FIRST SPONSOR GROUP LIMITED
(Incorporated in the Cayman Islands)
(Registration No. AT-195714)

UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

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 Second quarter ended 30 June		Incr / (Decr)	The Group Half year ended 30 June		Incr / (Decr)
	2018 S$'000	2017 S$'000 (Restated)[1]	%	2018 S$'000	2017 S$'000 (Restated)[1]	%
Revenue	44,112	56,006	(21.2)	91,916	139,291	(34.0)
Cost of sales	(16,234)	(31,560)	(48.6)	(33,382)	(90,483)	(63.1)
Gross profit	27,878	24,446	14.0	58,534	48,808	19.9
Administrative expenses	(7,665)	(3,774)	103.1	(13,713)	(10,468)	31.0
Selling expenses	(2,615)	(1,309)	99.8	(4,107)	(4,123)	(0.4)
Other expenses (net)	(3,282)	(6,057)	(45.8)	(2,879)	(5,172)	(44.3)
Other losses	-	(46)	n.m.	-	(46)	n.m.
Results from operating activities	14,316	13,260	8.0	37,835	28,999	30.5
Finance income	4,899	4,213	16.3	8,794	8,827	(0.4)
Finance costs	(2,640)	(3,524)	(25.1)	(4,793)	(5,122)	(6.4)
Net finance income	2,259	689	227.9	4,001	3,705	8.0
Share of after-tax (loss)/profit of associates and joint ventures	(913)	418	n.m.	(4,280)	918	n.m.
Profit before tax	15,662	14,367	9.0	37,556	33,622	11.7
Tax expense	(3,509)	(4,889)	(28.2)	(8,167)	(10,022)	(18.5)
Profit for the period	12,153	9,478	28.2	29,389	23,600	24.5
Attributable to:						
Equity holders of the Company	12,073	9,368	28.9	29,195	23,603	23.7
Non-controlling interests	80	110	(27.3)	194	(3)	n.m.
Profit for the period	12,153	9,478	28.2	29,389	23,600	24.5
Earnings per share (cents)						
- **basic**	1.66	1.44	15.1	4.30	3.64	18.2
- **diluted**	1.57	1.44	9.0	4.12	3.64	13.3

n.m.: not meaningful

[1] Certain comparatives have been restated. Please see paragraph 5.

Consolidated Statement of Comprehensive Income

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2018	**2017**	**2018**	**2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Profit for the period	12,153	9,478	29,389	23,600
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	580	188	(596)	99
Translation differences on financial statements of foreign subsidiaries, net of tax	6,251	3,558	21,796	(19,568)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	688	473	1,408	(1,198)
Other comprehensive income for the period, net of tax	7,519	4,219	22,608	(20,667)
Total comprehensive income for the period	19,672	13,697	51,997	2,933
Total comprehensive income attributable to:				
Equity holders of the Company	19,779	13,459	51,902	3,386
Non-controlling interests	(107)	238	95	(453)
Total comprehensive income for the period	19,672	13,697	51,997	2,933

Notes to the Group's Income Statement:

Profit before tax includes the following:

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2018 S$'000	**2017 S$'000**	**2018 S$'000**	**2017 S$'000**
Other losses comprise:				
Loss on disposal of investment properties	-	(46)	-	(46)
Profit before income tax includes the following expenses/(income):				
Depreciation of property, plant and equipment	1,610	1,247	3,867	2,548
Exchange loss/(gain) (net)	26,968	(4,123)	16,566	(1,813)
Fair value (gain)/loss on derivative assets/liabilities (net)	(24,797)	9,743	(15,512)	6,651
Impairment loss on investment properties	-	602	-	602
Operating lease expenses	114	105	278	200
Trade receivables written off	-	13	-	13
Net investment return from a PRC government linked entity	-	(189)	-	(403)

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 30 June 2018 S$'000	As at 31 Dec 2017 S$'000	As at 30 June 2018 S$'000	As at 31 Dec 2017 S$'000
Non-current assets				
Property, plant and equipment	197,077	230,844	350	389
Investment properties	251,360	282,634	-	-
Interests in subsidiaries	-	-	653,581	653,581
Interests in associates and joint ventures	78,331	64,361	-	-
Derivative assets	6,806	350	6,806	350
Other investments	23,948	23,380	-	-
Deferred tax assets	31,387	25,905	-	-
Trade and other receivables	568,536	284,455	494,587	370,608
	1,157,445	911,929	1,155,324	1,024,928
Current assets				
Development properties	406,618	390,704	-	-
Inventories	278	175	-	-
Trade and other receivables	477,195	445,534	646,212	570,997
Assets held for sale	73,201	-	-	-
Other investments	151,688	38,863	-	-
Cash and cash equivalents	139,290	319,298	12,508	4,527
	1,248,270	1,194,574	658,720	575,524
Total assets	2,405,715	2,106,503	1,814,044	1,600,452
Equity				
Share capital	81,375	73,640	81,375	73,640
Reserves	1,042,895	1,006,514	816,570	807,067
Equity attributable to owners of the Company	1,124,270	1,080,154	897,945	880,707
Perpetual convertible capital securities	161,527	-	161,527	-
Non-controlling interests	6,822	6,727	-	-
Total equity	1,292,619	1,086,881	1,059,472	880,707
Non-current liabilities				
Loans and borrowings	591,838	609,988	554,885	574,171
Derivative liabilities	8,234	13,122	8,234	13,122
Other payable	12,630	12,811	-	-
Deferred tax liabilities	3,782	3,870	-	-
	616,484	639,791	563,119	587,293
Current liabilities				
Loans and borrowings	48,953	-	48,953	-
Current tax payables	28,796	30,306	127	145
Trade and other payables	156,307	166,093	142,373	128,139
Receipts in advance	262,556	179,264	-	-
Derivative liability	-	4,168	-	4,168
	496,612	379,831	191,453	132,452
Total liabilities	1,113,096	1,019,622	754,572	719,745
Total equity and liabilities	2,405,715	2,106,503	1,814,044	1,600,452

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 and structured deposits. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

	The Group	
	As at 30 June 2018 S$'000	**As at 31 Dec 2017 S$'000**
Unsecured		
- repayable within one year	48,953	-
- repayable after one year	553,794	572,513
Total	602,747	572,513
Secured		
- repayable within one year	-	-
- repayable after one year	38,044	37,475
Total	38,044	37,475
Grand total	**640,791**	**609,988**
Gross borrowings	650,979	619,869
Less:		
(i) cash and cash equivalents	(139,290)	(319,298)
(ii) other investments (current) (Note 1)	(151,688)	(38,863)
Net borrowings	360,001	261,708

Note 1:
Other investments (current) relate to principal-guaranteed structured deposits placed with the financial institutions.

Details of any collateral

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

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

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2018 S$'000	2017 S$'000 (Restated) [1]	2018 S$'000	2017 S$'000 (Restated) [1]
Cash flows from operating activities				
Profit for the period	12,153	9,478	29,389	23,600
Adjustments for:				
Depreciation of property, plant and equipment	1,610	1,247	3,867	2,548
Fair value (gain)/loss on derivative assets/liabilities (net)	(24,797)	9,743	(15,512)	6,651
Finance income	(4,899)	(4,213)	(8,794)	(8,827)
Finance costs	2,640	3,524	4,793	5,122
Impairment loss on investment properties	-	602	-	602
Loss on disposal of investment properties	-	46	-	46
Trade receivables written off	-	13	-	13
Share of after-tax loss/(profit) of associates and joint ventures	913	(418)	4,280	(918)
Tax expense	3,509	4,889	8,167	10,022
	(8,871)	24,911	26,190	38,859
Changes in:				
Development properties	(7,672)	12,234	(17,217)	49,795
Inventories	24	109	(105)	(115)
Trade and other receivables	(106,136)	7,556	(298,812)	(19,643)
Trade and other payables	12,181	(23,889)	(13,862)	(49,044)
Loans and borrowings	(54,125)	3,947	111,233	14,839
Receipts in advance	61,850	56,690	78,375	73,823
Cash (used in)/generated from operations	(102,749)	81,558	(114,198)	108,514
Interest received	26,481	4,604	37,834	11,405
Interest paid	(3,944)	(2,292)	(6,991)	(2,762)
Tax paid	(8,507)	(9,923)	(15,255)	(10,951)
Net cash (used in)/from operating activities	(88,719)	73,947	(98,610)	106,206

[1] Certain comparatives have been restated. Please see paragraph 5.

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2018 S$'000	2017 S$'000 (Restated) [1]	2018 S$'000	2017 S$'000 (Restated) [1]
Cash flows from investing activities				
(Advances to)/repayment by associates	(103,944)	627	(103,944)	-
Deposit received in respect of:				
- sales of a subsidiary	-	1,186	-	1,186
- assets held for sale	1,039	-	1,039	-
Decrease in/(placement of) other investments	107,245	-	(110,885)	-
Dividends received from an associate Note 2	-	-	1,535	-
Interest received	5,924	3,334	9,309	15,091
Loans to third party	-	(28,877)	-	(28,877)
Payment for acquisition of available-for-sale financial asset	-	(20,938)	-	(20,938)
Payment for additions to:				
- investment properties	(5,904)	-	(6,418)	(11)
- property, plant and equipment	(13)	(811)	(24)	(883)
Payment for investments in associate and joint venture	(1,043)	-	(21,140)	-
Proceeds from disposal of investment properties	-	351	-	351
Repayment of loans by a third party	-	41,916	-	109,969
Return of capital from associates Note 1	-	1,006	860	1,006
Receipt of deferred consideration from dilution of interest in subsidiaries	-	41,000	-	41,000
Receipt of investment principal and returns from a PRC government linked entity	-	9,663	-	9,663
Net cash from/(used in) investing activities	3,304	48,457	(229,668)	127,557

[1] Certain comparatives have been restated. Please see paragraph 5.

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2018 S$'000	2017 S$'000 (Restated) [1]	2018 S$'000	2017 S$'000 (Restated) [1]
Cash flows from financing activities				
Advances from associates	52,045	12,490	71,730	12,490
Decrease in restricted cash	-	-	-	263
Dividends paid to the owners of the Company	(7,786)	(5,898)	(7,786)	(5,898)
Interest paid	(731)	(771)	(2,361)	(1,498)
Payment of transaction costs related to:				
- borrowings	1	(2,500)	(2,216)	(2,500)
- perpetual convertible capital securities ("PCCS")	(710)	-	(710)	-
Proceeds from issuance of PCCS	162,199	-	162,199	-
Proceeds from bank borrowings	237,379	178,292	249,380	373,570
Repayment of bank borrowings	(322,906)	(180,178)	(327,370)	(456,040)
Redemption of medium term notes	-	(50,000)	-	(50,000)
Net cash from/(used in) financing activities	119,491	(48,565)	142,866	(129,613)
Net increase/(decrease) in cash and cash equivalents	34,076	73,839	(185,412)	104,150
Cash and cash equivalents at beginning of the period	105,274	304,141	319,298	280,304
Effect of exchange rate changes on balances held in foreign currencies	(60)	1,683	5,404	(4,791)
Cash and cash equivalents at end of the period	139,290	379,663	139,290	379,663

Note 2 The dividends from an associate and return of capital by an associate of S$2,395,000 was offset against an advance of S$2,395,000 from the associate in 2Q 2018.

[1] Certain comparatives have been restated. Please see paragraph 5.

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

	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'000	Distributable reserve S$'000	Fair value reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
The Group												
At 1 January 2018, as previously stated	73,640	9,609	33,447	225	662,764	(3,949)	36,950	267,468	1,080,154	-	6,727	1,086,881
Impact of adoption of IFRS 9	-	-	-	-	-	3,949	-	(3,949)	-	-	-	-
At 1 January 2018, as restated	73,640	9,609	33,447	225	662,764	-	36,950	263,519	1,080,154	-	6,727	1,086,881
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	29,195	29,195	-	194	29,389
Other comprehensive income												
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	-	(596)	-	(596)	-	-	(596)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	-	21,895	-	21,895	-	(99)	21,796
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	-	1,408	-	1,408	-	-	1,408
Total other comprehensive income	-	-	-	-	-	-	22,707	-	22,707	-	(99)	22,608
Total comprehensive income for the period	-	-	-	-	-	-	22,707	29,195	51,902	-	95	51,997

	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'000	Distributable reserve S$'000	Fair value reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
The Group												
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends paid to the owners of the Company	-	-	-	-	-	-	-	(7,786)	(7,786)	-	-	(7,786)
Issuance of bonus shares	7,735	-	-	-	(7,735)	-	-	-	-	-	-	-
Issuance of perpetual convertible capital securities ("PCCS")	-	-	-	-	-	-	-	-	-	162,199	-	162,199
PCCS issue expenses	-	-	-	-	-	-	-	-	-	(672)	-	(672)
Total contributions by and distributions to owners	7,735	-	-	-	(7,735)	-	-	(7,786)	(7,786)	161,527	-	153,741
Total transactions with owners of the Company	7,735	-	-	-	(7,735)	-	-	(7,786)	(7,786)	161,527	-	153,741
At 30 June 2018	**81,375**	**9,609**	**33,447**	**225**	**655,029**	**-**	**59,657**	**284,928**	**1,124,270**	**161,527**	**6,822**	**1,292,619**

	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Non-controlling interests S$'000	Total equity S$'000
The Group									
At 1 January 2017	736,404	9,609	27,445	225	53,923	196,983	1,024,589	5,108	1,029,697
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	23,603	23,603	(3)	23,600
Other comprehensive income									
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	99	-	99	-	99
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	(19,118)	-	(19,118)	(450)	(19,568)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	(1,198)	-	(1,198)	-	(1,198)
Total other comprehensive income	-	-	-	-	(20,217)	-	(20,217)	(450)	(20,667)
Total comprehensive income for the period	-	-	-	-	(20,217)	23,603	3,386	(453)	2,933
Transaction with owners, recognised directly in equity									
Distributions to owners									
Dividends paid to the owners of the Company	-	-	-	-	-	(5,898)	(5,898)	-	(5,898)
Total distributions to owners	-	-	-	-	-	(5,898)	(5,898)	-	(5,898)
Total transactions with owners of the Company	-	-	-	-	-	(5,898)	(5,898)	-	(5,898)
At 30 June 2017	736,404	9,609	27,445	225	33,706	214,688	1,022,077	4,655	1,026,732

The Company	Share capital S$'000	Share premium S$'000	Capital reserve S$'000	Distributable reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Total equity S$'000
At 1 January 2018	73,640	9,821	(5,988)	662,764	140,470	880,707	-	880,707
Total comprehensive income for the period								
Profit for the period	-	-	-	-	25,023	25,023	-	25,023
Total comprehensive income for the period	-	-	-	-	25,023	25,023	-	25,023
Transaction with owners, recognised directly in equity								
Contribution by and distributions to owners								
Dividends paid to the owners of the Company	-	-	-	-	(7,785)	(7,785)	-	(7,785)
Issuance of bonus shares	7,735	-	-	(7,735)	-	-	-	-
Issuance of PCCS	-	-	-	-	-	-	162,199	162,199
PCCS issue expenses	-	-	-	-	-	-	(672)	(672)
Total contributions by and distributions to owner	7,735	-	-	(7,735)	(7,785)	(7,785)	161,527	153,742
Total transactions with owners of the Company	7,735	-	-	(7,735)	(7,785)	(7,785)	161,527	153,742
At 30 June 2018	81,375	9,821	(5,988)	655,029	157,708	897,945	161,527	1,059,472
At 1 January 2017	736,404	9,821	(5,988)	-	78,678	818,915	-	818,915
Total comprehensive income for the period								
Profit for the period	-	-	-	-	40,256	40,256	-	40,256
Total comprehensive income for the period	-	-	-	-	40,256	40,256	-	40,256
Transaction with owners, recognised directly in equity								
Distributions to owners								
Dividends paid to the owners of the Company	-	-	-	-	(5,898)	(5,898)	-	(5,898)
Total distributions to owners	-	-	-	-	(5,898)	(5,898)	-	(5,898)
Total transactions with owners of the Company	-	-	-	-	(5,898)	(5,898)	-	(5,898)
At 30 June 2017	736,404	9,821	(5,988)	-	113,036	853,273	-	853,273

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.

<u>Bonus shares issue</u>

On 18 April 2018, 58,981,032 bonus shares were allotted and issued pursuant to the 1-for-10 bonus issue undertaken by the Company.

As at 30 June 2018, the Company's issued share capital (excluding treasury shares) comprised 648,795,981 (30 June 2017: 589,814,949) ordinary shares.

<u>Rights issue of up to S$162.2 million in aggregate principal amount of 3.98% perpetual convertible capital securities ("PCCS") in the denomination of S$1.10 for each PCCS</u>

On 19 April 2018, the Company issued 147,453,737 PCCS on the basis of one PCCS for every four existing ordinary shares at an issue price of S$1.10 for each PCCS. Each PCCS shall entitle the PCCS holder to convert such PCCS into one new ordinary share of the Company, subject to adjustments under certain conditions.

As at 30 June 2018, 147,453,737 PCCS (30 June 2017: Nil) were outstanding.

There were no treasury shares as at 30 June 2018 and 30 June 2017.

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 30 June 2018 and 31 December 2017 was 648,795,981 and 589,814,949 respectively.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 30 June 2018.

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 2017.

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 2018. Except as disclosed below, the adoption of these IFRSs did not result in any significant impact on the financial statements of the Group.

IFRS 9

For financial assets previously designated as available-for-sale financial assets, the Group has designated these assets as financial assets measured at fair value through profit or loss upon adoption of IFRS 9.

Accordingly, the fair value reserve had been reclassified to retained earnings as at 1 January 2018, resulting in a decrease in retained earnings by S$3,949,000.

Comparatives

As highlighted in the FY2017 full year results announcement, the Group has changed the classification of interest income and associated interest expense for the loans extended to its Dutch associates, to be part of its property financing income and costs of sales. A similar classification is also adopted for the Group's loans to its joint ventures. In addition, interest income from counterparties in respect of the cross-currency swaps ("CCSs") taken up to hedge the Group's investments in its subsidiaries previously offset against the corresponding interest costs incurred on bank borrowings, has been reclassified to finance income. The comparatives had been restated accordingly to follow the same classification.

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.

	Second quarter ended 30 June		**Half year ended 30 June**	
	2018	**2017 (Restated)** [2]	**2018**	**2017 (Restated)** [2]
Earnings per share (cents)				
- basic	1.66	1.44	4.30	3.64
- diluted	1.57	1.44	4.12	3.64
Profit attributable to ordinary shareholders (S$'000)	10,782	9,368	27,904	23,603
Profit attributable to ordinary shareholders and PCCS holders (S$'000)	12,073	9,368	29,195	23,603
Weighted average number of ordinary shares in issue:				
- basic	648,795,981	648,795,981	648,795,981	648,795,981
- diluted	767,083,045	648,795,981	708,266,273	648,795,981

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 30 June 2018	**As at 31 Dec 2017**	**As at 30 June 2018**	**As at 31 Dec 2017**
Net asset value per ordinary share (cents) based on 648,795,981 (2017: 589,814,949) issued ordinary shares (excluding treasury shares)	198.18	183.13	163.30	149.32

[2] For comparative purposes, the number of ordinary shares for the financial period ended 30 June 2017 has been adjusted to include the issue of one bonus share for every ten (10) existing ordinary shares held.

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

<u>Group performance</u>

Revenue and cost of sales

The breakdown of our revenue (net of business tax/value added tax) for the period under review is as follows:

	Second quarter ended 30 June		**Half year ended 30 June**	
	2018	**2017**	**2018**	**2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**
		(Restated)		(Restated)
Revenue from sale of properties	8,016	46,619	21,946	120,991
Rental income from investment properties	3,179	3,031	6,798	6,006
Hotel operations	11,870	3,409	21,052	6,506
Revenue from property financing	21,047	2,947	42,120	5,788
Total	44,112	56,006	91,916	139,291

<u>2Q 2018 vs 2Q 2017</u>

Revenue decreased by S$11.9 million or 21.2%, from S$56.0 million in 2Q 2017 to S$44.1 million in 2Q 2018. This was due mainly to a S$38.6 million decline in revenue from sale of properties. The decrease was partially offset by the increase in revenue from property financing, hotel operations and rental income from investment properties of S$18.1 million, S$8.5 million and S$0.1 million respectively.

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 significant decrease in revenue from sale of properties in 2Q 2018 compared to 2Q 2017 was due mainly to the recognition of revenue from fewer units in the Millennium Waterfront project (2Q 2018: 1 commercial unit and 5 car park lots, 2Q 2017: 319 residential units, 10 commercial units and 23 car park lots).

Revenue from property financing increased by S$18.1 million or 614.2%, from S$2.9 million in 2Q 2017 to S$21.0 million in 2Q 2018. The significant increase mainly arose from the recognition of net penalty interest income of S$5.1 million (RMB24.4 million) on the receipt of net auction proceeds by the court in June 2018 in relation to the successful enforcement on two of the Case 2 defaulted loans. The European loan portfolio contributed an increase in interest income of S$6.9 million. This was mainly driven by the acquisitions of the Bilderberg Portfolio in August 2017, as well as the Hilton Rotterdam hotel and Le Méridien Frankfurt hotel in January 2018. Revenue from PRC property financing was further boosted by S$6.1 million. This included a full quarter's contribution of S$3.8 million from a loan to a 30%-owned associate other than interest income from third party PRC property financing loans.

Revenue from hotel operations increased by S$8.5 million or 248.2%, from S$3.4 million in 2Q 2017 to S$11.9 million in 2Q 2018. The significant increase was due mainly to a full quarter contribution from the 24.7%-owned Hilton Rotterdam hotel which was leased by the Group since February 2018, as well as the Wenjiang hotspring which commenced operations in October 2017. The positive performance of the two Wenjiang hotels also further boosted the revenue growth for the quarter.

Cost of sales mainly comprise land costs, development expenditure and cost adjustments (if any), borrowing costs, hotel-related depreciation charge and rental expense, and other related expenditure. Cost of sales decreased by S$15.4 million or 48.6%, from S$31.6 million in 2Q 2017 to S$16.2 million in 2Q 2018. The decrease in revenue recognised from sale of properties had led to a quarter-on-quarter decrease in related cost of sales of S$22.2 million. The decrease was partially offset by the higher cost of sales incurred in respect of the hotel operations and property financing business amounting to S$4.8 million and S$1.6 million respectively.

The Group's gross profit increased by S$3.5 million or 14.0%, from S$24.4 million in 2Q 2017 to S$27.9 million in 2Q 2018. The increase was due mainly to the higher gross profit generated from property financing and hotel operations of S$16.5 million and S$3.7 million respectively. This was partially offset by lower gross profit from sale of properties and profit generated from investment properties of S$16.3 million and S$0.4 million in 2Q 2018.

The Group's gross profit margin increased from 43.6% in 2Q 2017 to 63.2% in 2Q 2018. This reflected the change in the sales mix as the higher yielding property financing segment contributed close to 70.0% of the Group's gross profit for 2Q 2018 compared to 10.0% in the same quarter in 2017.

Administrative expenses

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.

Administrative expenses increased by S$3.9 million or 103.1%, from S$3.8 million to S$7.7 million. This was due mainly to the full quarter's operations of the Hilton Rotterdam hotel.

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 related expenses.

Selling expenses increased by S$1.3 million or 99.8%, from S$1.3 million to S$2.6 million. The increase was largely attributable to the inclusion of the operations of the Hilton Rotterdam hotel in the 2Q 2018.

Other expenses (net)

In 2Q 2018, the Group recorded other expenses of S$3.3 million which mainly comprised net foreign exchange loss of S$27.0 million and hotel management fees of S$0.6 million, partially offset by net fair value gain on financial derivatives of S$24.8 million.

In 2Q 2017, the Group recorded other expenses of S$6.1 million which mainly comprised net fair value loss on financial derivatives of S$9.7 million, partially offset by net foreign exchange gain of S$4.1 million.

Net finance income

Net finance income increased by S$1.6 million or 227.9%, from S$0.7 million in 2Q 2017 to S$2.3 million in 2Q 2018. This was due mainly to higher interest income from fixed deposits and structured deposits, and lower finance costs achieved from the CCSs entered in the course of 2017 and 2018. This was partially offset by the decrease in finance income from loans to the Chengdu Wenjiang government as these were fully repaid by the end of 2017.

Share of after-tax (loss)/profit of associates and joint ventures

Share of after-tax results of associates and joint ventures decreased by S$1.3 million from a profit of S$0.4 million in 2Q 2017 to a loss of S$0.9 million in 2Q 2018. The Group's associates contributed a share of loss of S$1.1 million for 2Q 2018 which was partially offset by the share of profit of S$0.2 million from the 50%-held joint venture that owns the Le Méridien Frankfurt hotel. The associates' healthy trading performance was negatively impacted by the financing costs incurred by them in relation to the loans obtained from the Group.

Tax expense

After adjusting for the share of results of associates and joint ventures and the tax effect of non-deductible expenses of S$2.6 million and non-taxable income of S$3.5 million, the effective tax rate of the Group would be approximately 25.4%.

<u>1H 2018 vs 1H 2017</u>

Revenue of the Group decreased by S$47.4 million or 34.0%, from S$139.3 million in 1H 2017 to S$91.9 million in 1H 2018. The decrease in 1H 2018 was due mainly to the decrease in revenue from sale of properties by S$99.0 million. The decrease was partially offset by the increase in revenue from property financing, hotel operations and rental income from investment properties of S$36.3 million, S$14.5 million and S$0.8 million respectively.

The significant decrease in revenue from sale of properties in 1H 2018 compared to 1H 2017 was due mainly to the recognition of revenue from fewer residential and commercial units in the Millennium Waterfront project (1H 2018: 62 residential units, 3 commercial units and 155 car park lots, 1H 2017: 919 residential units, 35 commercial units and 80 car park lots).

Revenue from hotel operations increased by S$14.5 million or 223.6%, from S$6.5 million in 1H 2017 to S$21.1 million in 1H 2018. S$9.5 million of the increase was due to the revenue from the 24.7%-owned Hilton Rotterdam hotel leased by the Group since February 2018. The two Wenjiang hotels and the adjoining hotspring operations contributed the rest of the revenue growth.

Revenue from property financing increased by S$36.3 million or 627.7%, from S$5.8 million in 1H 2017 to S$42.1 million in 1H 2018. The significant increase mainly arose from the recognition of net penalty interest income of S$12.7 million (RMB61.2 million) in 1H 2018 arising from the successful enforcement on three of the defaulted PRC loans under Case 2. Interest income from loans to the associates and joint ventures in Europe also increased significantly by S$13.0 million or 322.7% to S$17.0 million in 1H 2018 as the loan portfolio was further ramped up with the various acquisitions made, from 2H 2017. Revenue from PRC property financing also grew by S$10.6 million, S$7.5 million of which was due to interest on a loan to a 30%-owned associate disbursed in late 2017. The rest of the increase was attributable to a higher average loan portfolio held for the period.

Cost of sales decreased by S$57.1 million or 63.1%, from S$90.5 million in 1H 2017 to S$33.4 million in 1H 2018. S$69.8 million of the decrease was attributable to the decrease in revenue from sale of properties in 1H 2018. This was partially offset by the increase in cost of sales of the hotel operations and property financing business amounting to S$9.0 million and S$3.1 million respectively.

The Group's gross profit increased by S$9.7 million or 19.9%, from S$48.8 million in 1H 2017 to S$58.5 million in 1H 2018. The increase was due mainly to the higher gross profit generated from property financing and hotel operations of S$33.2 million and S$5.5 million respectively. This was partially offset by lower gross profit from sale of properties of S$29.2 million in 1H 2018.

The Group's gross profit margin increased from 35.0% in 1H 2017 to 63.7% in 1H 2018. The reason for this is consistent with what has driven the same quarter on quarter gross profit margin growth.

Administrative expenses

The increase during the period was due mainly to the inclusion of operating expenses in relation to the Hilton Rotterdam hotel leased by the Group since February 2018. Professional fees were also incurred in respect of the Le Méridien Frankfurt hotel acquisition.

Other expenses (net)

In 1H 2018, the Group recorded other expenses of S$2.9 million which mainly comprised net foreign exchange loss of S$16.6 million and hotel management fees of S$0.9 million, partially offset by net fair value gain on financial derivatives of S$15.5 million.

In 1H 2017, the Group recorded other expenses of S$5.2 million which mainly comprised net fair value loss on financial derivatives of S$6.7 million, partially offset by net foreign exchange gain of S$1.8 million.

Share of after-tax (loss)/profit of associates and joint ventures

Share of after-tax results of associates and joint ventures decreased by S$5.2 million from a profit of S$0.9 million in 1H 2017 to a loss of S$4.3 million in 1H 2018. The Group's associates contributed a share of loss of S$4.6 million for the period partially offset by a share of profit of S$0.3 million from the 50% owned joint venture holding the Le Méridien Frankfurt hotel. The associates' results reflected the full six months of financing costs incurred on their borrowings from the Group as the Bilderberg Portfolio was acquired by the Group in August 2017.

Tax expense

The Group recorded tax expense of S$8.2 million on profit before tax of S$37.6 million in 1H 2018, which included land appreciation tax of S$0.4 million. After adjusting for the share of after-tax results of associates and joint ventures, and the tax effect of non-deductible expenses of S$5.9 million and non-taxable income of S$8.1 million, the effective tax rate of the Group would be approximately 24.5%.

(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 decreased by S$33.7 million or 14.6%, from S$230.8 million as at 31 December 2017 to S$197.1 million as at 30 June 2018. Investment properties had also decreased by S$31.3 million or 11.1%, from S$282.6 million as at 31 December 2017 to S$251.4 million as at 30 June 2018. This was due mainly to the reclassification of M Hotel Chengdu (including 174 car park lots) and bare shell commercial spaces in Chengdu Cityspring to assets held for sale under current assets. The assets held for sale amounted to S$73.2 million as at 30 June 2018. This reclassification was pursuant to the Group entering into a sale and purchase agreement in May 2018 as supplemented by a supplemental agreement entered in July 2018 to dispose of the aforementioned assets, as well as another 144 car park lots classified as part of development properties. The sale is to be completed in tranches, with the last tranche expected to be completed in May 2019.

Interests in associates and joint ventures increased by S$13.9 million or 21.7%, from S$64.4 million as at 31 December 2017 to S$78.3 million as at 30 June 2018. The increase was due mainly to the Group's acquisition of the Hilton Rotterdam hotel in January 2018 via a share deal in which the Group owned a 24.7% equity interest in FSMCR Hilton Rotterdam B.V.. The hotel was leased by the Group from its associate from February 2018.

Trade and other receivables increased by S$284.0 million or 99.9%, from S$284.5 million as at 31 December 2017 to S$568.5 million as at 30 June 2018. This increase was due mainly to the refinancing of certain loans to associates amounting to S$262.9 million (€166.9 million) from current loans to non-current loans and net advance to an associate in the PRC of S$40.7 million. New loans were also disbursed to associates and joint ventures in Europe which led to an increase of S$92.2 million in trade receivables. This was partially offset by the reclassification of a property financing loan of S$124.9 million (RMB600.0 million) due on 19 March 2019 to current assets.

Current assets

Assets held for sale relate to the M Hotel Chengdu (including 174 car park lots) and certain bare shell commercial spaces within Chengdu Cityspring reclassified from non-current assets as mentioned above.

Other investments of S$151.7 million relate to principal-guaranteed structured deposits placed with the financial institutions.

Current liabilities

Receipts in advance increased by S$83.3 million or 46.5%, from S$179.3 million as at 31 December 2017 to S$262.6 million as at 30 June 2018, due mainly to sales proceeds received in advance from the pre-sale of Plot D of the Millennium Waterfront project during the period.

Loans and borrowings

Gross bank borrowings increased by S$31.1 million or 5.0%, from S$619.9 million as at 31 December 2017 to S$651.0 million as at 30 June 2018. This was due mainly to the net drawdown of the Group's borrowings to fund the Group's acquisition of the Hilton Rotterdam hotel and Le Méridien Frankfurt hotel, refinancing of bank loans of the 31.4%-owned Queens Bilderberg Nederland B.V. ("QBN"), as well as the various projects in the Netherlands (including the Oliphant and Munthof office redevelopment projects in Amsterdam and the construction of the leased hotels in Poortgebeouw, Utrecht). The increase was partially offset by repayment of loans and borrowings using the net proceeds received from the issuance of PCCS of S$161.5 million, pending deployment of such funds for their intended use.

The Group maintained a net gearing ratio of 0.28 as at 30 June 2018.

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.

Since the Group's entry to the Dutch property market in February 2015, the Group has hedged its currency exposure to Euro by financing all its Dutch and German acquisitions with a combination of Euro-denominated borrowings and/or financial derivatives involving CCSs and foreign currency swaps whereby the end result is also to achieve a corresponding Euro liability. The Group takes an economic hedge rather than an accounting hedge approach with regard to the management of its Euro asset exposure.

As at 30 June 2018, the Group had 11 CCSs and one (1) foreign currency swap with an aggregate notional amount of €431.2 million. The CCSs and foreign currency swap are measured at fair value with changes in fair value recognised in the profit and loss account. The fair values of the CCSs and foreign currency swap are mainly dependent on the forward foreign exchange rates, discount rates and yield curves of the notional amounts, as applicable. On the other hand, the changes in fair value of the CCSs and foreign currency swaps will be largely offset by the corresponding changes in fair values of the underlying Euro-denominated assets when the respective CCSs approach their maturity dates and Euro-denominated borrowings are taken up to close out the CCSs, thereby resulting in a minimal cumulative impact to the profit or loss. The cumulative negative impact to the retained earnings arising from the CCSs and foreign currency swap and underlying Euro-denominated assets as at 30 June 2018 was approximately S$3.5 million.

As at 30 June 2018, the Group had a cumulative translation gain of S$59.7 million recorded as part of reserves in its shareholders' equity. This mainly arose from the translation of the net assets and income and expenses of the Group's foreign operations in the PRC to S$ at the exchange rates prevailing at the end of each reporting period.

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. The cost of entering into such hedging instruments to manage the Group's exposure to RMB remains fairly expensive. We will continue to monitor our foreign exchange exposure and take appropriate actions when necessary. There is no assurance as to the effectiveness and success of any hedging action that we might or might not take.

<u>Statement of cash flows of the Group</u>

2Q 2018

Net cash used in operating activities of S$88.7 million in 2Q 2018 was due mainly to net disbursement of PRC property financing loans of S$91.1 million, partially offset by net penalty interest received from two of the defaulted loans under Case 2 and interest received from property financing loans of S$26.5 million in aggregate.

Net cash from investing activities of S$3.3 million in 2Q 2018 was due mainly to maturity of structured deposits of S$107.2 million, partially offset by advances to an associate of S$103.9 million.

Net cash from financing activities of S$119.5 million in 2Q 2018 was due mainly to net proceeds of S$161.5 million from the issuance of PCCS and advances from associates of S$52.0 million, partially offset by net repayment of borrowings of S$85.5 million and payment of dividends to the owners of the Company of S$7.8 million.

1H 2018

Net cash used in operating activities of S$98.6 million in 1H 2018 was mainly attributable to net disbursement of PRC property financing loans and loans to associates and joint ventures, payment of income tax and interest of S$15.3 million and S$7.0 million respectively, as well as payment of construction costs for the Millennium Waterfront project, offset by net penalty interest received from two of the defaulted loans under Case 2 and interest from property financing loans of S$37.8 million in aggregate.

Net cash used in investing activities of S$229.7 million in 1H 2018 was mainly attributable to placement of structured deposits of S$110.9 million, advances to associates of S$103.9 million and additional equity injections in an associate and a joint venture amounting to S$21.1 million. This was partially offset by the interest received of S$9.3 million.

Net cash from financing activities amounted to S$142.9 million in 1H 2018 and was due mainly to net proceeds of S$161.5 million from the issuance of PCCS and advances from associates of S$71.7 million, partially offset by the net repayment of borrowings of S$78.0 million and payment of dividends to the owners of the Company of S$7.8 million.

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 reporting 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.

<u>People's Republic of China ("PRC")</u>

The PRC's economy slowed down marginally in the second quarter as the Chinese government continues with its deleveraging campaign to better control financial risks. In addition, there is also a concern that the trade war which had just begun will further intensify. China's National Bureau of Statistics ("NBS") reported a 6.7% growth in the PRC's GDP for the second quarter of 2018, down from 6.8% during the first quarter. However, mounting concerns over the Sino-U.S. trade protectionism issue continue to create global economic uncertainty and threaten growth. Analysts from Reuters expect the main threat to the PRC's economy to revolve around the threats of a trade war with the United States whereas researchers from the PRC's state planning agency take a different view and indicated that the country's vast domestic market would be able absorb any trade shortfalls.

Based on Reuters calculations and data from China's NBS, in 1H2018, property investment grew by 9.8% and property sales by floor rose at its fastest pace since June 2017, by 8.0% from the same period last year. The head of research at JLL China attributed the jump in sales to financing pressure faced by property developers which resulted in these developers pushing more projects into the market for funds despite price caps on new launches. Balancing borrowing costs and financing requirements appears to be one of the biggest risks to these small to medium sized property developers in the PRC.

<u>The Netherlands</u>

The Dutch economy remained strong with 1Q2018 GDP growth at 2.8%. According to a Savills report, the expected GDP growth of 3.1% for the Netherlands in 2018 will outperform many of its neighbouring Eurozone countries such as the United Kingdom (1.4%), Germany (2.3%) and France (2.0%). The stable economy and well laid out infrastructure have made the Netherlands one of Europe's most sought-after property investment markets. This is reflected by the fact that more than 60% of total real estate investments in 1Q2018 were made by foreigners. The origination of such foreign capital has also become more diversified with increased investments from Asia and the Middle East as compared to 10 years ago.

According to figures from the Statistics Netherlands and the Land Registry, pricing in the Dutch residential market reached a record high in May 2018, rising above the peak in August 2008 to the highest level ever. The average purchase price for pre-owned houses in May 2018 was close to EUR300,000, a 9.0% increase from last year and 28.0% higher than 5 years ago.

In the office commercial sector, a Savills report indicated that the vacancy rates are dropping which led to increased pressure on the occupier market as new office developments are limited. The same report indicated that rising rent levels have been recorded for both prime and secondary locations and cities, with the Sloterdijk and Amsterdam Southeast regions being specifically mentioned to be experiencing strong increase in rental levels.

One of the strongest drivers in the investment market was the hotel sector, which in 1Q2018 recorded an investment volume of €284 million, more than twice that in 1Q2017. This is a remarkable increase as 2017 was already a record breaking year for the hotel sector. A Savills hospitality report expects a continued rising trend in room occupancy and rates in the near future due to the increasing number of tourists visiting the Netherlands and the limited growth of new hotel developments.

Company Outlook

Property Development

This quarter saw the sales launch and almost complete sell-out of the two remaining residential blocks of the Group's Star of East River project ("SoER") in Dongguan. Over 98% of the six residential blocks launched were sold as of end June. In the next phase, the Group will launch the SOHO component of the project comprising more than 2,300 units in the course of this year. In addition, the Group has teamed up with Vanke and other experienced local developers to submit a bid for a predominantly residential development project in the heart of Nancheng, Dongguan. The consortium has been awarded the contract for the project and the Group's economic stake will be more than 20%. In Chengdu, the Group is on track to commence the handover of its fully pre-sold residential units on Plot D of the Millennium Waterfront project from 4Q2018 to 2019.

In the Netherlands, construction works for the Group's Oliphant office property in Amsterdam Southeast have been progressing well and are expected to be completed in early 2019. The newly renovated Oliphant office property will have a more than 50% increase in lettable floor area, from 14,109 sqm to approximately 21,400 sqm. Underpinned by the strong Dutch economy and the limited supply of prime office space, the Group has entered into lease proposals with two tenants for the Oliphant office property which are expected to jointly take up approximately 59% of the newly renovated Oliphant office property on a long term basis. The signing of these lease agreements is expected to mark a new record rental level in Amsterdam Southeast. The Group is in advanced discussions with other potential tenants and is hopeful that the property will be substantially leased before its completion. The Group has also reached an agreement with the municipality for the addition of a residential block adjacent to the existing office block of Dreeftoren in Amsterdam Southeast and is currently in the process of applying for the building permits for both the residential development and office redevelopment.

Property Holding

During the quarter, the Group saw the disposal of two hotel assets, one in the PRC and the other in the Netherlands. In the PRC, the Group entered into a sale and purchase agreement (supplemented by a supplemental agreement) to dispose certain parts of Chengdu Cityspring, including the 196-room M Hotel Chengdu, bare shell commercial spaces and basement carpark lots to be completed in tranches up to May 2019 for a total cash consideration of approximately RMB465.0 million (approximately S$97.4 million). To date, the Group has collected RMB145 million (S$30.4 million) cash from the sale and RMB295,000 (S$62,000) of liquidated damages.

On 4 July 2018, the Group completed the disposal of the Bilderberg Landgoed Lauswolt hotel, a 65-room five-star hotel in the northern part of the Netherlands for an agreed commercial value of €6.9 million (approximately S$10.8 million), representing a premium of 186% over its allocated acquisition cost. These disposals will allow the Group to recycle its capital for assets with better potential.

The Group's efforts in building up a strong recurrent income property holding portfolio is shaping up well.

Property Financing

The credit market in the PRC has been tightening amid a deleveraging campaign to better control financial risks. The resulting financial strain has proven to be a boon for the Group with tremendous increases in property financing opportunities seen during the quarter which the Group is well placed to take advantage of while expanding its property financing business segment prudently. The Group's PRC property financing loan book increased by 36% during the quarter to RMB1,609 million and this loan book growth is expected to continue in the next quarter.

On the loan recovery front, another mortgaged property in relation to the Case 2 defaulted loans was successfully auctioned off and the auction proceeds were duly received by the court. The Group expects the recovery of Case 2 defaulted loans and its associated penalty interest income to be completed soon. The Group has recognized a cumulative interest income as at 30 June 2018 of RMB213.9 million from the Case 2 defaulted loans.

2018 looks set to be the record year for the Group's PRC property financing business segment and the Group looks forward to the increase in profit contribution from this business segment.

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.

Name of dividend	Interim tax-exempt (one-tier) dividend
Dividend Type	Cash
Dividend Amount	1.00 Singapore cent per ordinary share

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of dividend	Interim tax-exempt (one-tier) dividend
Dividend Type	Cash
Dividend Amount	1.00 Singapore cent per ordinary share

(c) Date payable

24 September 2018

(d) Books closure date

5 pm on 10 September 2018

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. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL OF ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 under Rule 720 (1) of the Listing Manual.

BY ORDER OF THE BOARD

Neo Teck Pheng
Group Chief Executive Officer and Executive Director
27 July 2018

CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of their knowledge, that nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results for the second quarter and the half year ended 30 June 2018 to be false or misleading in any material respect.

On behalf of the Board of Directors

Ho Han Leong Calvin	Neo Teck Pheng
Non-Executive Chairman	Group Chief Executive Officer and Executive Director

27 July 2018