates of hotels derived from market data for similar hotels, adjusted for the location and condition of the hotel.
- Discount rate, based on the average market yield for comparable properties, adjusted to reflect the location and condition of the properties.

7 LEASE PREPAYMENTS

	Note	Group $'000
Cost		
At 1 January 2013		76,468
Additions		22,987
Disposal of subsidiaries		(20,479)
Transfer to properties under development		(77,548)
Translation differences on consolidation		1,860
At 31 December 2013		3,288
Disposals		(3,255)
Translation differences on consolidation		(33)
At 31 December 2014		–
Accumulated amortisation		
At 1 January 2013		3,756
Amortisation charge for the year	19	725
Disposal of subsidiaries		(2,604)
Transfer to properties under development		(1,740)
Translation differences on consolidation		98
At 31 December 2013		235
Amortisation charge for the year	19	25
Disposals		(256)
Translation differences on consolidation		(4)
At 31 December 2014		–
Carrying amounts		
At 1 January 2013		72,712
At 31 December 2013		3,053
At 31 December 2014		–

	Group	
	2014 $'000	**2013 $'000**
Analysed between:		
Non-current	–	3,009
Current	–	44
	–	3,053

8 INTERESTS IN SUBSIDIARIES

	Company	
	2014	2013
	$'000	$'000
Investments in subsidiaries		
Unquoted equity shares, at cost	**126,038**	125,129
Redeemable preference shares	**737,791**	21,640
Amounts due from subsidiaries		
Loans to subsidiaries	**–**	388,988
Total interests in subsidiaries	**863,829**	535,757

Loans to subsidiaries were unsecured and interest-free and were assigned to a subsidiary during the year. Settlement of amounts due from subsidiaries is neither planned nor likely to occur in the foreseeable future. As these amounts were a part of the Company's net investment in the subsidiaries, they were stated at cost.

The investment in redeemable preference shares of two (2013: one) wholly-owned subsidiaries entitles the Company to receive a fixed cumulative preferential dividend of 9.00 (2013: 2.75) Singapore cents per share per annum and to redeem at par the whole or any part of the redeemable preference shares held by the Company upon giving not less than 30 days prior written notice to the subsidiaries. The wholly-owned subsidiaries may redeem the whole or any part of the redeemable preference shares at the original issue price upon giving not less than 30 days prior written notice to the holders of the redeemable preference shares.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2014	2013
			%	%
Held by the Company				
Chengdu Industries Pte. Ltd.	Investment holding	Singapore	**100**	100
First Kaiser Company Limited	Investment holding	Hong Kong	**100**	100

8 INTERESTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2014 %	2013 %
Held by the Company (cont'd)				
First Sponsor Investment Limited	Investment holding	Hong Kong	**100**	100
FS Investment Holdings Limited	Investment holding	British Virgin Islands	**100**	100
FS Dongguan Investment Holdings Limited [(i)]	Investment holding	British Virgin Islands	**100**	100
FS Euro Capital Limited (formerly known as FS Dongguan No. 2 Investment Holdings Limited) [(ii)]	Investment holding	British Virgin Islands	**100**	–
Gaeronic Pte Ltd	Investment holding	Singapore	**100**	100
Idea Valley No. 3 Company Limited	Investment holding	Hong Kong	**100**	100
Wenjiang (BVI) Limited	Investment holding	British Virgin Islands	**100**	100
First Sponsor Management Pte. Ltd. [(iii)]	Provision of consultancy services	Singapore	**100**	–
Held through subsidiaries				
Held by Chengdu Industries Pte. Ltd.				
Chengdu Ming Ming Management Consultancy Co., Ltd (formerly known as Chengdu Jumping Dragon Management Services Co., Ltd) (CDMM) [(iv)]	Consultancy and management services	People's Republic of China	**100**	100

8 INTERESTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2014 %	2013 %
Held through subsidiaries (cont'd)				
Held by First Kaiser Company Limited				
Chengdu Kaiser Management Consultancy Co., Ltd	Consultancy and management services and property management services	People's Republic of China	**100**	100
Held by FS Investment Holdings Limited				
FS Chengdu No. 1 Pte. Ltd.	Investment holding	Singapore	**100**	100
Held by FS Dongguan Investment Holdings Limited				
FS Dongguan No. 1 Pte. Ltd. (v)	Investment holding	Singapore	**100**	100
Held by FS Euro Capital Limited				
FS Europe Investment Pte. Ltd. (formerly known as FS Dongguan No. 2 Pte. Ltd.) (vi)	Investment holding	Singapore	**100**	–
Held by First Sponsor Investment Limited				
First Sponsor (Guangdong) Group Limited	Investment holding	People's Republic of China	**100**	100
Held by Gaeronic Pte Ltd				
Chengdu Gaeronic Real Estate Co., Ltd (vii)	Property development, property investment, hotel ownership and operations, and investment holding	People's Republic of China	**100**	100

8 INTERESTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2014 %	2013 %
Held through subsidiaries (cont'd)				
Held by Idea Valley No. 3 Company Limited				
Sichuan First Sponsor Construction Co., Ltd	Construction related services	People's Republic of China	**100**	100
Held by Wenjiang (BVI) Limited				
Wenjiang Singapore Pte. Ltd.	Investment holding	Singapore	**100**	100
Held by FS Chengdu No. 1 Pte. Ltd.				
Chengdu Millennium Zhong Ren Real Estate Co., Ltd	Property development and property investment	People's Republic of China	**100**	100
Held by First Sponsor (Guangdong) Group Limited				
Guangdong Idea Valley Advertisement Limited	Property investment and investment holding	People's Republic of China	**100**	100
Held by Chengdu Gaeronic Real Estate Co., Ltd				
Shanghai Sigma Investment Co., Ltd (viii)	Provision of property financing services	People's Republic of China	**100**	100
Held by Wenjiang Singapore Pte. Ltd.				
Chengdu Yong Chang Real Estate Co. Ltd	Property development and property investment	People's Republic of China	**100**	100

8 INTERESTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2014 %	2013 %
Held through subsidiaries (cont'd)				
Held by Guangdong Idea Valley Advertisement Limited				
Dongguan Huiying Consultancy Management Limited (ix)	Dormant	People's Republic of China	**100**	100
Held by FS Dongguan No. 1 Pte. Ltd.				
First Sponsor No. 1 (Dongguan) Real Estate Co., Ltd (x)	Property development and property investment	People's Republic of China	**100**	–

(i) The subsidiary was incorporated on 19 November 2013.

(ii) The subsidiary was incorporated on 27 January 2014.

(iii) The subsidiary was acquired on 22 July 2014 from its former ultimate holding company, FSML.

(iv) The subsidiary was incorporated on 18 June 2013, pursuant to the legal exercise of division by continued existence of Chengdu Jumping Dragon Food Co. Ltd (CJD). At the completion of this legal exercise, CDMM took over those assets and liabilities which are real estate related together with the relevant accounting records.

(v) The subsidiary was incorporated on 21 November 2013.

(vi) The subsidiary was incorporated on 17 February 2014.

(vii) Certain ordinary shares in Chengdu Gaeronic Real Estate Co., Ltd were subject to a preservation order by the Sichuan Chengdu Municipal Intermediate People's Court. The preservation order was lifted in February 2014.

(viii) 50% equity interest is held through Chengdu Gaeronic Real Estate Co., Ltd and 50% equity interest is held through First Sponsor (Guangdong) Group Limited with effect from 25 December 2013.

(ix) 80% equity interest is held through Guangdong Idea Valley Advertisement Limited and 20% equity interest is held through Chengdu Gaeronic Real Estate Co., Ltd. The subsidiary commenced its voluntary liquidation process on 1 July 2014 and was liquidated on 9 January 2015.

(x) The subsidiary was incorporated on 9 May 2014.

KPMG LLP is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

9 TRADE AND OTHER RECEIVABLES

		Group		Company	
		2014	2013	2014	2013
	Note	$'000	$'000	$'000	$'000
Trade receivables:	(i)	**178,377**	31,361	**–**	–
Impairment losses		**(15)**	(15)	**–**	–
Net receivables		**178,362**	31,346	**–**	–
Loans to third parties	(ii)	**163,054**	37,860	**–**	–
Advances to third party	(iii)	**21,260**	20,880	**–**	–
Non-trade amounts due from subsidiaries	(iv)	**–**	–	**31,560**	21,845
Security deposits	(v)	**7,166**	10,572	**–**	–
Other receivables	(vi)	**8,786**	25,405	**5,641**	18,130
Impairment losses		**–**	(1)	**–**	–
Net other receivables		**8,786**	25,404	**5,641**	18,130
		378,628	126,062	**37,201**	39,975
Prepayments	(vii)	**16,148**	10,079	**2,204**	–
		394,776	136,141	**39,405**	39,975
Analysed between:					
Non-current		**118,671**	8,038	**–**	–
Current		**276,105**	128,103	**39,405**	39,975
		394,776	136,141	**39,405**	39,975

(i) Included in trade receivables are secured entrusted loans to third parties of $170,293,000 (2013: $31,320,000) via entrusted banks and bear interest ranging from 17.5% to 20.0% (2013: 18.0%) per annum.

(ii) As at 31 December 2014, the balance comprised the following:

- unsecured loans with a total principal of $106,300,000 to a local government authority in the PRC which bear a nominal interest rate of 13.0% and are due in 2017.
- an unsecured loan with a principal of $51,024,000 (2013: Nil) to a local government authority in the PRC which bears a nominal interest rate of 12.8% and is due in 2015.

As at 31 December 2013, the balance comprised the following:

- an unsecured loan of $8,293,000 to a former subsidiary, Dongguan Junxuan Enterprise Limited, which bore interest at 5.0% per annum. The amount was fully repaid in 2014.
- unsecured loans of $29,567,000 to a local government authority in the PRC which bore interest at 6.0% per annum. The amounts were fully repaid in 2014.

9 TRADE AND OTHER RECEIVABLES (CONT'D)

(iii) An advance of $21,260,000 (2013: $20,880,000) (the "Initial Fund") was granted to a PRC government linked entity (the "PRC Entity") in November 2013 for the preliminary development and compensation for resettlement of occupants on a parcel of land which the Group intends to purchase under a memorandum of understanding and a framework agreement (together, the "Zhongtang Agreements"). The advance was unsecured and interest-free.

In January 2015, the Group entered into an agreement with the PRC Entity to mutually terminate the Zhongtang Agreements (the "Termination Agreement"). Pursuant to the Termination Agreement:

- the PRC Entity paid the Group an agreed return of $3,507,900;
- the repayment date of the Initial Fund was extended to no later than 25 November 2015; and
- the PRC Entity shall pay a return of 10.0% per annum on the Initial Fund for the period from 26 November 2014 to the settlement date.

(iv) The non-trade amounts due from subsidiaries are unsecured and interest-free, and are repayable on demand.

(v) The security deposits were paid to a local PRC government authority in relation to the construction of civil air defence facilities (the "Facilities") for a project carried out by the Group. These deposits will be refunded to the Group after the commencement of the construction of the Facilities.

(vi) The Group and the Company's other receivables mainly relate to:

- consideration receivable of $5,625,000 (2013: $16,451,000) from a third party arising from the disposal of a subsidiary during the financial year ended 31 December 2013. Under the terms of the agreement relating to the disposal, settlement of part of the consideration amounting to $7,517,000 is deferred to 30 June 2014. On 31 December 2014, the Group entered into a supplementary agreement to extend the payment deadline of the remaining unpaid balance to 31 March 2015. The balance is unsecured and interest-free until 31 December 2014, after which it will bear interest of 5.0% per annum from 1 January 2015 to the settlement date.
- consideration receivable of $1,680,000 from a non-controlling shareholder for the disposal of a subsidiary as at 31 December 2013. The balance was interest-free and secured on 1,348,838 ordinary shares of the Company held by the non-controlling shareholder. The balance was fully repaid in 2014.

In addition, included in the balance of the Group as at 31 December 2013 is interest receivable of $5,881,000 from a local government authority in the PRC. The balance was fully repaid in 2014.

(vii) Included in the prepayments of the Group as at 31 December 2014 was prepaid taxes of $13,619,000 (2013: $9,843,000).

Concentration of credit risk relating to third party trade receivables is limited due to the Group's many varied customers. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

9 TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses

The ageing of trade receivables at the reporting date is:

	2014		2013	
	Gross $'000	Impairment losses $'000	Gross $'000	Impairment losses $'000
Group				
Not past due	**178,318**	**–**	31,346	–
Past due 1 – 60 days	**43**	**–**	–	–
Past due 61 – 90 days	**1**	**–**	–	–
More than 90 days	**15**	**15**	15	15
	178,377	**15**	31,361	15

Based on historical default rates, the Group believes that the impairment allowance is adequate.

The movements in impairment losses in respect of trade receivables during the year are as follows:

		Group	
	Note	2014 $'000	2013 $'000
At 1 January		**15**	318
Impairment loss reversed	19	**–**	(312)
Translation differences on consolidation		**–**	9
At 31 December		**15**	15

The movements in impairment losses in respect of other receivables during the year are as follows:

		Group	
	Note	2014 $'000	2013 $'000
At 1 January		**1**	20,861
Impairment loss reversed	19	**(1)**	(21,112)
Translation differences on consolidation		**–**	252
At 31 December		**–**	1

10 DEFERRED TAX ASSETS/(LIABILITIES)

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2013 $'000	Recognised in profit or loss (note 20) $'000	Disposal of subsidiaries (note 23) $'000	Translation differences on consolidation $'000	At 31 December 2013 $'000	Recognised in profit or loss (note 20) $'000	Translation differences on consolidation $'000	At 31 December 2014 $'000
Group								
Deferred tax assets								
Development properties	5,522	77	–	305	5,904	(980)	79	**5,003**
Investment properties	–	822	–	62	884	(872)	(12)	**–**
Property, plant and equipment	1,344	(1,326)	–	(18)	–	–	–	**–**
Receipts in advance	2,508	2,356	–	348	5,212	2,144	165	**7,521**
Tax losses	355	(347)	–	(8)	–	–	–	**–**
Others	357	367	–	46	770	(120)	10	**660**
Total	10,086	1,949	–	735	12,770	172	242	**13,184**
Deferred tax liabilities								
Investment properties	(21,280)	7,800	4,845	(371)	(9,006)	(5)	(164)	**(9,175)**
Lease prepayments	(5,111)	104	4,504	(131)	(634)	634	–	**–**
Property, plant and equipment	–	(2,004)	–	(251)	(2,255)	(1,978)	(86)	**(4,319)**
Trade and other receivables	(203)	(2,166)	–	(174)	(2,543)	(931)	(77)	**(3,551)**
Others	(4)	(108)	(5)	(77)	(194)	(29)	(1)	**(224)**
Total	(26,598)	3,626	9,344	(1,004)	(14,632)	(2,309)	(328)	**(17,269)**

The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group 2014 $'000	Group 2013 $'000
Deferred tax assets	**8,951**	10,303
Deferred tax liabilities	**(13,036)**	(12,165)

10 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised deferred tax liabilities

As at 31 December 2014, deferred tax liabilities of $7,981,000 (2013: $5,270,000) in respect of temporary differences of $133,027,000 (2013: $91,713,000) related to the withholding tax on the distributable profit of the Group's subsidiaries in the PRC were not recognised because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2014	**2013**
	$'000	**$'000**
Deductible temporary differences	**7,233**	3,194
Tax losses	**131**	1,015
	7,364	4,209

The tax losses and deductible temporary differences are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

The tax losses with expiry dates are as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Expiry date:		
– After 1 year but less than 5 years	**131**	1,015

11 DEVELOPMENT PROPERTIES

		Group	
		2014	**2013**
	Note	**$'000**	**$'000**
Properties under development for sale		**516,790**	297,875
Completed properties for sale		**42,732**	35,964
		559,522	333,839
Net interest expense/(income) capitalised in properties under development during the year	18	**710**	(1,011)

Net interest has been capitalised at rates ranging from 1.26% to 6.00% (2013: 2.75% to 6.00%) per annum for properties under development.

Included in development properties are staff costs capitalised of $2,037,000 (2013: $1,620,000) during the financial year ended 31 December 2014.

During the financial year ended 31 December 2014, development properties recognised in cost of sales amounted to $93,546,000 (2013: $109,870,000).

During the financial year ended 31 December 2014, the Group reclassified 11 commercial units to be used as staff dormitory for a hotel from development properties to property, plant and equipment at its carrying value.

During the financial year ended 31 December 2013, the Group reclassified a staff dormitory from development properties to property, plant and equipment. Prior to the reclassification, the staff dormitory was valued by DTZ using the direct comparison approach and the Group recognised a write-down of development properties of $253,000. The write-down was included in other expenses in the consolidated statement of profit or loss (note 19).

Management assesses whether allowances for foreseeable losses on properties under development for sale are required based on their estimates of selling prices and construction costs or independent professional valuations undertaken, where appropriate. Selling prices are based on recent selling prices and the prevailing market conditions. Construction costs are estimated based on contracted amounts and in respect of amounts not contracted for, management's estimates of the amounts to be incurred. Where independent professional valuations are undertaken, the valuations were based on the residual approach which involved making estimates of the value of the proposed property to be constructed and the related costs to construct the property.

Management also assesses if any write-down of completed properties for sale is required based on their estimates of selling prices which are based on recent selling prices and the prevailing market conditions.

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fixed and structured deposits	**60,619**	49,046	**1,197**	13
Cash at bank and in hand	**71,178**	262,108	**1,235**	6,855
	131,797	311,154	**2,432**	6,868

The balance as at 31 December 2014 included $56,389,000 (2013: $117,805,000) which were held under PRC development project rules, where the utilisation of the funds is restricted to project related payments.

Structured deposits are Renminbi ("RMB") denominated deposits placed by certain subsidiaries with banks. At the reporting date, the principal and minimum annual returns ranging from 3.1% to 4.8% (2013: 4.6% to 5.0%) were guaranteed by the banks.

Cash and cash equivalents at 31 December 2014 included $127,805,000 (2013: $301,649,000) which were deposited with financial institutions in the PRC. The remittance of these funds by the Group out of the PRC is subject to currency exchange restrictions.

13 SHARE CAPITAL

	2014		2013	
	Number of shares	US$'000	Number of shares	US$'000
Authorised share capital				
At 1 January	**300,000,000**	**300,000**	300,000,000	300,000
Increase during the year	**1,700,000,000**	**1,700,000**	–	–
At 31 December	**2,000,000,000**	**2,000,000**	300,000,000	300,000

	2014		2013	
	Number of shares	$'000	Number of shares	$'000
Ordinary shares of U$1 each issued and fully paid				
In issue at 1 January	**293,234,231**	**363,317**	293,234,231	363,317
Issued pursuant to the capitalisation of shareholder loans	**205,477,157**	**259,107**	–	–
Issued for cash	**91,103,561**	**113,980**	–	–
In issue at 31 December	**589,814,949**	**736,404**	293,234,231	363,317

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13 SHARE CAPITAL (CONT'D)

Issue of ordinary shares

There were the following issues of ordinary shares during the year ended 31 December 2014:

(i) 205,477,157 ordinary shares were issued at US$1 each amounting to $259,107,000, together with the re-issuance of 3,000,000 treasury shares (note 14), pursuant to the capitalisation of a loan from FSCL, in March 2014.

(ii) In March 2014, 21,453,561 ordinary shares were issued to the shareholders then for cash at US$1 each, amounting to $27,053,000 for working capital purposes;

(iii) 25,850,000 ordinary shares were issued for cash at US$1 each, amounting to $32,597,000, pursuant to the Management Equity Participation scheme (note 19) in March 2014; and

(iv) 43,800,000 ordinary shares with par value of US$1 each, amounting to $54,330,000, were issued for cash at $1.50 (equivalent to US$1.21) each, as part of the Company's initial public offering of shares ("IPO") in July 2014.

Capital management

The Group defines "capital" as including all components of equity. The Group's objectives when managing its capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. This will in turn maintain investor and creditor confidence and sustain the future development of the business.

In order to achieve an optimal capital structure, the Group may issue new shares, obtain new borrowings or sell its assets. Excess capital, if any, may also be returned to shareholders.

The Group's capital structure is regularly reviewed and managed with due regard to its capital management objectives and practices. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Company.

The Company is not subject to any externally imposed capital requirements. However, the subsidiaries incorporated in the PRC are subject to currency exchange restrictions on the remittance of funds out of the PRC.

14 RESERVES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Share premium	**9,570**	–	**9,821**	–
Reserve for own shares	**–**	(3,717)	**–**	(3,717)
Statutory reserve	**14,835**	10,190	**–**	–
Capital reserve	**(1,497)**	(1,563)	**245**	179
Foreign currency translation reserve	**83,891**	58,146	**–**	–
Retained earnings/(Accumulated losses)	**51,271**	29,507	**(15,916)**	(41,581)
	158,070	92,563	**(5,850)**	(45,119)

Share premium

The share premium account represents the excess of the issue price over the par value of ordinary shares issued by the Company and may be applied only for the purposes specified in the Cayman Islands Companies Law.

During the year ended 31 December 2014, the Company recorded a share premium of $11,370,000 (2013: Nil) following the issuance of 43,800,000 (2013: Nil) new fully-paid ordinary shares at $1.50 (equivalent to US$1.21) (2013: Nil) each in connection with its IPO. Share issue expenses of $1,800,000 (2013: Nil) was applied to the account.

Reserve for own shares

The reserve for own shares comprise the cost of the Company's shares held by the Group. As at 31 December 2013, the Group held 3,000,000 of the Company's shares. During the financial year ended 31 December 2014, the treasury shares were issued at US$1.00 each, amounting to $3,783,000, as part of the consideration for capitalisation of a loan from FSCL.

Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, wholly-owned subsidiaries are required to make appropriation to a statutory reserve. At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the statutory reserve until the cumulative total of the reserve reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

14 RESERVES (CONT'D)

Capital reserve

The capital reserve comprises:

(a) interest waived on intercompany loans

(b) the difference between the adjustment to non-controlling interests and the fair value of consideration paid on acquisition of non-controlling interests in a subsidiary; and

(c) the difference between the fair value and the cost of the treasury shares reissued.

Foreign currency translation reserve

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company; and

(b) the exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Dividends

The following dividend was declared and paid by the Group for the year ended 31 December 2013:

	Group $'000
Paid by a subsidiary to non-controlling interests	2,033

No dividends were declared and paid by the Group and Company for the year ended 31 December 2014.

After the reporting date, the following exempt (one-tier) dividend was proposed by the directors. The exempt (one-tier) dividends has not been provided for.

	Group and Company	
	2014 **$'000**	**2013** **$'000**
0.76 cents (2013: Nil) per qualifying ordinary share	**4,483**	–

15 LOANS AND BORROWINGS

	Group and Company	
	2014	2013
	$'000	$'000
Non-current		
Bank loans (unsecured)	**83,003**	–

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

		2014		2013	
	Year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Group and Company					
Bank loans (unsecured)	2016 – 2017	**84,600**	**83,003**	–	–

The effective interest rate of unsecured bank loans of the Group and Company range from 2.4% to 2.8% per annum at the reporting date.

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables	**59,719**	37,943	**–**	–
Receipts in advance	**200,158**	139,297	**–**	–
Accruals	**6,738**	3,890	**934**	806
Amounts due to an affiliated corporation (trade)	**–**	482	**–**	–
Other payables	**5,426**	8,175	**–**	–
Value added tax, business tax and other taxes payable	**6,826**	5,591	**–**	–
Non-trade amounts due to:				
– former shareholders and affiliates of subsidiaries	**1,998**	2,034	**–**	–
– former immediate holding company	**–**	262,890	**–**	262,890
– subsidiaries	**–**	–	**91,175**	706
	280,865	460,302	**92,109**	264,402

An affiliated corporation is defined as a corporation:

(a) in which a director of the Group has substantial financial interests or who is in a position to exercise significant influence; and/or

(b) which directly or indirectly, through one or more intermediaries is under the control of a common shareholder.

Receipts in advance mainly represent deposits and instalments received on properties for sale.

The non-trade amounts due to former shareholders and affiliates of subsidiaries and subsidiaries are unsecured and interest-free, and are repayable on demand.

The non-trade amount due to former immediate holding company was unsecured and interest-free, and was capitalised during the current financial year.

17 REVENUE

	Group 2014 $'000	Group 2013 $'000
Sale of properties	**129,916**	147,374
Rental income from investment properties	**1,497**	683
Interest income on:		
– entrusted loans to an affiliated corporation	**–**	2,481
– entrusted loans to third parties	**19,120**	5,347
– vendor financing arrangements	**99**	137
	19,219	7,965
Hotel operations	**2,314**	337
Others	**265**	1,173
	153,211	157,532

18 NET FINANCE INCOME

	Group 2014 $'000	Group 2013 $'000
Finance income		
Imputed interest on receivable from a non-controlling shareholder	**29**	57
Interest income on:		
– bank deposits	**4,884**	5,063
– loans to local government authority in the PRC	**11,273**	1,874
	16,186	6,994
Less: Amount capitalised	**(1,113)**	(4,430)
	15,073	2,564
Finance costs		
Amortisation of transaction costs	**(2,962)**	–
Interest expense on:		
– bank loans	**(965)**	–
– loans from an affiliated corporation	**–**	(2,132)
– loans from a shareholder of the former immediate holding company	**–**	(1,287)
	(3,927)	(3,419)
Less: Amount capitalised	**1,823**	3,419
	(2,104)	–
Net finance income	**12,969**	2,564

19 PROFIT BEFORE TAX

(a) Other gains comprise:

	Note	Group 2014 $'000	Group 2013 $'000
Gain/(Loss) on disposal of:			
– lease prepayments		**1,146**	–
– property, plant and equipment (net)		**(237)**	55
– subsidiaries	23	**–**	6,423
Loss on dissolution of subsidiaries		**–**	(10)
		909	6,468

(b) Profit before tax includes the following:

	Note	Group 2014 $'000	Group 2013 $'000
Audit fees paid/payable to:			
– auditors of the Company		**100**	103
– other auditors		**137**	379
Non-audit fees paid to:			
– auditors of the Company		**540**	48
– other auditors		**18**	24
Amortisation of intangible assets	5	**–**	13
Amortisation of lease prepayments	7	**25**	725
Depreciation of property, plant and equipment	4	**1,374**	739
Direct operating expenses arising from rental of investment properties		**198**	33
Exchange gain (net)		**(166)**	(217)
Fair value loss/(gain) on investment properties	6	**597**	(5,475)
Write-down of development property	11	**–**	253
Hotel base stocks written off		**91**	733
Hotel pre-opening expenses		**–**	951
Impairment losses reversed on:			
– trade receivables	9	**–**	(312)
– other receivables and deposits	9	**(1)**	(21,112)
Operating lease expense		**330**	1,187
Reversal of accrual for construction costs no longer required		**(2,753)**	–
Staff costs		**8,755**	4,416
Share-based charge		**4,705**	–

19 PROFIT BEFORE TAX (CONT'D)

(b) Profit before tax includes the following: (cont'd)

In addition to the amounts disclosed above, non-audit fees of $38,000 (2013: Nil) paid to the auditors of the Company are included in share issue expenses within the share premium of the Company.

	Group	
	2014	**2013**
	$'000	**$'000**
Staff costs		
Wages and salaries	**9,625**	5,278
Contributions to defined contribution plans	**1,158**	694
Termination benefits	**9**	64
	10,792	6,036
Less: Amounts capitalised	**(2,037)**	(1,620)
	8,755	4,416

Share-based charge

In March 2014, the Company issued 25,850,000 (2013: Nil) new shares ("Management Equity Participation Shares") to certain management personnel pursuant to the Management Equity Participation scheme. Under this one-off scheme, certain management personnel were entitled to subscribe for shares in the Company at US$1 each in cash, prior to the IPO. The Company accounted for the issue of the Management Equity Participation Shares under IFRS 2 Share-based Payments and recognised a share-based charge of $4,705,000 (2013: Nil) in profit or loss for the year ended 31 December 2014, representing the difference between the fair value and par value of the Management Equity Participation Shares subscribed for, and issued to, each of the management personnel. The fair value of the Management Equity Participation Shares of $1.44 each was measured based on the discounted revalued net asset value of the Group as at the issuance date.

20 TAX EXPENSE

	Group 2014 $'000	Group 2013 $'000
Current tax expense		
Current year	**12,396**	14,003
Overprovision in respect of prior year	**(597)**	(1,800)
	11,799	12,203
Withholding tax	**49**	72
Land appreciation tax expense	**4,831**	5,187
	16,679	17,462
Deferred tax expense		
Origination and reversal of temporary differences	**2,137**	(5,489)
Overprovision in respect of prior year	**–**	(86)
	2,137	(5,575)
Total tax expense	**18,816**	11,887

Reconciliation of effective tax rate

	Group 2014 $'000	Group 2013 $'000
Profit for the year	**21,704**	47,631
Total tax expense	**18,816**	11,887
Profit before income tax	**40,520**	59,518
Tax calculated using PRC tax rate of 25% (2013: 25%)	**10,130**	14,880
Adjustment of income tax on deemed profit basis	**–**	(209)
Effect of different tax rates in other jurisdictions	**695**	926
Effect of deferred tax assets not recognised	**996**	804
Expenses not deductible for tax purposes	**4,297**	2,686
Income not subject to tax	**(127)**	(7,532)
Recognition of previously unrecognised deferred tax assets	**(250)**	(1,822)
Land appreciation tax expense	**4,831**	5,187
Effect of tax deduction on land appreciation tax expense	**(1,208)**	(1,297)
Overprovision in respect of prior year	**(597)**	(1,886)
Withholding tax	**49**	72
Others	**–**	78
	18,816	11,887

20 TAX EXPENSE (CONT'D)

The Company is established under the laws of the Cayman Islands and is not subject to income tax in that jurisdiction. On 18 December 2014, the Company obtained clearance on its Singapore tax resident status from the Inland Revenue Authority of Singapore which will be applicable from the Year of Assessment 2015 onwards.

The Group's operations are mainly in the PRC. Pursuant to the PRC Corporate Income Tax Law (CIT Law), the statutory tax rate applicable to the Group's PRC subsidiaries is 25% (2013: 25%).

For the financial year ended 31 December 2013, current income tax expense of a subsidiary of the Group was calculated on a fixed percentage of its revenue (deemed profit) multiplied by the applicable tax rate. The deemed profit ratio was 8% of the entity's revenue. Such deemed profit basis is subject to review and approval by the respective tax authorities for each tax filing year.

Withholding tax arising from the distribution of dividends

Pursuant to the CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

The Group's determination as to whether to accrue for withholding taxes arising from the distribution of dividends by certain subsidiaries is subject to judgement on the timing of the payment of the dividends (note 10). The Group considered that the applicable withholding tax rate to be 5% to 10% (2013: 5% to 10%).

PRC Land Appreciation Tax (LAT)

LAT is levied at prevailing progressive rates on the appreciation of land value, being the proceeds of the sales of properties less deductible costs. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their land appreciation tax calculations and payments with the local tax authorities.

Accordingly, significant judgement is required in determining the amount of land appreciation and the related income tax provision.

21 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders as set out below, and the weighted average number of ordinary shares outstanding, calculated as follows:

Profit attributable to ordinary shareholders

	Group	
	2014	**2013**
	$'000	**$'000**
Profit attributable to ordinary shareholders	**21,704**	47,991

Weighted average number of ordinary shares

	Group	
	2014	**2013**
	'000	**'000**
Issued ordinary shares at 1 January	**293,234**	293,234
Effect of own shares held	**–**	(3,000)
Effect of shares issued during the year	**208,396**	–
Weighted average number of ordinary shares during the year	**501,630**	290,234

Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the financial years ended 31 December 2014 and 2013.

22 ACQUISITION OF A SUBSIDIARY

On 22 July 2014, the Group acquired the entire equity interest in First Sponsor Management Pte. Ltd. ("FSMPL") for a consideration of $0.9 million from its former ultimate holding company, FSML, as part of its restructuring exercise for its IPO.

From 22 July 2014 to 31 December 2014, FSMPL contributed a net loss after tax of $2,336,000 to the Group's results. If the acquisition had occurred on 1 January 2014, management estimates that the consolidated profit for the year would have been $22,521,000.

The cash flows and identifiable assets and liabilities of the subsidiary acquired are provided below:

	$'000
Property, plant and equipment	**524**
Trade and other receivables	**165**
Cash and cash equivalents	**697**
Trade and other payables	**(576)**
Provision for taxation	**99**
Total identifiable net assets acquired	**909**
Consideration	**909**
Less: Cash acquired	**(697)**
Net cash outflow	**212**

The trade and other receivables comprise gross contractual amounts due of $165,000 which are expected to be collectible in full at the acquisition date. The carrying amount of the identifiable assets and liabilities were reasonable approximation of their fair value on the date of acquisition.

23 DISPOSAL OF SUBSIDIARIES

There were the following disposals of subsidiaries during the financial year ended 31 December 2013:

(a) On 26 March 2013, the Group disposed of its 70% equity interest in Fogang Idea Valley Property Development Limited and its subsidiary, Fogang County Idea Valley Property Management Limited, to a third party for a consideration of $17,459,939.

(b) On 11 December 2013, the Group disposed of its 100% equity interest in Dongguan Wangwu Commercial and Management Limited to a third party for a consideration of $203,500.

(c) On 12 December 2013, the Group disposed of its 100% equity interest in Dongguan Feng Xiang Investment Consultancy Limited and its 70% owned subsidiary, Dongguan Feng Er Investment Consultancy Co., Ltd, to a third party for a consideration of $1,628,000.

(d) On 25 December 2013, the Group disposed of its 100% equity interest in Dongguan Junxuan Enterprise Limited to a third party for a consideration of $305,250.

(e) On 26 December 2013, the Group disposed of its 100% equity interest in CJD to a third party for a consideration of $4,660,150.

(f) On 30 December 2013, the Group disposed of its 100% equity interest in Idea Valley No. 1 Company Limited and its wholly owned subsidiary, Idea Valley Lianzhou Property Development Limited, to a third party for a consideration of $8,582,604. The buyer also assumed the amounts due to the Group of $15,798,723.

23 DISPOSAL OF SUBSIDIARIES (CONT'D)

The cash flows and the net assets of the subsidiaries disposed are provided below:

	Note	**Disposals 2013 $'000**
Property, plant and equipment		1,536
Lease prepayments		17,875
Investment properties	6	28,971
Development properties		22,643
Trade and other receivables		4,706
Cash and cash equivalents		5,557
Trade and other payables		(35,805)
Tax payable		(1,332)
Deferred tax liabilities	10	(9,344)
Net identified assets		34,807
Less: Non-controlling interests		(6,847)
Identified net assets disposed		27,960
Realisation of foreign currency translation reserve		(1,544)
Gain on disposal	19	6,423
Total consideration		32,839
Repayment of amounts due to the Group		15,800
Portion of consideration for which payment is deferred		(16,451)
Cash and cash equivalents disposed of		(5,557)
Net cash inflow		26,631

The gain on disposal is recognised in other gains in the consolidated statement of profit or loss.

24 OPERATING SEGMENTS

Information reported to the Group's CODM for the purpose of resource allocation and assessment of performance is specifically focused on the functionality of services provided. The following summary describes the operations in each of the Group's reportable segments:

- Property development – development and/or purchase of properties for sale
- Property investment – development and/or purchase of investment properties for lease
- Property financing – provision of entrusted loans via entrustment banks and financial consultancy services
- Hotel operations – hotel owner

Other operations include candy manufacturing and property management. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2014 and 2013.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Property development $'000	Property investment $'000	Property financing $'000	Hotel operations $'000	Total reportable segments $'000	Unallocated $'000	Total $'000
2014							
Segment revenue	138,270	1,497	19,508	2,343	161,618	13,376	174,994
Elimination of inter-segment revenue	(8,378)	–	–	(29)	(8,407)	(13,376)	(21,783)
External revenue	129,892	1,497	19,508	2,314	153,211	–	153,211
Profit/(Loss) from operating activities	27,406	383	18,476	797	47,062	(19,511)	27,551
Finance income	11,538	–	3,488	–	15,026	47	15,073
Finance costs	(203)	–	–	–	(203)	(1,901)	(2,104)
Segment profit/(loss) before tax	38,741	383	21,964	797	61,885	(21,365)	40,520
Other material non-cash items:							
Depreciation and amortisation	(283)	–	(1)	(987)	(1,271)	(128)	(1,399)
Fair value loss on investment properties	–	(597)	–	–	(597)	–	(597)
Impairment loss reversed on trade and other receivables	–	1	–	–	1	–	1
Reversal of accrual for construction costs no longer required	–	–	–	(2,753)	(2,753)	–	(2,753)

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Property investment $'000	Property financing $'000	Hotel operations $'000	Total reportable segments $'000	Unallocated $'000	Total $'000
2014							
Assets							
Segment assets	846,996	81,846	214,194	114,142	1,257,178	35,822	1,293,000
Liabilities							
Segment liabilities	(357,642)	(274)	(414)	(538)	(358,868)	(39,658)	(398,526)
Other segment information:							
Additions to non-current assets*	278	–	1	32,722	33,001	3	33,004

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Property investment $'000	Property financing $'000	Hotel operations $'000	Total reportable segments $'000	Others $'000	Unallocated $'000	Total $'000
2013								
Segment revenue	153,280	683	8,437	337	162,737	132	7,400	170,269
Elimination of inter-segment revenue	(5,337)	–	–	–	(5,337)	–	(7,400)	(12,737)
External revenue	147,943	683	8,437	337	157,400	132	–	157,532
Profit/(loss) from operating activities	29,263	26,959	7,574	(2,402)	61,394	70	(4,510)	56,954
Finance income	1,794	–	134	–	1,928	–	636	2,564
Segment profit/(loss) before tax	31,057	26,959	7,708	(2,402)	63,322	70	(3,874)	59,518
Other material non-cash items:								
Depreciation and amortisation	(1,453)	–	(1)	(23)	(1,477)	–	–	(1,477)
Fair value gain on investment properties	–	5,475	–	–	5,475	–	–	5,475
Write-down of development properties	(253)	–	–	–	(253)	–	–	(253)
Impairment loss reversed on trade and other receivables	–	21,424	–	–	21,424	–	–	21,424

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Property investment $'000	Property financing $'000	Hotel operations $'000	Total reportable segments $'000	Others $'000	Unallocated $'000	Total $'000
2013								
Assets								
Segment assets	718,778	80,137	32,957	75,677	907,549	–	48,133	955,682
Liabilities								
Segment liabilities	(193,311)	(801)	(347)	(471)	(194,930)	–	(304,872)	(499,802)
Other segment information:								
Additions to non-current assets*	23,195	21,061	–	1,577	45,833	–	978	46,811

* Non-current assets include property, plant and equipment, intangible assets, investment properties and lease prepayments

Geographical information

The Group's main businesses are those relating to property development, property investment, property financing and hotel operations which are mainly in the People's Republic of China. Accordingly, geographical information has not been presented.

25 FINANCIAL RISK MANAGEMENT

Overview

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The loans to third parties represent a significant portion of the Group's trade and other receivables (note 9). Except as disclosed, there is no concentration of credit risk as at the reporting date. The carrying amounts of financial assets represent the maximum credit risk, before taking into account any collateral held.

Trade and other receivables

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis.

The Group assesses the credit risk in respect of its property development operations to be relatively low as payments are usually received from property buyers in advance. In respect of the credit risk arising from property investment operations, the Group manages the risk by collecting rental deposits in advance and monitors the outstanding balances on an on-going basis.

In respect of the credit risk arising from the property financing operations, entrusted loans to third parties are generally secured by a mortgage of land use rights and/or property as well as personal guarantees and/or corporate guarantees in favour of the entrusted bank. The loan disbursed is capped at a pre-set loan to value ratio of the property collateral.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and cash equivalents

Cash and fixed deposits are placed with banks and financial institutions which are regulated. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities and only with counterparties that have a sound credit rating.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Financial guarantees

As at 31 December 2014, the Group has issued guarantees to banks of up to $123,874,000 (2013: $77,833,000) to secure the mortgage arrangements of the buyers of the Group's development properties held for sale. The guarantees would be terminated upon the completion of the transfer of legal title of the properties to the buyers. At the reporting date, the directors did not consider it probable that the Group will sustain a loss under these guarantees as the Group has the authority to sell the property to recover any outstanding loan balance should the buyers default on payment. The Group had not recognised any liabilities in respect of these guarantees.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it maintains sufficient reserves of cash on demand and adequate committed lines of funding from major financial institutions and its shareholders to meet its liquidity requirements in the short and longer term. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The Group has contractual commitments to incur expenditure on its development properties, investment properties and property, plant and equipment (see note 26).

The following are the expected undiscounted cash outflows of financial liabilities, including interest payments, if any, and excluding netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Cash flows within 1 year $'000	Cash flows after 1 year but within 5 years $'000
Group				
2014				
Non-derivative financial liabilities				
Loans and borrowings	83,003	87,807	1,510	86,297
Trade and other payables*	80,707	80,707	80,707	–
Recognised financial liabilities	163,710	168,514	82,217	86,297
Financial guarantees	–	123,874	123,874	–
	163,710	292,388	206,091	86,297

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows within 1 year $'000	Cash flows after 1 year but within 5 years $'000
Group (cont'd)				
2013				
Non-derivative financial liabilities				
Trade and other payables*/recognised financial liabilities	321,005	321,005	321,005	–
Financial guarantees	–	77,833	77,833	–
	321,005	398,838	398,838	–
Company				
2014				
Non-derivative financial liabilities				
Loans and borrowings	**83,003**	**87,807**	**1,510**	**86,297**
Trade and other payables	**92,109**	**92,109**	**92,109**	**–**
Recognised financial liabilities	**175,112**	**179,916**	**93,619**	**86,297**
2013				
Non-derivative financial liabilities				
Trade and other payables/recognised financial liabilities	264,402	264,402	264,402	–

* Excluding receipts in advance

The maturity analyses show the contractual undiscounted cash flows of the financial liabilities of the Group and the Company on the basis of their earliest possible contractual maturity.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates changes. Except for these financial liabilities and the cash flow arising from the financial guarantees issued, it is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Interest rate risk

The Group's interest rate risk arises primarily from its cash and cash equivalents, trade and other receivables, loans and borrowings. Presently, the Group does not use derivative financial instruments to hedge its interest rate risk.

Interest rate profile

At the reporting date, the interest rate profile of the interest bearing financial instruments of the Group and the Company were:

	Group Nominal amount		Company Nominal amount	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Financial assets	**329,494**	63,213	**1,197**	13
Variable rate instruments				
Financial assets	**129,901**	308,806	**1,235**	6,855
Financial liabilities	**(84,600)**	–	**(84,600)**	–
	45,301	308,806	**(83,365)**	6,855

Sensitivity analysis

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

Cashflow sensitivity analysis for variable rate instruments

A change of 100 (2013: 100) basis points (bps) in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. There is no impact on other components of equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bps increase $'000	100 bps decrease $'000
Group		
31 December 2014		
Variable rate instruments	**453**	**(453)**
31 December 2013		
Variable rate instruments	3,088	(3,088)

	Profit or loss	
	100 bps decrease $'000	100 bps increase $'000
Company		
31 December 2014		
Variable rate instruments	**(834)**	**834**
31 December 2013		
Variable rate instruments	69	(69)

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the Singapore dollar, Renminbi, US dollar, Ringgit Malaysia and Hong Kong dollar.

There is no formal hedging policy with respect to foreign exchange exposure. Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The exposure of the Group and Company to foreign currencies are as follows based on nominal amounts:

	Singapore dollar $'000	Renminbi $'000	US dollar $'000	Ringgit Malaysia $'000	Hong Kong dollar $'000
Group					
2014					
Cash and cash equivalents	**–**	**86**	**785**	**–**	**1,258**
Trade and other receivables	**–**	**6,327**	**20**	**–**	**15**
Trade and other payables	**–**	**(207)**	**(10)**	**(1,944)**	**(23)**
	–	**6,206**	**795**	**(1,944)**	**1,250**
2013					
Cash and cash equivalents	36	–	9,044	–	54
Trade and other receivables	2,041	19,361	5,907	–	21
Trade and other payables	(310,468)	(209)	(19,745)	(1,980)	–
	(308,391)	19,152	(4,794)	(1,980)	75

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Foreign currency risk (cont'd)

	Renminbi $'000	US dollar $'000	Hong Kong dollar $'000
Company			
2014			
Cash and cash equivalents	**65**	**53**	**1,168**
Trade and other receivables	**5,625**	**5**	**–**
Trade and other payables	**(63)**	**(10)**	**–**
	5,627	**48**	**1,168**
2013			
Cash and cash equivalents	–	6,868	–
Trade and other receivables	18,085	1,680	–
Trade and other payables	(60)	(11,499)	–
	18,025	(2,951)	–

Sensitivity analysis

A 10% (2013: 10%) strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date would impact the profit or loss (before any tax effects) of the Group and the Company by the amounts shown below. A 10% weakening of the above major currencies against the functional currency of each of the Group's entities at the reporting date would have an equal but opposite effect. There is no impact on other components of equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Increase/ (Decrease) in profit or loss 2014 $'000	Increase/ (Decrease) in profit or loss 2013 $'000	Increase/ (Decrease) in profit or loss 2014 $'000	Increase/ (Decrease) in profit or loss 2013 $'000
Singapore dollar	**–**	(30,839)	**–**	–
Renminbi	**621**	1,915	**563**	1,803
US dollar	**80**	(479)	**5**	(295)
Ringgit Malaysia	**(194)**	(198)	**–**	–
Hong Kong dollar	**125**	8	**117**	–

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values

Fair values versus carrying amounts

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

		Carrying amount			Fair value			
	Note	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
2014								
Financial assets not measured at fair value								
Trade and other receivables, excluding prepayments	9	**378,628**	**–**	**378,628**	**–**	**369,533**	**–**	**369,533**
Cash and cash equivalents	12	**131,797**	**–**	**131,797**				
		510,425	**–**	**510,425**				
Financial liabilities not measured at fair value								
Loans and borrowings	15	**–**	**(83,003)**	**(83,003)**				
Trade and other payables, excluding receipts in advance	16	**–**	**(80,707)**	**(80,707)**				
		–	**(163,710)**	**(163,710)**				
2013								
Financial assets not measured at fair value								
Trade and other receivables, excluding prepayments	9	126,062	–	126,062	–	125,582	–	125,582
Cash and cash equivalents	12	311,154	–	311,154				
		437,216	–	437,216				
Financial liabilities not measured at fair value								
Trade and other payables, excluding receipts in advance	16	–	(321,005)	(321,005)				

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount		
	Note	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Company				
2014				
Financial assets not measured at fair value				
Trade and other receivables, excluding prepayments	9	**37,201**	**–**	**37,201**
Cash and cash equivalents	12	**2,432**	**–**	**2,432**
		39,633	**–**	**39,633**
Financial liabilities not measured at fair value				
Loans and borrowings	15	**–**	**(83,003)**	**(83,003)**
Trade and other payables, excluding receipts in advance	16	**–**	**(92,109)**	**(92,109)**
2013				
Financial assets not measured at fair value				
Trade and other receivables, excluding prepayments	9	39,975	–	39,975
Cash and cash equivalents	12	6,868	–	6,868
		46,843	–	46,843
Financial liabilities not measured at fair value				
Trade and other payables, excluding receipts in advance	16	–	(264,402)	(264,402)

Measurement of fair value

Valuation techniques

Type	Valuation technique
Trade and other receivables	Discounted cash flows

There were no transfers between levels during the year.

26 COMMITMENTS

The Group has the following commitments as at the reporting date:

(a) Capital commitments

	Group 2014 $'000	Group 2013 $'000
Contracted but not provided for in the financial statements:		
– Expenditure in respect of investment properties and development properties	**101,573**	96,198
– Expenditure in respect of property, plant and equipment	**13,908**	431

(b) Operating lease commitments

At the reporting date, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group 2014 $'000	Group 2013 $'000
Within 1 year	**366**	92
After 1 year but within 5 years	**613**	–
After 5 years	**239**	–
	1,218	92

The Group is a lessor in respect of its investment properties. At the reporting date, the Group has non-cancellable operating lease rental receivables as follows:

	Group 2014 $'000	Group 2013 $'000
Within 1 year	**1,365**	2,912
After 1 year but within 5 years	**5,800**	10,797
After 5 years	**10,337**	11,578
	17,502	25,287

27 CONTINGENT LIABILITIES

In 2013, the Group filed a lawsuit against a contractor, which was engaged for the installation of the external glass curtain wall of the commercial buildings within the Chengdu Cityspring project, in the Sichuan Chengdu Municipal Intermediate People's Court (the "Court"). The Group claimed for, amongst others, (i) late completion penalty of RMB1.6 million ($0.3 million); and (ii) a refund of overpayment of RMB3.4 million ($0.7 million). The contractor countersued the Group, for amongst others, an additional payment of RMB17.5 million ($3.7 million) plus late penalty payment of RMB10,000 ($2,088) per day starting from 30 April 2013 to the date when payment is fully settled. In November 2013, the Group made a further application to the Court to seek further claims for an additional refund of overpayment to the contractor of RMB9.2 million ($1.9 million) and to revoke the 17 project confirmation sheets signed by the Group and the contractor.

As at 31 December 2014, no judgment has been made on the case. The Group has cumulatively accrued for RMB78.4 million ($16.7 million) (2013: RMB78.4 million ($16.4 million)) on the basis that it is an amount that is similar to that of the claim made by the contractor, of which RMB56.0 million ($11.9 million) (2013: RMB56.0 million ($11.7 million)) had been paid to the contractor as at 31 December 2014.

28 RELATED PARTIES

Other than as disclosed elsewhere in the financial statements, the transactions with related parties based on terms agreed between the parties are as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Affiliated corporations		
Consultancy fees payable and capitalised as development properties	–	554
Licence fees, hotel management fees and reservation system fees paid and payable	**19**	1
Service income received and receivable	–	(6)
Former immediate holding company		
Service fees paid and payable	**5,703**	8,332

28 RELATED PARTIES (CONT'D)

Transactions with key management personnel

The key management personnel compensation comprises:

	Group 2014 $'000	Group 2013 $'000
Directors' fees	**152**	–
Short-term employee benefits	**2,851**	1,234
Defined contribution plans	**67**	43
	3,070	1,277

The compensation above excludes a share-based charge of $4,134,000 (2013: Nil) in connection with the issuance of Management Equity Participation Shares to certain key management personnel in March 2014.

During the financial year ended 31 December 2013, the Group entered into sale option agreements to sell two residential units in the Millennium Waterfront project to a director of certain subsidiaries (who is also the sole shareholder of a non-controlling shareholder in the Company) for an aggregate purchase price of approximately $278,000.

29 EMPLOYEE SHARE OPTION SCHEME

On 19 May 2014, the shareholders of the Company adopted a share option scheme known as the First Sponsor Employee Share Option Scheme (the "Share Option Scheme") that entitles eligible participants (which include the non-executive directors) to purchase shares in the Company. The Share Option Scheme shall continue in operation for a maximum period of 10 years commencing from 19 May 2014, and may continue for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Share Option Scheme is administered by the Administration Committee, comprising members of the Remuneration Committee and the Nominating Committee.

The aggregate number of shares which may be offered by way of grant of options to all controlling shareholders of the Company and their respective associates under the Share Option Scheme shall not exceed 25.0% of the total number of shares available under the Share Option Scheme, with the number of shares which may be offered by way of granting options to each controlling shareholder of the Company and his respective associate not exceeding 10.0% of the total number of shares available under the Share Option Scheme.

29 EMPLOYEE SHARE OPTION SCHEME (CONT'D)

The exercise price of the options that are granted under the Share Option Scheme shall be determined at the discretion of the Administration Committee and may be:

(a) set at a discount to a price (the "Market Price") equal to the average of the last dealt prices for the shares on the SGX-ST for the five consecutive market days immediately preceding the relevant date of grant of the relevant option (subject to a maximum discount of 20.0%), in which event, such options may be exercised after the second anniversary from the date of grant of the options; or

(b) fixed at the Market Price. These options may be exercised after the first anniversary of the date of grant of that option.

Options granted under the Share Option Scheme will have a life span of 10 years.

During the year, no options have been granted under the Share Option Scheme.

30 SUBSEQUENT EVENT

On 4 February 2015, the Company together with three co-investors (collectively, the "Purchasers") entered into a sale and purchase agreement to, *inter alia*, acquire all the issued shares in the capital of NL Property 1 B.V. (formerly known as Euroffice 445 B.V.) ("NL1"), with the Company's equity interest in NL1 being 33%. NL1 is principally engaged in property investment and owns a commercial real estate property in Amsterdam, valued at EUR 51.5 million ($77.7 million) for the purposes of the acquisition.

The acquisition was completed on 18 February 2015 and the Company's aggregate purchase consideration amounted to approximately EUR 49.9 million ($75.3 million). EUR 49.0 million ($73.9 million) of the purchase consideration had been satisfied through the drawdown of bank borrowings and use of IPO proceeds at the date of these financial statements.

In addition, pursuant to a call option agreement entered amongst the Purchasers on 4 February 2015, the three co-investors have irrevocably and unconditionally granted to the Company, or its nominee, the right (but not the obligation) to acquire such number of new non-redeemable and non-convertible preference voting shares in the capital of NL1, at EUR 1 each, such that the Group would have majority voting interest in NL1 (the "Call Option"). As at the date of these financial statements, the Company has not exercised the Call Option.

As at the date of these financial statements, the financial effects of the acquisition could not be reasonably estimated.

STATISTICS OF ORDINARY SHAREHOLDINGS

AS AT 13 MARCH 2015

SHAREHOLDING STATISTICS

No. of Issued Shares (excluding treasury shares) : 589,814,949 ordinary shares of US$1.00 each
Voting Rights : 1 vote per share
No. of Treasury Shares : Nil

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	6	0.23	172	0.00
100 – 1,000	967	38.30	604,024	0.10
1,001 – 10,000	1,245	49.31	4,842,753	0.82
10,001 – 1,000,000	287	11.37	20,097,843	3.41
1,000,001 and above	20	0.79	564,270,157	95.67
Total	**2,525**	**100.00**	**589,814,949**	**100.00**

TWENTY LARGEST SHAREHOLDERS REGISTERED WITH THE CENTRAL DEPOSITORY (PTE) LIMITED

No.	Name	No. of Shares	%
1	FIRST SPONSOR CAPITAL LIMITED	260,694,791	44.20
2	CDL HOTELS HOLDINGS NEW ZEALAND LIMITED	128,917,229	21.86
3	HONG LEONG HOTELS PTE. LTD.	57,453,511	9.74
4	M&C HOSPITALITY INTERNATIONAL LIMITED	23,594,316	4.00
5	DBS NOMINEES PTE LTD	19,474,982	3.30
6	BNP PARIBAS SECURITIES SERVICES	14,144,459	2.40
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	11,939,812	2.02
8	WATERWORTH PTE LTD	7,000,000	1.19
9	ARARAT HOLDINGS LIMITED	6,967,000	1.18
10	MAGNIFICENT OPPORTUNITY LIMITED	6,485,000	1.10
11	MELLFORD PTE LTD	6,450,000	1.09
12	DBSN SERVICES PTE LTD	4,990,711	0.85
13	CITIBANK NOMINEES SINGAPORE PTE LTD	4,262,165	0.72
14	RAFFLES NOMINEES (PTE) LTD	3,506,391	0.59
15	JCL CAPITAL LIMITED	2,000,000	0.34
16	OCBC SECURITIES PRIVATE LIMITED	1,610,390	0.27
17	KWEK LENG BENG	1,471,500	0.25
18	LEE SAU HUN	1,200,000	0.20
19	RHB SECURITIES SINGAPORE PRIVATE LIMITED	1,057,900	0.18
20	JIMMI LEE PENG SIEW	1,050,000	0.18
	Total:	**564,270,157**	**95.66**

SHAREHOLDING IN THE HANDS OF THE PUBLIC AS AT 13 MARCH 2015

The percentage of shareholding in the hands of the public was approximately 14.7% of the total number of issued and fully paid-up ordinary shares of the Company. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities has been complied with.

SUBSTANTIAL SHAREHOLDERS

as recorded in the Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Ho Han Leong Calvin [(1)]	–	–	263,946,391	44.75
Ho Han Khoon [(2)]	–	–	260,694,791	44.20
Neo Teck Pheng [(3)]	–	–	274,146,791	46.48
First Sponsor Capital Limited	260,694,791	44.20	–	–
Tai Tak Asia Properties Limited [(4)]	–	–	263,946,391	44.75
Tai Tak Industries Pte. Ltd. [(5)]	–	–	263,946,391	44.75
Tai Tak Estates Sendirian Berhad [(6)]	–	–	263,946,391	44.75
SG Investments Pte. Ltd. [(7)]	–	–	263,946,391	44.75
First Sponsor Management Limited [(8)]	–	–	260,694,791	44.20
TT Properties (Asia) Ltd. [(9)]	–	–	260,694,791	44.20
CDL Hotels Holdings New Zealand Limited [(10)]	128,917,229	21.86	245,470	0.04
First 2000 Limited [(11)]	–	–	129,162,699	21.90
Hong Leong Hotels Pte. Ltd. [(12)]	57,453,511	9.74	129,162,699	21.90
M&C Hotel Enterprises (Asia) Limited [(13)]	–	–	186,616,210	31.64
M&C Hospitality Holdings (Asia) Limited [(14)]	–	–	186,616,210	31.64
M&C Asia Holdings (UK) Limited [(15)]	–	–	186,616,210	31.64
Millennium & Copthorne Hotels plc [(16)]	–	–	210,210,526	35.64
Singapura Developments (Private) Limited [(17)]	–	–	210,210,526	35.64
City Developments Limited [(18)]	–	–	210,210,526	35.64
Hong Leong Investment Holdings Pte. Ltd. [(19)]	–	–	210,210,526	35.64

Notes:

(1) Mr Ho Han Leong Calvin is deemed under Section 4 of the Securities and Futures Act, Chapter 289 ("SFA") to have an interest in 263,946,391 ordinary shares of the Company ("Shares") held directly by First Sponsor Capital Limited and Chengdu Tianfu Properties Ltd., which holds 260,694,791 Shares and 3,251,600 Shares respectively. These two entities are entities in which he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof. He is deemed interested in the Shares held indirectly by First Sponsor Management Limited, TT Properties (Asia) Ltd., Tai Tak Asia Properties Limited, Tai Tak Industries Pte. Ltd., Tai Tak Estates Sendirian Berhad and SG Investments Pte. Ltd., in which he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(2) Mr Ho Han Khoon is deemed under Section 4 of the SFA to have an interest in 260,694,791 Shares held directly by First Sponsor Capital Limited and indirectly by First Sponsor Management Limited and TT Properties (Asia) Ltd., in which he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(3) Mr Neo Teck Pheng is deemed under Section 4 of the SFA to have an interest in 274,146,791 Shares held directly by First Sponsor Capital Limited, Ararat Holdings Limited and Magnificent Opportunity Limited, which holds 260,694,791 Shares, 6,967,000 Shares and 6,485,000 Shares respectively. These three entities are entities in which he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof. He is deemed interested in the Shares held indirectly by First Sponsor Management Limited, in which he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(4) Tai Tak Asia Properties Limited is deemed under Section 4 of the SFA to have an interest in 263,946,391 Shares held directly by First Sponsor Capital Limited and Chengdu Tianfu Properties Ltd., which holds 260,694,791 Shares and 3,251,600 Shares respectively, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(5) Tai Tak Industries Pte. Ltd. is deemed under Section 4 of the SFA to have an interest in 263,946,391 Shares held indirectly by Tai Tak Asia Properties Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(6) Tai Tak Estates Sendirian Berhad is deemed under Section 4 of the SFA to have an interest in 263,946,391 Shares held indirectly by Tai Tak Industries Pte. Ltd., in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(7) SG Investments Pte. Ltd. is deemed under Section 4 of the SFA to have an interest in 263,946,391 Shares held indirectly by Tai Tak Estates Sendirian Berhad, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(8) First Sponsor Management Limited is deemed under Section 4 of the SFA to have an interest in 260,694,791 Shares held directly by First Sponsor Capital Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(9) TT Properties (Asia) Ltd. is deemed under Section 4 of the SFA to have an interest in 260,694,791 Shares held indirectly by First Sponsor Management Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(10) CDL Hotels Holdings New Zealand Limited is deemed under Section 4 of the SFA to have an interest in 245,470 Shares held directly by Millennium & Copthorne Hotels New Zealand Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(11) First 2000 Limited is deemed under Section 4 of the SFA to have an interest in 129,162,699 Shares held directly and indirectly by CDL Hotels Holdings New Zealand Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(12) Hong Leong Hotels Pte. Ltd. is deemed under Section 4 of the SFA to have an interest in 129,162,699 Shares held indirectly by First 2000 Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(13) M&C Hotel Enterprises (Asia) Limited is deemed under Section 4 of the SFA to have an interest in 186,616,210 Shares held directly and indirectly by Hong Leong Hotels Pte. Ltd., in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(14) M&C Hospitality Holdings (Asia) Limited is deemed under Section 4 of the SFA to have an interest in 186,616,210 Shares held indirectly by M&C Hotel Enterprises (Asia) Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(15) M&C Asia Holdings (UK) Limited is deemed under Section 4 of the SFA to have an interest in 186,616,210 Shares held indirectly by M&C Hospitality Holdings (Asia) Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(16) Millennium & Copthorne Hotels plc is deemed under Section 4 of the SFA to have an interest in 210,210,526 Shares held directly by M&C Hospitality International Limited, and indirectly by M&C Asia Holdings (UK) Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(17) Singapura Developments (Private) Limited is deemed under Section 4 of the SFA to have an interest in 210,210,526 Shares held indirectly by Millennium & Copthorne Hotels plc, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(18) City Developments Limited is deemed under Section 4 of the SFA to have an interest in 210,210,526 Shares held indirectly by Singapura Developments (Private) Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(19) Hong Leong Investment Holdings Pte. Ltd. is deemed under Section 4 of the SFA to have an interest in 210,210,526 Shares held indirectly by City Developments Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

FIRST SPONSOR GROUP LIMITED
(Company Registration No. AT-195714)
(Incorporated in the Cayman Islands on 24 September 2007)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of First Sponsor Group Limited (the "Company") will be held at M hotel - Banquet Suite Level 10, 81 Anson Road, Singapore 079908 on Monday, 27 April 2015 at 3.00 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2014 and the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (one-tier) dividend of 0.76 Singapore cents per ordinary share for the financial year ended 31 December 2014. **(Resolution 2)**

3. To approve the Directors' fees of S$151,748 for the financial year ended 31 December 2014. **(Resolution 3)**

4. To approve the Directors' fees of S$244,000 for the financial year ending 31 December 2015 (payable quarterly in arrears). **(Resolution 4)**

5. To re-elect the following Directors retiring pursuant to Article 85(6) of the Company's Articles of Association:

   (i) Mdm Ting Ping Ee, Joan Maria **(Resolution 5)**

   (ii) Mr Yee Chia Hsing **(Resolution 6)**

   (iii) Mr Hwang Han-Lung Basil **(Resolution 7)**

   Mdm Ting Ping Ee, Joan Maria, who is an Independent Non-Executive Director, if re-elected as Director of the Company, will remain as Chairperson of the Nominating Committee and a member of the Audit and Remuneration Committees. She will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

   Mr Yee Chia Hsing, who is the Lead Independent Director, if re-elected as Director of the Company, will remain as Chairman of the Audit Committee and a member of the Nominating Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Hwang Han-Lung Basil, who is an Independent Non-Executive Director, if re-elected as Director of the Company, will remain as Chairman of the Remuneration Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

6. To re-appoint KPMG LLP, as Auditors of the Company for the financial year ending 31 December 2015 and to authorise the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolutions with or without modifications:

7. **AUTHORITY TO ISSUE SHARES**

"That, authority be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, to:

(a) (i) issue shares in the capital of the Company ("Shares") whether by way of bonus, rights or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, options, debentures or other instruments convertible into Shares; and/or

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issue; and

(b) (notwithstanding the authority conferred by this resolution ("Resolution") may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not be more than 50% of the total number of issued shares (excluding treasury shares), in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

(ii) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to existing shareholders shall not be more than twenty per cent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

(iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the total number of issued shares (excluding treasury shares) shall be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company as at the date the general mandate is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options or vesting of share awards which are outstanding or subsisting at the date the general mandate is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares; and

(iv) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force until the next annual general meeting or the date by which the next annual general meeting is required by law to be held, whichever is earlier." (See Explanatory Note 1)
(Resolution 9)

8. To transact any other business which may be properly transacted at the Annual General Meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Register of Members and Share Transfer Books of the Company will be closed on 6 May 2015 to determine shareholders' entitlements to the proposed dividend. Duly completed registrable transfers of shares received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #02-00 Singapore 068898, up to 5.00 p.m. on 5 May 2015 will be registered to determine shareholders' entitlements to the proposed dividend. Subject as aforesaid, shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 5 May 2015 will be entitled to the dividend.

The proposed dividend, if approved by the members at the Annual General Meeting, will be paid on 26 May 2015.

BY ORDER OF THE BOARD

LOW MEI WAN (MS)
Company Secretary

10 April 2015

Explanatory Note:

1. Resolution 9, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next annual general meeting to issue shares and/or shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 9 in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares (excluding treasury shares) of which the total number of shares and shares to be issued in pursuance of Instruments made or granted pursuant to Resolution 9 issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

Notes:

1. A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his/her proxy to attend and vote for him/her. A shareholder who is the holder of two or more shares in the capital of the Company may appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.

2. A shareholder who wishes to appoint more than one proxy must specify the proportion of the number of the shares (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of number of the shareholder's shares is specified, the proxy whose name appears first be deemed to carry 100 per cent of the number of the shareholder's shares of his/her appointer and the proxy whose name appears second shall deemed to be appointed in the alternate.

3. If a shareholder being a Depositor whose name appears in the Register (as defined in Bye-Laws of the Company) wishes to nominate an Appointee/Appointees to attend and vote as proxy for The Central Depository (Pte) Limited at the Annual General Meeting, the Depository Proxy Form must be completed, signed and deposited at the office of the Singapore Share Registrar and Share Transfer Office either by hand at 80 Robinson Road, #11-02 Singapore 068898 or by post at 80 Robinson Road, #02-00 Singapore 068898, not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.

4. If the appointor is a corporation, the Proxy Form/Depository Proxy Form must be executed under its common seal or under the hand of its officer or attorney duly authorised in writing.

5. Delivery of Proxy Form/Depository Proxy Form shall not preclude a shareholder from attending and voting in person at the annual general meeting or any adjournment thereof and in such event, the Proxy Form/ Depository Proxy Form shall be deemed to be revoked.

6. The Proxy Form/Depository Proxy Form must be duly completed, signed and deposited at the office of the Singapore Share Registrar and Share Transfer Office either by hand at 80 Robinson Road, #11-02 Singapore 068898 or by post at 80 Robinson Road, #02-00 Singapore 068898, not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

Designed and produced by
TOPPAN
TOPPAN VITE PTE. LTD.
(65) 6578 6522

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FIRST SPONSOR

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FIRST SPONSOR GROUP LIMITED

Company Registration No.: AT-195714
Incorporated in the Cayman Islands on 24 September 2007

63 Market Street #06-03
Bank of Singapore Centre
Singapore 048942