



珍惜土地 用心铸造

FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands)

(Registration No. AT-195714)

UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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

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

	The Group Fourth quarter ended 31 December			Incr / (Decr) %	The Group Full year ended 31 December		Incr / (Decr) %
	2014 S\$'000	2013 S\$'000			2014 S\$'000	2013 S\$'000	
Revenue	84,461	8,390	906.7	153,211	157,532	(2.7)	
Cost of sales	(54,783)	(5,134)	967.1	(96,096)	(110,537)	(13.1)	
Gross profit	29,678	3,256	811.5	57,115	46,995	21.5	
Administrative expenses	(4,038)	(3,988)	1.3	(17,764)	(8,992)	97.6	
Selling expenses	(1,424)	(1,307)	9.0	(4,908)	(3,923)	25.1	
Other income/(expenses)	1,286	3,716	(65.4)	(7,801)	16,406	(147.5)	
Other gains	13	6,387	(99.8)	909	6,468	(85.9)	
Results from operating activities	25,515	8,064	216.4	27,551	56,954	(51.6)	
Finance income	5,476	1,185	362.1	15,073	2,564	487.9	
Finance costs	(766)	-	n.m.	(2,104)	-	n.m.	
Net finance income	4,710	1,185	297.5	12,969	2,564	405.8	
Profit before income tax	30,225	9,249	226.8	40,520	59,518	(31.9)	
Income tax expense	(10,968)	(161)	6712.4	(18,816)	(11,887)	58.3	
Profit for the period/year	19,257	9,088	111.9	21,704	47,631	(54.4)	
Attributable to:							
Equity holders of the Company	19,257	9,196	109.4	21,704	47,991	(54.8)	
Non-controlling interests	-	(108)	(100.0)	-	(360)	(100.0)	
Profit for the period/year	19,257	9,088	111.9	21,704	47,631	(54.4)	
Earnings per share (cents)							
- basic	3.26	3.17	3.04	4.33	16.54	(73.8)	
- diluted	3.26	3.17	3.04	4.33	16.54	(73.8)	

n.m.: not meaningful

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

Consolidated Statement of Comprehensive Income

	The Group Fourth quarter ended 31 December		The Group Full year ended 31 December	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Profit for the period/year	19,257	9,088	21,704	47,631
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Realisation of foreign currency translation reserve arising from disposal of subsidiaries	-	(1,544)	-	(1,544)
Translation differences on financial statements of foreign subsidiaries, net of tax	22,114	12,267	24,732	24,411
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	1,443	8,127	1,013	8,957
Other comprehensive income for the period/year, net of tax	23,557	18,850	25,745	31,824
Total comprehensive income for the period/year	42,814	27,938	47,449	79,455
Total comprehensive income attributable to:				
Equity holders of the Company	42,814	27,906	47,449	79,559
Non-controlling interests	-	32	-	(104)
Total comprehensive income for the period/year	42,814	27,938	47,449	79,455

Notes to the Group's Income Statement:

Profit before income tax includes the following:

	The Group		The Group	
	Fourth quarter ended		Full year ended	
	31 December		31 December	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Other gains comprise:				
Gain/(loss) on disposal of:				
- lease prepayments	14	-	1,146	-
- property, plant and equipment (net)	(1)	-	(237)	55
- subsidiaries	-	6,387	-	6,423
Loss on dissolution of subsidiaries	-	-	-	(10)
	<u>13</u>	<u>6,387</u>	<u>909</u>	<u>6,468</u>
Profit before income tax includes the following expenses/(income):				
Amortisation of intangible assets	-	-	-	13
Amortisation of lease prepayments	-	98	25	725
Depreciation of property, plant and equipment	487	475	1,393	739
Exchange gain (net)	(201)	(820)	(166)	(217)
Fair value loss/(gain) on investment properties	597	(5,081)	597	(5,475)
Hotel base stocks written off	45	17	91	732
Hotel pre-opening expenses	-	130	-	951
Impairment losses reversed on trade and other receivables	(1)	(34)	(1)	(21,424)
IPO expenses	-	700	3,500	700
Operating lease expense	99	233	330	1,187
Reversal of accrual for construction costs no longer required	(1,631)	-	(2,753)	-
Share-based charge	-	-	4,705	-
Write-down of development properties	-	2	-	253

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

	The Group		The Company	
	As at 31 December 2014 S\$'000	As at 31 December 2013 S\$'000	As at 31 December 2014 S\$'000	As at 31 December 2013 S\$'000
Non-current assets				
Property, plant and equipment	116,517	81,023	-	-
Investment properties	80,979	80,137	-	-
Lease prepayments	-	3,009	-	-
Interest in subsidiaries	-	-	863,829	535,757
Other receivables	118,671	8,038	-	-
Deferred tax assets	8,951	10,303	-	-
	<u>325,118</u>	<u>182,510</u>	<u>863,829</u>	<u>535,757</u>
Current assets				
Lease prepayments	-	44	-	-
Development properties	559,522	333,839	-	-
Inventories	458	32	-	-
Trade and other receivables	276,105	128,103	39,405	39,975
Cash and cash equivalents	131,797	311,154	2,432	6,868
	<u>967,882</u>	<u>773,172</u>	<u>41,837</u>	<u>46,843</u>
Total assets	<u>1,293,000</u>	<u>955,682</u>	<u>905,666</u>	<u>582,600</u>
Equity attributable to equity holders of the Company				
Share capital	736,404	363,317	736,404	363,317
Reserves	158,070	92,563	(5,850)	(45,119)
Total equity	<u>894,474</u>	<u>455,880</u>	<u>730,554</u>	<u>318,198</u>
Non-current liabilities				
Loans and borrowings	83,003	-	83,003	-
Deferred tax liabilities	13,036	12,165	-	-
	<u>96,039</u>	<u>12,165</u>	<u>83,003</u>	<u>-</u>
Current liabilities				
Trade and other payables	280,865	460,302	92,109	264,402
Current tax payables	21,622	27,335	-	-
	<u>302,487</u>	<u>487,637</u>	<u>92,109</u>	<u>264,402</u>
Total liabilities	<u>398,526</u>	<u>499,802</u>	<u>175,112</u>	<u>264,402</u>
Total equity and liabilities	<u>1,293,000</u>	<u>955,682</u>	<u>905,666</u>	<u>582,600</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.

	The Group	
	As at 31 December 2014 S\$'000	As at 31 December 2013 S\$'000
Unsecured		
- repayable within one year	-	-
- repayable after one year	83,003	-
Loans and borrowings	<u>83,003</u>	<u>-</u>
Gross borrowings	84,600	-
Less: cash and cash equivalents as shown in the statement of financial position	<u>(131,797)</u>	<u>(311,154)</u>
(Net cash and cash equivalents)/Net borrowings	<u>(47,197)</u>	<u>(311,154)</u>

The Group has no secured borrowings as at 31 December 2014 and 31 December 2013.

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.

	Fourth quarter ended 31 December		Full year ended 31 December	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Cash flows from operating activities				
Profit for the period/year	19,257	9,088	21,704	47,631
Adjustments for:				
Amortisation of intangible assets	-	-	-	13
Amortisation of lease prepayments	-	98	25	725
Depreciation of property, plant and equipment	487	475	1,393	739
Fair value loss/(gain) on investment properties	597	(5,081)	597	(5,475)
Finance income	(5,476)	(1,185)	(15,073)	(2,564)
Finance expenses	766	-	2,104	-
Loss/(gain) on disposal of:				
- property, plant and equipment	1	-	237	(55)
- lease prepayments	(14)	-	(1,146)	-
- subsidiaries	-	(6,387)	-	(6,423)
Loss on dissolution of subsidiaries	-	-	-	10
Reversal of impairment loss on trade and other receivables	(1)	(34)	(1)	(21,424)
Share-based charge	-	-	4,705	-
Income tax expense	10,968	161	18,816	11,887
	<u>26,585</u>	<u>(2,865)</u>	<u>33,361</u>	<u>25,064</u>
Change in working capital:				
Development properties	(7,400)	(13,923)	(213,270)	28,682
Inventories	81	(31)	(412)	(31)
Trade and other receivables	(37,124)	34,241	(153,928)	(27,011)
Trade and other payables	8,172	56,351	86,307	113,970
Cash (used in)/generated from operations	<u>(9,686)</u>	<u>73,773</u>	<u>(247,942)</u>	<u>140,674</u>
Interest received	5,854	1,999	19,219	7,964
Income tax paid	<u>(6,047)</u>	<u>(8,328)</u>	<u>(22,594)</u>	<u>(17,145)</u>
Net cash (used in)/generated from operating activities	<u>(9,879)</u>	<u>67,444</u>	<u>(251,317)</u>	<u>131,493</u>

	Fourth quarter ended		Full year ended	
	31 December		31 December	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities				
Repayment of advances/loans by third parties	212	435	29,155	32,611
Advances/loans to third parties	(35,449)	(20,350)	(152,366)	(20,350)
Acquisition of a subsidiary	-	-	(212)	-
Interest received	3,318	2,632	15,839	9,198
Proceeds from disposal of:				
- lease prepayments	30	-	4,145	-
- property, plant and equipment	7	5	7	420
- subsidiaries	1,211	9,763	10,774	26,631
Payment for additions to:				
- intangible assets	-	(1)	-	(29)
- investment properties	-	(1,055)	-	(21,061)
- lease prepayments	-	(307)	-	(22,987)
- property, plant and equipment	(13,807)	(1,248)	(33,025)	(2,734)
Receipt of remaining consideration on the disposal of a subsidiary in prior years from a former director of the Company	-	320	-	24,013
Refund of deposit for acquisition of an investee company	-	32	-	2,450
Net cash (used in)/ generated from investing activities	(44,478)	(9,774)	(125,683)	28,162

	Fourth quarter ended 31 December		Full year ended 31 December	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Cash flows from financing activities				
Advances from non- controlling interests	-	70	-	191
Contribution from non- controlling interests	-	69	-	3,081
Issue of ordinary share capital	-	-	119,350	-
Dividend paid to non- controlling interests of a subsidiary	-	(45)	-	(2,033)
Increase in amount due to a shareholder	-	31,387	1,562	199,298
Interest paid	(634)	(84)	(7,709)	(3,418)
Proceeds from bank borrowings	54,200	-	384,300	-
Repayment of:				
- loans to a shareholder of the immediate holding company	-	-	-	(57,613)
- loans to an affiliated corporation	-	(37,170)	-	(95,403)
- bank borrowings	(50,200)	-	(299,700)	-
Net cash generated from/(used in) financing activities	3,366	(5,773)	197,803	44,103
Net (decrease)/increase in cash and cash equivalents	(50,991)	51,897	(179,197)	203,758
Cash and cash equivalents at beginning of the period/year	179,125	252,212	311,154	97,415
Effect of exchange rate changes on balances held in foreign currencies	3,663	7,045	(160)	9,981
Cash and cash equivalents at end of the period/year	131,797	311,154	131,797	311,154

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	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
The 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
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 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	373,087	11,370	-	-	-	-	-	384,457
Share issue expenses	-	(1,800)	-	-	-	-	-	(1,800)
Issue of treasury shares	-	-	3,717	-	66	-	-	3,783
Share based payment transaction	-	-	-	-	-	-	4,705	4,705
Transfer to statutory reserves	-	-	-	4,645	-	-	(4,645)	-
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

	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 attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
The 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/(loss) for the year	-	-	-	-	-	47,991	47,991	(360)	47,631
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 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
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(2,033)	(2,033)
Transfer to statutory reserves	-	-	10,190	-	-	(10,190)	-	-	-
Total contributions by and distributions to owners	-	-	10,190	-	-	(10,190)	-	1,048	1,048
Changes in ownership interests in subsidiaries									
Disposal of subsidiaries	-	-	-	-	-	-	-	(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

	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
The Company						
At 1 January 2014	363,317	-	(3,717)	179	(41,581)	318,198
Total comprehensive income for the year						
Profit for the year	-	-	-	-	20,960	20,960
Total comprehensive income for the year	-	-	-	-	20,960	20,960
Transaction with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of ordinary shares	373,087	11,370	-	-	-	384,457
Share issue expenses	-	(1,549)	-	-	-	(1,549)
Issue of treasury shares	-	-	3,717	66	-	3,783
Share based payment transaction	-	-	-	-	4,705	4,705
Total contributions by and distributions to owners	373,087	9,821	3,717	66	4,705	391,396
Total transactions with owners of the Company	373,087	9,821	3,717	66	4,705	391,396
At 31 December 2014	736,404	9,821	-	245	(15,916)	730,554
At 1 January 2013	363,317	-	(3,717)	179	(50,077)	309,702
Total comprehensive income for the year						
Loss for the period	-	-	-	-	8,496	8,496
Total comprehensive income for the year	-	-	-	-	8,496	8,496
At 31 December 2013	363,317	-	(3,717)	179	(41,581)	318,198

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.

As at 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 (31 December 2013: US\$293,234,231 comprising 293,234,231 ordinary shares of US\$1 each). The details of the Company's issued and paid up share capital at the end of the relevant financial periods are as follows:

	Number of ordinary shares	S\$'000 ⁽²⁾
Shares issued and fully paid as at 31 December 2013	290,234,231	359,600
Shares issued and fully paid up and held as treasury shares	3,000,000	3,717
As at 31 December 2013	<u>293,234,231</u>	<u>363,317</u>
As at 1 January 2014	293,234,231	363,317
Shares issued pursuant to the capitalisation of shareholder loans ⁽¹⁾	205,477,157	259,107
Shares issued and fully paid in cash	47,303,561	59,650
Shares issued pursuant to initial public offering on 22 July 2014	43,800,000	54,330
As at 31 December 2014	<u>589,814,949</u>	<u>736,404</u>

⁽¹⁾ This excludes the transfer of 3,000,000 treasury shares.

⁽²⁾ The shares were issued with a par value of US\$1.00 each. The functional currency of the Company is S\$, hence, for the purposes of the table above these figures are reported in S\$.

There were no shares held as treasury shares as at 31 December 2014 (31 December 2013: 3,000,000 treasury shares).

There were also no outstanding convertible instruments as at 31 December 2014 and 31 December 2013.

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

The total number of issued ordinary shares (excluding treasury shares) as at 31 December 2014 is 589,814,949 (31 December 2013: 290,234,231).

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.

During the year ended 31 December 2014, the Company had reissued 3,000,000 treasury shares which were held as treasury shares previously. As at 31 December 2014, the Company does not hold any treasury shares (31 December 2013: 3,000,000).

- 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.**

Change in Functional Currency and Presentation Currency

With effect from 31 October 2013, as a result of a change in underlying transactions, events and conditions relevant to the Company, the functional currency of the Company was changed from the United States dollar (US\$) to the Singapore dollar (S\$).

In line with the change in functional currency, the presentation currency of the Company and Group was also changed from the US\$ to the S\$. The comparative information as disclosed in this announcement has been translated from the US\$ to the S\$ based on the exchange rate of US1: S\$1.239.

Except as disclosed above and under item 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 2013.

- 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 2014. The adoption of these IFRSs did not result in any significant impact on the financial statements of the Group.

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

	Fourth quarter ended 31 December		Full year ended 31 December	
	2014	2013	2014	2013
Basic and diluted earnings per share (cents)	3.26	3.17	4.33	16.54
a) Profit attributable to equity holders of the Company (S\$'000)	19,257	9,196	21,704	47,991
b) Weighted average number of ordinary shares in issue: - basic and diluted	589,814,949	290,234,231	501,629,770	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 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
Net asset value per ordinary share (cents) based on 589,814,949 issued ordinary shares (excluding treasury shares) as at 31 December 2014 (31 December 2013: 290,234,231 shares)	151.65	157.07	123.86	109.63

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

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

Group performance

Revenue and cost of sales

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

	Fourth quarter ended 31 December		Full year ended 31 December	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Revenue from sale of properties	77,347	5,455	129,892	147,943
Rental income from investment properties	274	266	1,497	683
Hotel operations	943	337	2,314	337
Revenue from property financing	5,897	2,327	19,508	8,437
Others	-	5	-	132
Total	84,461	8,390	153,211	157,532

4Q 2014 vs 4Q 2013

Revenue of the Group in 4Q 2014, increased significantly by S\$76.1 million, from S\$8.4 million in 4Q 2013 to S\$84.5 million in 4Q 2014. The increase is mainly due to increase in revenue from sale of properties by S\$71.9 million, from S\$5.4 million in 4Q 2013 to S\$77.3 million in 4Q 2014 and increase in revenue from property financing by S\$3.6 million, from S\$2.3 million in 4Q 2013 to S\$5.9 million in 4Q 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. The Group has recognised revenue from the sale of the Millennium Waterfront project for the first time in 4Q 2014. The project was first launched for pre-sale in November 2012.

Six blocks of Plot B of the Millennium Waterfront project were handed over to the purchasers in December 2014 resulting in the revenue recognition of 746 units pre-sold residential units in 4Q 2014. This has led to the significant increase in the revenue from sale of properties in 4Q 2014 as compared to 4Q 2013.

Revenue from property financing increased by 153.4% or S\$3.6 million, from S\$2.3 million in 4Q 2013 to S\$5.9 million in 4Q 2014. This is mainly due to the \$4.5 million increase in interest income generated on secured entrusted loans to third parties due to a larger loan portfolio in 4Q 2014 as compared to 4Q 2013. This is partially offset by the decrease in interest income of S\$0.6 million from entrusted loans to a subsidiary of a controlling shareholder which was fully repaid in December 2013.

Cost of sales mainly comprises land costs, development expenditure, borrowing costs, hotel-related depreciation charge, and other related expenditure. Cost of sales increased significantly by S\$49.7 million, from S\$5.1 million in 4Q 2013 to S\$54.8 million in 4Q 2014.

The increase in cost of sales is in line with the increase in revenue from sale of properties in 4Q 2014.

Our gross profit increased significantly by S\$26.4 million, from S\$3.3 million in 4Q 2013 to S\$29.7 million in 4Q 2014. The increase was mainly due to the gross profit of S\$23.6 million recognised from the Millennium Waterfront project.

Although the Group's gross profit margin for each business segment has increased. However, the overall gross profit margin has decreased from 38.8% for 4Q 2013 to 35.1% 4Q 2014. This is mainly due to 71.5% of the total gross profit generated for 4Q 2013 from the property financing segment which contributed 100.0% gross profit margin, whereas in 4Q 2014 only 19.9% of the total gross profit generated is 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.

This had remained relatively constant at S\$4.0 million in Q4 2014 (Q4 2013: S\$4.0 million).

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 9.0% or S\$0.1 million, from S\$1.3 million in 4Q 2013 to S\$1.4 million in 4Q 2014, which was in line with the increase in sales activities of the Group including higher sales commissions paid based on the higher sales collections achieved for the period.

Other income/ (expenses)

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

Income tax expense

The Group recorded total income tax expense of S\$11.0 million on profit before tax of S\$30.2 million in 4Q 2014, which included land appreciation tax of S\$4.8 million. After adjusting for this charge, the tax effect of non-deductible expenses of S\$0.1 million and tax effect of land appreciation tax of S\$1.2 million as well as reversal of overprovision in respect of prior year of S\$0.1 million in 4Q 2014, the effective tax rate of the Group would be approximately 24.1% for the current period.

On 18 December 2014, the Company has 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.

FY2014 vs FY2013

Revenue of the Group for the year ended 31 December 2014 ("FY2014"), decreased by 2.7% or S\$4.3 million, from S\$157.5 million in the year ended 31 December 2013 ("FY2013") to S\$153.2 million in FY2014. The decrease is mainly due to lower revenue from sale of properties of S\$18.0 million from S\$147.9 million in FY2013 to S\$129.9 million in FY2014, partially offset by higher revenue from property financing of S\$11.1 million, from S\$8.4 million in FY2013 to S\$19.5 million in FY2014.

The decrease in revenue from sale of properties is mainly due to 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. In addition, Chengdu Cityspring project recognised lower revenue of S\$8.3 million on 53 commercial units and 61 car park lots in FY2014, compared to S\$65.8 million on 9 residential units, 583 commercial units and 329 car park lots in FY2013. This has been offset by the net revenue recognised from the sale of 746 residential units of Plot B of the Millennium Waterfront project amounting to S\$76.1 million.

Revenue from property financing increased by 131.2% or S\$11.1 million, from S\$8.4 million in FY2013 to S\$19.5 million in FY2014. This is mainly contributed by a S\$13.8 million increase in interest income from secured entrusted loans to third parties, partially offset by a S\$2.5 million decline in interest income from entrusted loans to a subsidiary of a controlling shareholder which was fully repaid in December 2013. The third party entrusted loan portfolio amounted to S\$170.3 million (RMB801.0 million) as at 31 December 2014 compared to S\$31.3 million (RMB150.0 million) as at 31 December 2013.

Cost of sales decreased by 13.1% or S\$14.4 million, from S\$110.5 million in FY2013 to S\$96.1 million in FY2014. The decrease in cost of sales is in line with the decrease in revenue from sale of properties in FY2014.

Our gross profit increased by 21.5% or S\$10.1 million, from S\$47.0 million in FY2013 to S\$57.1 million in FY2014. The increase is mainly due to higher gross profit generated from property financing.

The Group's higher gross profit margin of 37.3% for FY2014, as compared to 29.8% for FY2013 is mainly due to the increased contribution from the higher yielding property financing business.

Administrative expenses

Administrative expenses grew by 97.6% or S\$8.8 million, from S\$9.0 million in FY2013 to S\$17.8 million in FY2014, mainly attributable to a non-cash share-based charge of S\$4.7 million in connection with the Company's issuance of 25,850,000 ordinary shares to certain management staff and employees of the Group at par value in March 2014 (prior to the IPO of the Company). The charge represented the difference between the fair value and the par value of the new shares issued. The accounting for the share-based charge does not have an impact on the total equity of the Group. In addition, higher staff costs of S\$4.0 million were incurred due to the increase in headcount for M Hotel Chengdu and the property development operations in Chengdu and Dongguan. M Hotel Chengdu soft opened in September 2013.

Selling expenses

Selling expenses increased by 25.1% or S\$1.0 million, from S\$3.9 million in FY2013 to S\$4.9 million in FY2014. This was in line with the increase in sales activities of the Group including higher sales commissions paid based on the higher sales collections achieved for the year.

Other (expenses)/ income

In FY2014, we recorded other expenses of S\$7.8 million which mainly comprised IPO expenses of S\$3.5 million, service fees charged by a controlling shareholder of S\$5.7 million prior to the IPO and fair value loss on investment properties of S\$0.6 million. This has been offset by the reversal of accrual for construction costs for M Hotel Chengdu no longer required of S\$2.8 million. In FY2013, other income of S\$16.4 million was recorded which mainly comprised of reversal of impairment loss on other receivables of S\$21.1 million and fair value gain on our investment properties of S\$5.5 million. This was partially offset by the service fees charged by the controlling shareholder of S\$8.3 million in FY2013, amortisation of lease prepayment of S\$0.7 million, and pre-opening expenses of S\$0.9 million and hotel base stocks written off of S\$0.7 million in relation to M Hotel Chengdu.

Other gains

In FY2014, the Group recorded S\$0.9 million of other gains mainly from the disposal of lease prepayments and property, plant and equipment associated with the Chengdu Wenjiang Interest relinquished.

The overall pre-tax profit arising from the relinquishment of the Chengdu Wenjiang Interest amounted to S\$13.2 million.

Income tax expense

The Group recorded total income tax expense of S\$18.8 million on profit before tax of S\$40.5 million in FY2014, which included land appreciation tax of S\$4.8 million and deferred tax charge of S\$2.7 million on the reversal of deferred tax assets in relation to development properties and investment properties as we foresee that it is no longer probable for the related tax benefits to be realised. After adjusting for these charges, the tax effect of non-deductible expenses of S\$3.2 million and tax effect of land appreciation tax of S\$1.2 million as well as reversal of overprovision in respect of prior year of S\$0.7 million in FY2014, the effective tax rate of the Group would be approximately 24.4% for the current year.

(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\$35.5 million, from S\$81.0 million as at 31 December 2013 to S\$116.5 million as at 31 December 2014. The increase is mainly due to additions to construction in progress for the Millennium Waterfront Hotel amounting to \$30.7 million.

Other receivables increased by S\$110.7 million, from S\$8.0 million as at 31 December 2013 to S\$118.7 million as at 31 December 2014. The increase is mainly due to the disbursements of loans for an aggregate amount of S\$106.3 million (RMB500.0 million) to the Chengdu Wenjiang government, to fund, among others, the compensation for resettlement of occupants on land which includes those that the Group intends to bid for. The loans are unsecured, bear interest at 13.0% per annum and are for a tenure of three years.

Current assets

Development properties increased by S\$225.7 million, from S\$333.8 million as at 31 December 2013 to S\$559.5 million as at 31 December 2014, mainly due to the capitalisation of land grant premium and related acquisition taxes amounting to S\$196.5 million for East River Plot One of the Star of East River project in Dongguan, and construction costs incurred for the Millennium Waterfront project offset by profit recognition on the sales of the Chengdu Cityspring and Millennium Waterfront projects as well as the relinquishment of the Chengdu Wenjiang Interest.

Trade and other receivables increased by S\$148.0 million, from S\$128.1 million as at 31 December 2013 to S\$276.1 million as at 31 December 2014. The increase is mainly due to the increase of prepaid taxes of S\$3.2 million, the net disbursement of short term entrusted loans to third parties amounting to S\$138.4 million (RMB651.0 million), bringing the total property financing loan portfolio as at 31 December 2014 to S\$170.3 million (RMB801.0 million), and a loan to Chengdu Wenjiang government of S\$51.5 million (RMB242.5 million)

This is partially offset by the repayment of loan principal and related interest accrued thereon of S\$35.3 million by the Chengdu Wenjiang government, partial receipt of outstanding proceeds of S\$10.8 million from the disposal of a subsidiary in FY2013 and full repayment of an entrusted loan of S\$8.4 million by a former subsidiary, Dongguan Junxuan Enterprise Limited.

Current liabilities

Trade and other payables decreased by S\$179.4 million, from S\$460.3 million as at 31 December 2013 to S\$280.9 million as at 31 December 2014, mainly due to the capitalisation of loan from a controlling shareholder amounting to S\$262.9 million in FY2014. This is partially offset by the increase in receipts in advance from the Millennium Waterfront project of S\$61.9 million and trade payables of S\$21.8 million. Receipts in advance of the Group as at 31 December 2014 amounted to S\$200.2 million (31 December 2013: S\$139.3 million).

Loans and borrowings

The Group had gross bank borrowings amounting to S\$84.6 million outstanding as at 31 December 2014, mainly to fund the acquisition of East River Plot One and development costs of the Millennium Waterfront project.

Foreign currency risk management

The Group is exposed to volatility of the RMB due to its operations in the People's Republic of China. 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. As at 31 December 2014, the Group has a cumulative translation gain of S\$83.9 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

4Q 2014

Net cash used in operating activities of S\$9.9 million in 4Q 2014 was mainly due to the net disbursement of entrusted loans of \$46.5 million to third parties, payment of income tax of S\$6.0 million and the payment of construction costs for the Millennium Waterfront project. This has been offset by full repayment of proceeds from the relinquishment of the Chengdu Wenjiang Interest of S\$34.7 million and interest received on the entrusted loans to third parties of S\$5.9 million.

Net cash used in investing activities of S\$44.5 million in 4Q 2014 included the disbursement of an unsecured loan of S\$34.6 million to the Chengdu Wenjiang government and additions of property, plant and equipment of S\$13.8 million.

Net cash generated from financing activities amounted to S\$3.4 million in 4Q 2014 mainly due to net draw down of bank borrowings of S\$4.0 million, partially offset by the payment of the related interest expenses of S\$0.6 million.

FY2014

Net cash used in operating activities amounting to S\$251.3 million in FY2014 was mainly due to the payment of land grant premium and related acquisition taxes amounting to S\$190.3 million for East River Plot One of the Star of East River project in Dongguan in June 2014, the net disbursement of S\$134.0 million short term loans to third parties for the 12 months ended 31 December 2014, payment of income tax of S\$22.6 million and the payment of construction costs for the Millennium Waterfront project and Chengdu Cityspring project. This had been partially offset by the receipts in advance attributable to the Millennium Waterfront project of S\$57.6 million, interest received on the entrusted loans to third parties of S\$19.2 million in FY2014 and the receipt of the Chengdu Wenjiang Interest relinquishment proceeds of S\$49.6 million.

Net cash used in investing activities amounting to S\$125.7 million in FY2014 was mainly due to the disbursement of unsecured loans for an aggregate amount of S\$152.4 million to the Chengdu Wenjiang government and development costs of S\$33.0 million paid for the construction of the Millennium Waterfront Hotel. This was partially offset by the repayment of loan principal and related interest accrued thereon of S\$40.1 million by the Chengdu Wenjiang government, receipt of interest income from banks of S\$4.9 million and receipt of outstanding proceeds of S\$10.8 million in FY2014 from the disposal of a subsidiary during FY2013 as well as proceeds received on the relinquishment of the lease prepayments associated with the Chengdu Wenjiang Interest relinquished of S\$4.1 million.

Net cash generated from financing activities amounted to S\$197.8 million in FY2014 was mainly due to the net proceeds received from the issue of ordinary shares of S\$119.4 million and net draw down of bank borrowings of S\$84.6 million, partially offset by the payment of the related interest expenses of S\$7.7 million.

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

The real estate sector has been one of the most critical drivers of growth for the PRC in the past decade. Undeniably, the performance of the sector will continue to one of the major components to further propel the growth of the country.

In November 2014, the People's Bank of China (PBOC) has adopted an interest rate cut for the first time in more than 2 years, reducing the lending interest rate by 0.4% to 5.6% and deposit rate by 0.25% to 2.75%. Furthermore, in a bid to aid the seemingly weak property market, Beijing has allowed local governments in certain cities to relax home purchase controls. In response, the Sichuan provincial government has, in January 2015, announced the cancellation of pre-existing controls on housing prices and lifted the restriction on the number of houses that one can own. Free market mechanisms will now play a greater role in determining property prices based on the demand of home buyers and supply of houses from property developers. These series of changes made demonstrate the central government's awareness of the current economic backdrop and its flexibility in adjusting regulations to deal with the situation.

According to the National Bureau of Statistics, property sales volume of the 70 major cities in the PRC in December 2014 increased by nearly 9% from November 2014, and the surge in home-buying interest is generally perceived to be attributable to the recent policy concessions including revised mortgage policies as well as interest rate cuts. The Group is cautiously optimistic that the central government will continue to monitor the situation and implement appropriate measures to lay the groundwork for a gradual but sustainable economic recovery, which would be conducive for the healthy development of the property market.

Company Outlook

Property Development

The Group carried out its first-time handover of Plot B residential units of the Millennium Waterfront project in December 2014. Barring any unforeseen circumstances, the Group anticipates the continued handover of Plot B commercial and residential units and Plot C residential units of the Millennium Waterfront project throughout the course of FY2015 in various phases. The feasibility of building a super high-rise office building with a larger floor plate for the Star of East River project, instead of the currently approved twin-tower structure is being studied. This may result in a delay in the commencement of main construction work and sales launch.

On 14 January 2015, the Group terminated the memorandum of understanding and framework agreement entered into with the local government of Zhongtang Town, Dongguan, Guangdong province and its affiliated company in relation to the proposed development of the Dongguan Zhongtang project due to *inter alia*, the inability of the affiliated company of the local government to fulfil certain of its contractual obligations in respect of the Dongguan Zhongtang project, in particular with regards to the timely completion of the approval process for putting up for tender a land plot of not less than 100,000 sq m in connection with the Dongguan Zhongtang project. Other than earning a one-off return of S\$3.5 million which has been collected, the Group will earn an investment return of 10.0% per annum on the S\$21.3 million advance made to the affiliated company of the local government. More importantly, the Group would still have the opportunity but not the obligation to participate in a tender process for the land use rights relating to the Dongguan Zhongtang project in the future. The Group will monitor the PRC property market conditions, in particular with regards to the Dongguan Zhongtang project, before deciding whether to participate in such tender process at the relevant time.

There have also been delays in the tender process for the land use rights relating to the SSCIP project and the Wenjiang Lake project. In view of the current PRC property market conditions, the Group will continue to work with the relevant local government authorities and monitor the progress of the approval process for the tender of the land use rights relating to the abovementioned projects. The Group will in the meantime focus its efforts in developing the Millennium Waterfront project and Star of East River project.

Property Holding

On 4 February 2015, the Group entered into an agreement to acquire its first investment property outside of the PRC together with a group of private investors, including the Tecity Group which is also one of our cornerstone investors during our IPO last year. This transaction is carried out by leveraging on the business network of one of our key controlling shareholders, the Tai Tak Group which has been in the Netherlands for more than 20 years. The investment property is a commercial building located in the South Axis, the CBD of Amsterdam, built on a perpetual leasehold land with ground rent paid up to May 2050. It has a A-label energy certificate and a net lettable area of approximately 12,500 sq m with 111 parking spaces. The entire building has been leased to a reputable Dutch law firm with the current lease term expiring in July 2019, with options to renew the lease on the part of the tenant. The Group will continue to explore investment opportunities in the Netherlands to build up a more diversified recurrent income business base.

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 S\$170.3 million loan portfolio as at 31 December 2014. The Group continues to seek opportunities to grow the property financing business in the year ahead.

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

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

The Directors are pleased to recommend a final (one-tier) tax-exempt dividend in respect of the financial year ended 31 December 2014 of 0.76 Singapore cents per ordinary share for approval of the shareholders at the forthcoming annual general meeting of the Company.

Name of dividend	Final (One-tier) Tax-exempt Dividend
Dividend Type	Cash
Dividend Amount	0.76 Singapore cents per ordinary share

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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

(c) Date payable

To be advised.

(d) Book closure date

To be advised.

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

Pursuant to the initial public offering on 22 July 2014, the Company received net proceeds from the placement of new ordinary shares of S\$59.7 million (“Net Proceeds”). As reported in the Company’s SGX announcement on 25 July 2014, the Company had disbursed the entire Net Proceeds to repay an existing revolving credit facility pending the deployment of such funds for their intended use. On 10 September 2014, the Company drew down S\$3.0 million from its revolving credit facilities for working capital purposes in the People’s Republic of China. Since then, we have not used any of the Net Proceeds up to the date of this release.

Part II Additional Information Required for Full Year Announcement

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.

Information about reportable segments

	Property development \$’000	Property investment \$’000	Property financing \$’000	Hotel operations \$’000	Others \$’000	Unallocated \$’000	Total \$’000
2014							
Segment revenue	138,270	1,497	19,508	2,343	-	13,376	174,994
Elimination of inter- segment revenue	(8,378)	-	-	(29)	-	(13,376)	(21,783)
External revenue	<u>129,892</u>	<u>1,497</u>	<u>19,508</u>	<u>2,314</u>	<u>-</u>	<u>-</u>	<u>153,211</u>
Profit/(loss) from operating activities	27,406	383	18,476	797	-	(19,511)	27,551
Finance income	11,538	-	3,488	-	-	47	15,073
Finance costs	(203)	-	-	-	-	(1,901)	(2,104)
Segment profit/(loss) before income tax	<u>38,741</u>	<u>383</u>	<u>21,964</u>	<u>797</u>	<u>-</u>	<u>(21,365)</u>	<u>40,520</u>
				<N1>		<N2>	
2013							
Segment revenue	153,280	683	8,437	337	132	7,400	170,269
Elimination of inter- segment revenue	(5,337)	-	-	-	-	(7,400)	(12,737)
External revenue	<u>147,943</u>	<u>683</u>	<u>8,437</u>	<u>337</u>	<u>132</u>	<u>-</u>	<u>157,532</u>
Profit/(loss) from operating activities	29,263	26,959	7,575	(2,402)	69	(4,510)	56,954
Finance income	1,794	-	134	-	-	636	2,564
Segment profit/(loss) before income tax	<u>31,057</u>	<u>26,959</u>	<u>7,709</u>	<u>(2,402)</u>	<u>69</u>	<u>(3,874)</u>	<u>59,518</u>

<N1> This includes a reversal of overprovision for construction costs for M Hotel Chengdu of S\$2.8 million.

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

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

17. A breakdown of sales as follows:—

Group	FY2014	FY2013	% increase / (decrease)
	S\$'000	S\$'000	
(a) Sales reported for first half year	14,028	61,385	(77.1)
(b) Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(12,422)	19,705	(163.0)
(c) Sales reported for second half year	139,183	96,147	44.8
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	34,126	27,926	22.2

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:—

	FY2014 (S\$'000)	FY2013 (S\$'000)
Ordinary	4,483	NA

The above amount is calculated based on the 589,814,949 ordinary shares in issue (excluding treasury shares) as at 31 December 2014. The total amount will be adjusted according to the number of issued ordinary shares existing as at book closure date to be announced.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that there is no person occupying a managerial position in the Company who is related to a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD
Neo Teck Pheng
Chief Executive Officer
5 February 2015