



珍惜土地 用心铸造

## FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands)  
(Registration No. AT-195714)

### UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

#### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

- 1(a) An income statement and statement of comprehensive income, for the group, together with comparative statements for the corresponding period of the immediately preceding financial year.

	The Group Three months ended 31 March		Incr / (Decr) %
	2015 S\$'000	2014 S\$'000	
Revenue	12,650	7,420	70.5
Cost of sales	(2,069)	(3,334)	(37.9)
<b>Gross profit</b>	<b>10,581</b>	<b>4,086</b>	<b>159.0</b>
Administrative expenses	(3,732)	(7,220)	(48.3)
Selling expenses	(1,455)	(961)	51.4
Other income/(expenses)	4,822	(6,214)	n.m.
Other gains	278	-	n.m.
<b>Results from operating activities</b>	<b>10,494</b>	<b>(10,309)</b>	<b>n.m.</b>
Finance income	5,320	1,499	254.9
Finance costs	(913)	-	n.m.
<b>Net finance income</b>	<b>4,407</b>	<b>1,499</b>	<b>194.0</b>
<b>Profit/(loss) before income tax</b>	<b>14,901</b>	<b>(8,810)</b>	<b>n.m.</b>
Income tax expense	(4,007)	(365)	997.8
<b>Profit/(loss) for the period</b>	<b>10,894</b>	<b>(9,175)</b>	<b>n.m.</b>
<b>Attributable to:</b>			
<b>Equity holders of the Company</b>	<b>10,730</b>	<b>(9,175)</b>	<b>n.m.</b>
Non-controlling interests	164	-	n.m.
<b>Profit/(loss) for the period</b>	<b>10,894</b>	<b>(9,175)</b>	<b>n.m.</b>
<b>Earnings per share (cents)</b>			
- basic	1.82	(3.16)	n.m.
- diluted	1.82	(3.16)	n.m.

n.m.: not meaningful

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

## Consolidated Statement of Comprehensive Income

	<b>The Group</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Profit/(loss) for the period</b>	10,894	(9,175)
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified subsequently to profit or loss:</b>		
Realisation of foreign currency translation differences arising from liquidation of a subsidiary	(403)	-
Translation differences on financial statements of foreign subsidiaries, net of tax	30,709	(15,046)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	1,908	(1,416)
<b>Other comprehensive income for the period, net of tax</b>	32,214	(16,462)
<b>Total comprehensive income for the period</b>	<u>43,108</u>	<u>(25,637)</u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	43,134	(25,637)
Non-controlling interests	(26)	-
<b>Total comprehensive income for the period</b>	<u>43,108</u>	<u>(25,637)</u>

**Notes to the Group's Income Statement:**

Profit/(loss) before income tax includes the following:

	<b>The Group</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Other gains comprise:		
Property, plant and equipment written off	(7)	-
Gain on liquidation of a subsidiary	285	-
	<hr/> 278	<hr/> -
Profit/(loss) before income tax includes the following expenses/(income):		
Amortisation of lease prepayments	-	11
Depreciation of property, plant and equipment	407	286
Exchange (gain)/loss (net)	(691)	392
Service fees paid and payable to a former immediate holding company	-	5,705
(Write back)/provision for IPO expenses	(562)	151
Operating lease expense	99	79
Share-based charge	-	4,705
Net investment return from a PRC government linked entity	<hr/> (4,076)	<hr/> -

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	The Group		The Company	
	As at 31.03.2015 S\$'000	As at 31.12.2014 S\$'000	As at 31.03.2015 S\$'000	As at 31.12.2014 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	126,284	116,517	-	-
Investment properties	161,908	80,979	-	-
Interest in subsidiaries	-	-	951,987	863,829
Other receivables	124,270	118,671	-	-
Deferred tax assets	8,516	8,951	-	-
	<u>420,978</u>	<u>325,118</u>	<u>951,987</u>	<u>863,829</u>
<b>Current assets</b>				
Development properties	607,430	559,522	-	-
Inventories	513	458	-	-
Trade and other receivables	357,129	276,105	57,639	39,405
Cash and cash equivalents	76,125	131,797	1,353	2,432
	<u>1,041,197</u>	<u>967,882</u>	<u>58,992</u>	<u>41,837</u>
<b>Total assets</b>	<u>1,462,175</u>	<u>1,293,000</u>	<u>1,010,979</u>	<u>905,666</u>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	736,404	736,404	736,404	736,404
Reserves	201,243	158,070	9,422	(5,850)
	<u>937,647</u>	<u>894,474</u>	<u>745,826</u>	<u>730,554</u>
<b>Non-controlling interests</b>	5,505	-	-	-
<b>Total equity</b>	<u>943,152</u>	<u>894,474</u>	<u>745,826</u>	<u>730,554</u>
<b>Non-current liabilities</b>				
Loans and borrowings	181,065	83,003	181,065	83,003
Deferred tax liabilities	13,440	13,036	-	-
	<u>194,505</u>	<u>96,039</u>	<u>181,065</u>	<u>83,003</u>
<b>Current liabilities</b>				
Trade and other payables	302,388	280,865	84,088	92,109
Current tax payables	22,130	21,622	-	-
	<u>324,518</u>	<u>302,487</u>	<u>84,088</u>	<u>92,109</u>
<b>Total liabilities</b>	<u>519,023</u>	<u>398,526</u>	<u>265,153</u>	<u>175,112</u>
<b>Total equity and liabilities</b>	<u>1,462,175</u>	<u>1,293,000</u>	<u>1,010,979</u>	<u>905,666</u>

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

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

	<b>The Group</b>	
	<b>As at 31.03.2015 S\$'000</b>	<b>As at 31.12.2014 S\$'000</b>
<b>Unsecured</b>		
- repayable within one year	-	-
- repayable after one year	181,065	83,003
Loans and borrowings	<u>181,065</u>	<u>83,003</u>
Gross borrowings	184,440	84,600
Less: cash and cash equivalents as shown in the statement of financial position	<u>(76,125)</u>	<u>(131,797)</u>
Net borrowings/(net cash and cash equivalents)	<u>108,315</u>	<u>(47,197)</u>

The Group has no secured borrowings as at 31 March 2015 and 31 December 2014.

**Details of any collateral**

Not applicable.

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

	<b>Three months ended 31 March</b>	
	<b>2015 S\$'000</b>	<b>2014 S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit/(loss) for the period	10,894	(9,175)
Adjustments for:		
Amortisation of lease prepayments	-	11
Depreciation of property, plant and equipment	407	286
Finance income	(5,320)	(1,499)
Finance expenses	913	-
Property, plant and equipment written off	7	-
Gain on liquidation of a subsidiary	(285)	-
Share-based charge	-	4,705
Income tax expense	4,007	365
	10,623	(5,307)
Change in working capital:		
Development properties	(28,131)	(11,534)
Inventories	(40)	(427)
Trade and other receivables	(84,804)	(104,673)
Trade and other payables	17,534	37,214
<b>Cash used in operations</b>	(84,818)	(84,727)
Interest received	6,277	2,794
Income tax paid	(3,525)	(5,472)
<b>Net cash used in operating activities</b>	(82,066)	(87,405)
<b>Cash flows from investing activities</b>		
Receipt of investment return from a PRC government linked entity	3,567	-
Advances/loans to third parties	-	(35,275)
Acquisition of a subsidiary	(74,428)	-
Interest received	5,742	2,544
Proceeds from disposal of subsidiaries	-	5,126
Payment for additions to property, plant and equipment	(6,213)	(4,004)
<b>Net cash used in investing activities</b>	(71,332)	(31,609)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	59,650
Interest paid	(468)	-
Payment of transaction costs related to borrowings	(788)	(842)
Proceeds from bank borrowings	114,588	-
Repayment of bank borrowings	(14,748)	-
<b>Net cash generated from financing activities</b>	98,584	58,808
<b>Net decrease in cash and cash equivalents</b>	(54,814)	(60,206)
Cash and cash equivalents at beginning of the period	131,797	311,154
Effect of exchange rate changes on balances held in foreign currencies	(858)	(5,191)
<b>Cash and cash equivalents at end of the period</b>	76,125	245,757

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

	Share capital S\$'000	Share premium S\$'000	Statutory Reserves S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>The Group</b>									
At 1 January 2015	736,404	9,570	14,835	(1,497)	83,891	51,271	894,474	-	894,474
<b>Total comprehensive income for the period</b>									
Profit for the period	-	-	-	-	-	10,730	10,730	164	10,894
Exchange differences realised on liquidation of a subsidiary	-	-	-	-	(403)	-	(403)	-	(403)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	30,899	-	30,899	(190)	30,709
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	1,908	-	1,908	-	1,908
<b>Total comprehensive income for the period</b>	-	-	-	-	32,404	10,730	43,134	(26)	43,108
<b>Transaction with owners, recognised directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Reversal of share issue expenses	-	39	-	-	-	-	39	-	39
<b>Total contributions by and distributions to owners</b>	-	39	-	-	-	-	39	-	39
<b>Changes in ownership interests in subsidiaries</b>									
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	5,531	5,531
Liquidation of a subsidiary	-	-	(851)	1,722	-	(871)	-	-	-
Total changes in ownership interests in subsidiaries	-	-	(851)	1,722	-	(871)	-	5,531	5,531
<b>Total transactions with owners of the Company</b>	-	39	(851)	1,722	-	(871)	39	5,531	5,570
At 31 March 2015	736,404	9,609	13,984	225	116,295	61,130	937,647	5,505	943,152

	Share capital S\$'000	Reserve for own shares S\$'000	Statutory reserves S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>The Group</b>							
At 1 January 2014	363,317	(3,717)	10,190	(1,563)	58,146	29,507	455,880
<b>Total comprehensive income for the period</b>							
Loss for the period	-	-	-	-	-	(9,175)	(9,175)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	(15,046)	-	(15,046)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	(1,416)	-	(1,416)
<b>Total comprehensive income for the period</b>	-	-	-	-	(16,462)	(9,175)	(25,637)
<b>Transaction with owners, recognised directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Issue of ordinary shares	318,757	-	-	-	-	-	318,757
Issue of treasury shares	-	3,717	-	66	-	-	3,783
Share based payment transaction	-	-	-	-	-	4,705	4,705
Transfer to statutory reserves	-	-	(543)	-	-	543	-
<b>Total contributions by and distributions to owners</b>	318,757	3,717	(543)	66	-	5,248	327,245
<b>Total transactions with owners of the Company</b>	318,757	3,717	(543)	66	-	5,248	327,245
At 31 March 2014	682,074	-	9,647	(1,497)	41,684	25,580	757,488



	Share capital S\$'000	Share premium S\$'000	Reserve for own shares S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>The Company</b>						
At 1 January 2015	736,404	9,821	-	245	(15,916)	730,554
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	15,272	15,272
<b>Total comprehensive income for the period</b>	-	-	-	-	15,272	15,272
At 31 March 2015	736,404	9,821	-	245	(644)	745,826
At 1 January 2014	363,317	-	(3,717)	179	(41,581)	318,198
<b>Total comprehensive income for the period</b>						
Loss for the period	-	-	-	-	(11,644)	(11,644)
<b>Total comprehensive income for the period</b>	-	-	-	-	(11,644)	(11,644)
<b>Transaction with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Issue of ordinary shares	318,757	-	-	-	-	318,757
Issue of treasury shares	-	-	3,717	66	-	3,783
Share based payment transaction	-	-	-	-	4,705	4,705
<b>Total contributions by and distributions to owners</b>	318,757	-	3,717	66	4,705	327,245
<b>Total transactions with owners of the Company</b>	318,757	-	3,717	66	4,705	327,245
At 31 March 2014	682,074	-	-	245	(48,520)	633,799

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's issued share capital during the period ended 31 March 2015. As at 31 March 2015 and 31 December 2014, the issued and fully paid up share capital of the Company was US\$589,814,949 comprising 589,814,949 ordinary shares of US\$1 each.

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

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2015 and 31 December 2014 is 589,814,949.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 31 March 2015.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by our auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2014.

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

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

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Three months ended 31 March	
	2015	2014
Basic and diluted earnings per share (cents)	1.82	(3.16)
a) Profit/(loss) attributable to equity holders of the Company (S\$'000)	10,730	(9,175)
b) Weighted average number of ordinary shares in issue: - basic and diluted	589,814,949	290,234,231

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:—**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	The Group		The Company	
	As at 31 March 2015	As at 31 December 2014	As at 31 March 2015	As at 31 December 2014
Net asset value per ordinary share (cents) based on 589,814,949 issued ordinary shares (excluding treasury shares) as at 31 March 2015 and 31 December 2014	158.97	151.65	126.45	123.86

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

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

**Group performance**

**Revenue and cost of sales**

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

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Revenue from sale of properties	2,109	3,585
Rental income from investment properties	1,130	372
Hotel operations	691	419
Revenue from property financing	8,720	3,044
Total	12,650	7,420

Revenue of the Group in 1Q 2015, increased by S\$5.2 million or 70.5%, from S\$7.4 million in 1Q 2014 to S\$12.6 million in 1Q 2015. The increase in 1Q 2015 is mainly due to increase in rental income from investment properties, revenue from hotel operations and revenue from property financing by S\$0.7 million, S\$0.3 million and S\$5.7 million respectively, offset by decrease in revenue from sale of properties by S\$1.5 million.

Rental income from investment properties increased by S\$0.7 million or 203.8%, from S\$0.4 million in 1Q 2014 to S\$1.1 million in 1Q 2015. The increase is mainly due to contribution from Zuiderhof I, an office building in Amsterdam acquired on 18 February 2015.

Revenue from hotel operations increased by S\$0.3 million or 64.9%, from S\$0.4 million in 1Q 2014 to S\$0.7 million in 1Q 2015. The increase is mainly due to improved performance from M Hotel Chengdu.

Revenue from property financing increased by S\$5.7 million or 186.5%, from S\$3.0 million in 1Q 2014 to S\$8.7 million in 1Q 2015. This is mainly due to higher interest income generated on secured entrusted loans to third parties due to a larger average loan portfolio of S\$199.3 million in 1Q 2015 as compared to S\$67.1 million in 1Q 2014.

Revenue from sale of properties is recognised when the construction of the properties has been completed and ready for delivery to the purchasers pursuant to the sale and purchase agreements and collectability of related receivables is reasonably assured. Revenue from sale of properties in 1Q 2014 amounted to S\$3.6 million and was contributed by sales recognition of 18 commercial units and 40 car park lots from the Chengdu Cityspring project. The revenue decreased by S\$1.5 million to S\$2.1 million in 1Q 2015, which was contributed by the sales recognition of 2 residential units, 1 commercial unit and 13 car park lots from the Chengdu Cityspring project and 9 residential units from the Millennium Waterfront project.

Cost of sales mainly comprises land costs, development expenditure, borrowing costs, hotel-related depreciation charge, and other related expenditure. Cost of sales decreased by S\$1.2 million, from S\$3.3 million in 1Q 2014 to S\$2.1 million in 1Q 2015. The decrease in cost of sales is in line with the decrease in revenue from sale of properties in 1Q 2015.

Our gross profit increased by S\$6.5 million, from S\$4.1 million in 1Q 2014 to S\$10.6 million in 1Q 2015. The increase was mainly due to the gross profit of S\$5.7 million from property financing and S\$0.7 million from higher rental income from investment properties.

The Group's gross profit margin for each business segment has increased and the overall gross profit margin has increased from 55.1% for 1Q 2014 to 83.6% 1Q 2015. This is mainly due to 82.4% of the Group's gross profit for 1Q 2015 was from the property financing segment which contributed 100.0% gross profit margin, whereas in 1Q 2014 only 74.5% of the total gross profit was generated from the property financing segment.

### **Administrative expenses**

Our administrative expenses mainly comprise staff costs, rental expenses and depreciation charge in relation to non-hotel assets, professional fees, and other expenses such as office, telecommunications and travelling expenses, stamp duties and other indirect PRC taxes.

The S\$3.5 million decrease in administrative expenses or 48.3% to S\$3.7 million in 1Q 2015 is mainly due to a share based charge of S\$4.7 million in connection with the Company's issuance of 25,850,000 ordinary shares to certain management staff and employees of the Group at par value incurred in 1Q 2014, offset by the increase in staff costs of S\$1.2 million in 1Q 2015, arising from by the increase in headcount for M Hotel Chengdu and the property development operations in Chengdu and Dongguan.

### **Selling expenses**

Our selling expenses mainly comprise staff costs of our sales and marketing staff, advertising and promotion expenses, sales commissions paid to external sales agents and other expenses. These expenses increased by 51.4% or S\$0.5 million, from S\$1.0 million in 1Q 2014 to S\$1.5 million in 1Q 2015, mainly due to marketing activities to promote the Millennium Waterfront project during 1Q 2015.

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

In 1Q 2015, the Group recorded S\$4.8 million of other income mainly comprising a S\$4.1 million net investment return from a PRC government linked entity and S\$0.6 million of reversal of overprovision for IPO expenses.

### **Income tax expense**

Income tax expense increased by S\$3.6 million in 1Q 2015 in line with the increase in profit from operating activities. The Group recorded total income tax expense of S\$4.0 million on profit before tax of S\$14.9 million in 1Q 2015. After adjusting for the net tax effect of S\$0.1 million due to non-deductible expenses and non-taxable income in 1Q 2015, the effective tax rate of the Group would be approximately 25.1% for the current period.

The Group recorded income tax expense of S\$0.4 million despite a loss before tax of S\$8.8 million in 1Q 2014. The income tax expense included recognition of a deferred tax credit of S\$0.2 million. After adjusting for the tax effect of non-deductible expenses of S\$2.8 million in 1Q 2014, the effective tax rate of the Group would be approximately 25.3% for 1Q 2014.

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

**Non-current assets**

Property, plant and equipment increased by S\$9.8 million, from S\$116.5 million as at 31 December 2014 to S\$126.3 million as at 31 March 2015. S\$8.2 million of the increase is attributable to additions to construction in progress for the Millennium Waterfront Hotel.

Investment properties nearly doubled, from S\$81.0 million as at 31 December 2014 to S\$161.9 million as at 31 March 2015. The increase is mainly due to acquisition of a 33% owned subsidiary incorporated in the Netherlands, which owns the Zuiderhof I Building in Amsterdam carried at S\$78.2 million (EUR52.0 million) as at 31 March 2015.

**Current assets**

Development properties increased by S\$47.9 million, from S\$559.5 million as at 31 December 2014 to S\$607.4 million as at 31 March 2015, mainly due to increase in development costs for ongoing PRC development projects, being the Star of East River project in Dongguan and the Millennium Waterfront project in Chengdu, partially offset by profit recognition on the sales of the Chengdu Cityspring and Millennium Waterfront projects.

Trade and other receivables increased by S\$81.0 million, from S\$276.1 million as at 31 December 2014 to S\$357.1 million as at 31 March 2015. The increase is mainly due to the net disbursement of short term entrusted loans to third parties amounting to RMB300.0 million, bringing the total property financing loan portfolio as at 31 March 2015 to S\$242.0 million (RMB1,101.0 million) from S\$170.3 million (RMB801.0 million) as at 31 December 2014.

**Current liabilities**

Trade and other payables increased by S\$21.5 million, from S\$280.9 million as at 31 December 2014 to S\$302.4 million as at 31 March 2015, mainly due to the increase in receipts in advance from the Millennium Waterfront project of S\$41.2 million, partially offset by the decrease in trade payables and accrued operating expenses of approximately S\$13.6 million and S\$6.0 million respectively. Receipts in advance of the Group as at 31 March 2015 amounted to S\$241.4 million (31 December 2014: S\$200.2 million).

**Loans and borrowings**

Gross bank borrowings increased by S\$99.8 million, from S\$84.6 million as at 31 December 2014 to S\$184.4 million as at 31 March 2015. S\$73.7 million of this increase was mainly due to the financing of the acquisition of the Zuiderhof I building in Amsterdam of EUR49.0 million, with the balance due to the financing of the development of the Millennium Waterfront project and the Star of East River project.

**Foreign currency risk management**

The Group is exposed to volatility of the RMB due to its operations in the PRC. Therefore, any depreciation in the RMB against the S\$ will adversely affect the Group's earnings, net assets, value of any dividends we pay to our shareholders in S\$ or require us to use more RMB funds to service the same amount of any S\$ debt. Fluctuations in RMB exchange rates are affected by, amongst others, changes in political and economic conditions and the PRC's foreign exchange regime and policy.

With the Group's entry to the Dutch property market in the current quarter, whilst the Group tries to fully hedge its currency exposure by financing all its Dutch acquisitions with euro-denominated borrowings, the Group's earnings is still exposed to the volatility of the euro against S\$.

As at 31 March 2015, the Group has a cumulative translation gain of S\$116.3 million recorded as part of the reserves in its shareholders' equity. This has mainly arisen from the translation of the net assets and income and expenses of the Group's foreign operations in the PRC to S\$ at the exchange rates prevailing at the end of each reporting period. The Group has been benefitting from favorable exchange rate movements between the RMB and S\$ so far.

We do not currently have a formal hedging policy with respect to our foreign exchange exposure and have not used any financial hedging instruments to actively manage our foreign exchange risk. We will continue to monitor our foreign exchange exposure and may employ hedging instruments to manage our foreign exchange exposure should the need arise. The cost of such hedging instruments may fluctuate significantly over time and can outweigh the potential benefit from the reduced exposure to currency volatility. There is no assurance as to the effectiveness and success of any hedging action that we might or might not take.

### **Statement of cash flows of the Group**

Net cash used in operating activities of S\$82.1 million in 1Q 2015 was mainly due to the net disbursement of secured entrusted loans of S\$64.9 million (RMB300.0 million) to third parties, payment of income tax of S\$3.5 million and payment of construction costs for the Millennium Waterfront project and Star of East River project of S\$28.1 million in aggregate. This was partially offset by interest received on the entrusted loans to third parties of S\$6.3 million and cash inflows from operating activities.

Net cash used in investing activities of S\$71.3 million in 1Q 2015 consists of approximately S\$74.4 million (EUR47.8 million, which including cash acquired from the acquisition of EUR1.2 million) used in connection with the acquisition of the Zuiderhof I building in Amsterdam and additions of property, plant and equipment of S\$6.2 million, partially offset by interest received, and investment return received from a PRC government linked entity of S\$5.7 million and S\$3.6 million respectively.

Net cash generated from financing activities amounted to S\$98.6 million in 1Q 2015 mainly due to net draw down of bank borrowings of S\$99.8 million and partially offset by interest paid and payment of transaction costs related to borrowings of S\$0.4 million and S\$0.8 million respectively.

#### *Note:*

*The figures stated in our statement of financial position have been translated based on the exchange rates at the end of each reporting period; and the figures in our income statement, statement of comprehensive income and statement of cash flows have been translated based on the average exchange rate for the relevant period and exchange rate at the date of the transaction, where applicable.*

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement for the current financial period has been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

### **Industry Outlook**

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

Continuing its trend on relaxing mortgage policies to boost demand in the housing market and spur economic growth, China has, through its central bank, the People's Bank of China

("PBOC"), cut the minimum down payment for second home buyers from 60% to 40% in March 2015. In a separate statement, the Ministry of Finance has also announced the waiver of business tax for select homeowners selling property held for two or more years, down from the minimum of five years. The relaxation of policies came after the central government announced a reduced economic growth target of 7 percent for 2015 at the recently concluded National People's Congress in March 2015, which was widely anticipated and seen as signaling moves to transition the country's economy to a lower but more sustainable level of growth.

The PBOC has also embarked on its second interest rate cut in less than 4 months to step up support for the country's slowing growth. In February 2015, the one-year deposit rate was reduced to 2.5% from 2.75%, and the one-year lending rate reduced to 5.35% from 5.6%. The PBOC has also lowered the reserve requirement ratio by a further one percentage point in April 2015, less than 2 months from the earlier half a percentage point reduction in February 2015, freeing up additional funds in which the banks can lend to the market.

The recent changes in policies highlighted the responsiveness of the central government towards changes in the macro-economic environment. The Group continues to be cautiously optimistic that China's property market will make a gradual and sustainable recovery in the near future.

### The Netherlands

Property outlook for 2015 has been boosted by the quantitative easing stimulus ("QE") from the European Central Bank which has begun for the Eurozone countries in March 2015. The QE exercise is expected to continue till the end of September 2016. Interest yields on bonds are expected to stay low or become lower, increasing the attractiveness of yield premiums offered by property investments over bonds. Coupled with the expected increase in the supply of Euros, the Group is facing stiff competition from local and international buyers for acquisition opportunities in the Netherlands property market. The Group takes a long term view of its property holding business in the Netherlands and hence will exercise financial discipline as appropriate in its deal sourcing.

## **Company Outlook**

### Property Development

Barring any unforeseen circumstances, the Group anticipates to commence the handover of Plot B commercial units and further blocks of Plot B residential units in various phases from 2Q 2015. Plot C residential units are expected to be handed over in various phases from December 2015 onwards.

The Group has launched initial pre-sale of residential units of Plot A in March 2015 and will continue to launch additional blocks of residential units in the course of FY2015.

Site preparation works are in progress for the Star of East River project. The Group has decided to build a super high-rise office building with a larger floor plate instead of the previously approved twin-tower structure. The tender for East River Plot Two (constituting approximately 25% of the total site area) is expected to be held in the next 6 months.

### Property Holding

On the property holding front, the Group has completed the acquisition of the office building known as Zuiderhof I in the South Axis of Amsterdam on 18 February 2015. The property has contributed S\$0.7 million or 64.6% of the total gross profit of the property holding business in 1Q 2015.

In addition, as part of the Group's ongoing efforts to explore new investment opportunities in the Netherlands, we had signed a sale and purchase agreement with a German institutional real estate fund on 27 April 2015 to acquire the Holiday Inn/Holiday Inn Express hotels in



Amsterdam Southeast and the ancillary 509 car park lots, for a net purchase consideration of EUR 54.6 million, inclusive of estimated transaction costs. The hotels and 440 car park lots have been leased to a lessee under a master lease arrangement for 25 years from May 2014 with two renewal option periods of ten years each at the lessee's options. The remaining 69 car park lots have been leased to another lessee for ten years from August 2012. The proposed acquisition is expected to be completed around mid-June 2015. Assuming this proposed acquisition was completed on 31 March 2015, our Dutch property holding portfolio will constitute approximately 10.4% of the Group's gross assets at 31 March 2015.

The Group remains alert to any new investment opportunities in the Netherlands.

#### Property Financing

The property financing business has continued to grow with a nearly two-fold increase in revenue from S\$3.0 million in 1Q 2014 to S\$8.7 million in 1Q 2015. The property financing loan portfolio stands at RMB1,101.0 million (S\$242.0 million) as at 31 March 2015 with all interest servicing being current and no instances of any loan default to date.

The Group continues to manage and grow its property financing business on a prudent basis.

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

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

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

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

No dividend was declared for the corresponding period of the immediately preceding financial year.

**(c) Date payable**

Not applicable.

**(d) Book closure date**

Not applicable.

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

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a shareholders' general mandate for IPTs.

#### **14. Use of IPO proceeds**

As stated in the Prospectus, the gross proceeds raised by the Company from the placement of new shares in conjunction with its initial public offering ("IPO") on 22 July 2014 were \$65.7 million. After deducting issue expenses incurred in connection thereon, initially estimated at S\$6.0 million, the net IPO proceeds were estimated to be approximately S\$59.7 million. After using S\$3.0 million for working capital purposes on 10 September 2014, in line with the described use of the net IPO proceeds stated in the Prospectus, the remaining balance of the net IPO proceeds amounted to approximately S\$56.7 million.

On 18 February 2015, the Company announced that the finalised issue expenses amounted to approximately S\$5.4 million, which represents a savings of approximately S\$0.6 million (the "Surplus"). Correspondingly, the 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.

#### **BY ORDER OF THE BOARD**

Neo Teck Pheng  
Group Chief Executive Officer  
28 April 2015

# **FIRST SPONSOR GROUP LIMITED**

**(Registration No. AT-195714)**

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## **CONFIRMATION BY THE BOARD**

The Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results for the three months ended 31 March 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors

Ho Han Leong Calvin  
Chairman

Neo Teck Pheng  
Group Chief Executive Officer

28 April 2015