



珍惜土地 用心铸造

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 2015

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

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

	The Group			The Group		
	Second quarter ended 30 June 2015	2014	Incr / (Decr) %	Half year ended 30 June 2015	2014	Incr / (Decr) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	29,978	6,608	353.7	42,628	14,028	203.9
Cost of sales	(14,102)	(1,457)	867.9	(16,171)	(4,791)	237.5
Gross profit	15,876	5,151	208.2	26,457	9,237	186.4
Administrative expenses	(4,920)	(2,381)	106.6	(8,652)	(9,601)	(9.9)
Selling expenses	(2,845)	(1,370)	107.7	(4,300)	(2,331)	84.5
Other (expenses)/income	(496)	(4,005)	(87.6)	4,326	(10,219)	n.m.
Other (loss)/gains	(1)	-	n.m.	277	-	n.m.
Results from operating activities	7,614	(2,605)	n.m.	18,108	(12,914)	n.m.
Finance income	5,802	3,792	53.0	11,122	5,291	110.2
Finance costs	(913)	(828)	10.3	(1,826)	(828)	120.5
Net finance income	4,889	2,964	64.9	9,296	4,463	108.3
Profit/(loss) before income tax	12,503	359	3382.7	27,404	(8,451)	n.m.
Income tax expense	(4,543)	(3,606)	26.0	(8,550)	(3,971)	115.3
Profit/(loss) for the period	7,960	(3,247)	n.m.	18,854	(12,422)	n.m.
Attributable to:						
Equity holders of the Company	7,624	(3,247)	n.m.	18,354	(12,422)	n.m.
Non-controlling interests	336	-	n.m.	500	-	n.m.
Profit/(loss) for the period	7,960	(3,247)	n.m.	18,854	(12,422)	n.m.
Earnings per share (cents)						
- basic	1.29	(0.59)	n.m.	3.11	(2.97)	n.m.
- diluted	1.29	(0.59)	n.m.	3.11	(2.97)	n.m.

n.m.: not meaningful

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

Consolidated Statement of Comprehensive Income

	Second quarter ended 30 June		Half year ended 30 June	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Profit/(loss) for the period	7,960	(3,247)	18,854	(12,422)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Realisation of foreign currency translation differences arising from liquidation of a subsidiary	59	-	(344)	-
Translation differences on financial statements of foreign subsidiaries, net of tax	(15,582)	(10,841)	15,127	(25,887)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	(991)	(915)	917	(2,331)
Other comprehensive income for the period, net of tax	(16,514)	(11,756)	15,700	(28,218)
Total comprehensive income for the period	<u>(8,554)</u>	<u>(15,003)</u>	<u>34,554</u>	<u>(40,640)</u>
Total comprehensive income attributable to:				
Equity holders of the Company	(8,871)	(15,003)	34,237	(40,640)
Non-controlling interests	317	-	317	-
Total comprehensive income for the period	<u>(8,554)</u>	<u>(15,003)</u>	<u>34,554</u>	<u>(40,640)</u>

Notes to the Group's Income Statement:

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

	The Group		The Group	
	Second quarter ended 30 June		Half year ended 30 June	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Other (loss)/gains comprise:				
Property, plant and equipment written off	(1)	-	(8)	-
Gain on liquidation of a subsidiary	-	-	285	-
	<u>(1)</u>	<u>-</u>	<u>277</u>	<u>-</u>
Profit/(loss) before income tax includes the following expenses/(income):				
Amortisation of lease prepayments	-	10	-	21
Depreciation of property, plant and equipment	421	305	828	591
Exchange (gain)/loss (net)	(778)	214	(1,469)	606
Impairment losses reversed on property, plant and equipment	-	(35)	-	(35)
IPO expenses	-	3,349	(562)	3,500
Operating lease expense	99	72	198	151
Net investment return from a PRC government linked entity	(504)	-	(4,580)	-
Service fees paid and payable to a former immediate holding company	-	-	-	5,705
Share-based charge	-	-	-	4,705
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,705</u>

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 2015 S\$'000	As at 31 Dec 2014 S\$'000	As at 30 June 2015 S\$'000	As at 31 Dec 2014 S\$'000
Non-current assets				
Property, plant and equipment	129,961	116,517	-	-
Investment properties	242,721	80,979	-	-
Interest in subsidiaries	-	-	881,329	863,829
Amount due from a subsidiary	-	-	104,685	-
Other receivables	122,753	118,671	-	-
Deferred tax assets	8,369	8,951	-	-
	<u>503,804</u>	<u>325,118</u>	<u>986,014</u>	<u>863,829</u>
Current assets				
Development properties	636,413	559,522	-	-
Inventories	499	458	-	-
Amount due from subsidiaries	-	-	88,074	31,560
Trade and other receivables	334,533	276,105	350	7,845
Cash and cash equivalents	98,988	131,797	1,418	2,432
	<u>1,070,433</u>	<u>967,882</u>	<u>89,842</u>	<u>41,837</u>
Total assets	<u>1,574,237</u>	<u>1,293,000</u>	<u>1,075,856</u>	<u>905,666</u>
Equity attributable to equity holders of the Company				
Share capital	736,404	736,404	736,404	736,404
Reserves	187,863	158,070	19,939	(5,850)
	<u>924,267</u>	<u>894,474</u>	<u>756,343</u>	<u>730,554</u>
Non-controlling interests	5,772	-	-	-
Total equity	<u>930,039</u>	<u>894,474</u>	<u>756,343</u>	<u>730,554</u>
Non-current liabilities				
Loans and borrowings	230,110	83,003	199,347	83,003
Financial liability carried at fair value through profit or loss	1,018	-	1,018	-
Deferred tax liabilities	12,624	13,036	-	-
	<u>243,752</u>	<u>96,039</u>	<u>200,365</u>	<u>83,003</u>
Current liabilities				
Amount due to subsidiaries	-	-	77,397	91,175
Trade and other payables	83,315	80,707	1,254	934
Receipts in advance	256,178	200,158	-	-
Loans and borrowings	40,497	-	40,497	-
Current tax payables	20,456	21,622	-	-
	<u>400,446</u>	<u>302,487</u>	<u>119,148</u>	<u>92,109</u>
Total liabilities	<u>644,198</u>	<u>398,526</u>	<u>319,513</u>	<u>175,112</u>
Total equity and liabilities	<u>1,574,237</u>	<u>1,293,000</u>	<u>1,075,856</u>	<u>905,666</u>

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

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

	The Group	
	As at 30 June 2015 S\$'000	As at 31 Dec 2014 S\$'000
Unsecured		
- repayable within one year	40,497	-
- repayable after one year	199,349	83,003
Loans and borrowings	<u>239,846</u>	<u>83,003</u>
Secured		
- repayable within one year	-	-
- repayable after one year	30,761	-
Loans and borrowings	<u>30,761</u>	<u>-</u>
Gross borrowings	273,696	84,600
Less: cash and cash equivalents as shown in the statement of financial position	<u>(98,988)</u>	<u>(131,797)</u>
Net borrowings / (Net cash and cash equivalents)	<u>174,708</u>	<u>(47,197)</u>

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.

	Second quarter ended 30 June		Half year ended 30 June	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Cash flows from operating activities				
Profit/(loss) for the period	7,960	(3,247)	18,854	(12,422)
Adjustments for:				
Amortisation of lease prepayments	-	10	-	21
Depreciation of property, plant and equipment	421	305	828	591
Fair value loss on cross-currency swap	1,018	-	1,018	-
Finance income	(5,802)	(3,792)	(11,122)	(5,291)
Finance expenses	913	828	1,826	828
Property, plant and equipment written off	1	-	8	-
Gain on liquidation of a subsidiary	-	-	(285)	-
Reversal of impairment loss on property, plant and equipment	-	(35)	-	(35)
Share-based charge	-	-	-	4,705
Income tax expense	4,543	3,606	8,550	3,971
	<u>9,054</u>	<u>(2,325)</u>	<u>19,677</u>	<u>(7,632)</u>
Change in working capital:				
Development properties	(37,565)	(204,776)	(65,696)	(216,310)
Inventories	6	(46)	(34)	(473)
Trade and other receivables	9,704	5,454	(75,100)	(100,061)
Trade and other payables	<u>37,378</u>	<u>38,782</u>	<u>54,912</u>	<u>75,996</u>
Cash generated from/(used in) operations	<u>18,577</u>	<u>(162,911)</u>	<u>(66,241)</u>	<u>(248,480)</u>
Interest received	9,434	4,902	15,711	7,696
Income tax paid	<u>(6,461)</u>	<u>(7,296)</u>	<u>(9,986)</u>	<u>(12,768)</u>
Net cash generated from/(used in) operating activities	<u>21,550</u>	<u>(165,305)</u>	<u>(60,516)</u>	<u>(253,552)</u>

	Second quarter ended 30 June		Half year ended 30 June	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Cash flows from investing activities				
Receipt of investment return from a PRC government linked entity	-	-	3,567	-
Repayment of advances/loans by third parties	-	28,971	-	28,971
Advances/loans to third parties	-	(67,025)	-	(102,300)
Acquisition of a subsidiary	124	-	(74,244)	-
Interest received	3,171	7,243	8,913	9,787
Proceeds from disposal of subsidiaries	-	4,447	-	9,573
Payment for additions to:				
- property, plant and equipment	(6,056)	(6,583)	(12,269)	(10,587)
- investment properties	(82,837)	-	(82,837)	-
Net cash used in investing activities	(85,538)	(32,947)	(156,870)	(64,556)
Cash flows from financing activities				
Proceeds from issue of shares	-	-	-	59,650
Dividends paid to the owners of the Company	(4,483)	-	(4,483)	-
Loan from former immediate holding company	-	1,562	-	1,562
Interest paid	(907)	(182)	(1,375)	(182)
Payment of transaction costs related to borrowings	(270)	(6,135)	(1,058)	(6,135)
Proceeds from issue of medium term notes	50,000	-	50,000	-
Proceeds from bank borrowings	110,931	322,500	225,519	322,500
Repayment of bank borrowings	(71,399)	(99,300)	(86,147)	(99,300)
Net cash generated from financing activities	83,872	218,445	182,456	278,095
Net increase/(decrease) in cash and cash equivalents	19,884	20,193	(34,930)	(40,013)
Cash and cash equivalents at beginning of the period	76,125	245,757	131,797	311,154
Effect of exchange rate changes on balances held in foreign currencies	2,979	(4,351)	2,121	(9,542)
Cash and cash equivalents at end of the period	98,988	261,599	98,988	261,599

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	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 2015	736,404	9,570	14,835	(1,497)	83,891	51,271	894,474	-	894,474
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	18,354	18,354	500	18,854
Realisation of foreign currency translation differences arising from liquidation of a subsidiary	-	-	-	-	(344)	-	(344)	-	(344)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	15,310	-	15,310	(183)	15,127
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	917	-	917	-	917
Total comprehensive income for the period	-	-	-	-	15,883	18,354	34,237	317	34,554
Transaction with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends paid to the owners of the Company	-	-	-	-	-	(4,483)	(4,483)	-	(4,483)
Reversal of share issue expenses	-	39	-	-	-	-	39	-	39
Transfer from statutory reserves	-	-	(165)	-	-	165	-	-	-
Total contributions by and distributions to owners	-	39	(165)	-	-	(4,318)	(4,444)	-	(4,444)
Changes in ownership interests in subsidiaries									
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	5,455	5,455
Liquidation of a subsidiary	-	-	(686)	1,722	-	(1,036)	-	-	-
Total changes in ownership interests in subsidiaries	-	-	(686)	1,722	-	(1,036)	-	5,455	5,455
Total transactions with owners of the Company	-	39	(851)	1,722	-	(5,354)	(4,444)	5,455	1,011
At 30 June 2015	736,404	9,609	13,984	225	99,774	64,271	924,267	5,772	930,039

	Share capital S\$'000	Reserve for own shares S\$'000	Statutory reserve 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 period							
Loss for the period	-	-	-	-	-	(12,422)	(12,422)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	(25,887)	-	(25,887)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	(2,331)	-	(2,331)
Total comprehensive income for the period	-	-	-	-	(28,218)	(12,422)	(40,640)
Transaction with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	318,757	-	-	-	-	-	318,757
Issue of treasury shares	-	3,717	-	66	-	-	3,783
Share based payment transaction	-	-	-	-	-	4,705	4,705
Transfer to statutory reserves	-	-	(544)	-	-	544	-
Total contributions by and distributions to owners	318,757	3,717	(544)	66	-	5,249	327,245
Total transactions with owners of the Company	318,757	3,717	(544)	66	-	5,249	327,245
At 30 June 2014	682,074	-	9,646	(1,497)	29,928	22,334	742,485

	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 2015	736,404	9,821	-	245	(15,916)	730,554
Total comprehensive income for the period						
Profit for the period	-	-	-	-	30,272	30,272
Total comprehensive income for the period	-	-	-	-	30,272	30,272
Transaction with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid to the owners of the Company	-	-	-	-	(4,483)	(4,483)
Total contributions by and distributions to owners	-	-	-	-	(4,483)	(4,483)
Total transactions with owners of the Company	-	-	-	-	(4,483)	(4,483)
At 30 June 2015	736,404	9,821	-	245	9,873	756,343
At 1 January 2014	363,317	-	(3,717)	179	(41,581)	318,198
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(3,643)	(3,643)
Total comprehensive income for the period	-	-	-	-	(3,643)	(3,643)
Transaction with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of ordinary shares	318,757	-	-	-	-	318,757
Issue of treasury shares	-	-	3,717	66	-	3,783
Share based payment transaction	-	-	-	-	4,705	4,705
Total contributions by and distributions to owners	318,757	-	3,717	66	4,705	327,245
Total transactions with owners of the Company	318,757	-	3,717	66	4,705	327,245
At 30 June 2014	682,074	-	-	245	(40,519)	641,800

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

There was no change in the Company's issued share capital during the three months ended 30 June 2015. As at 30 June 2015 and 31 December 2014, the issued and fully paid up share capital of the Company was US\$589,814,949 comprising 589,814,949 ordinary shares of US\$1 each.

There were also no outstanding convertible instruments and treasury shares as at 30 June 2015 and 30 June 2014.

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

The total number of issued ordinary shares (excluding treasury shares) as at 30 June 2015 and 31 December 2014 is 589,814,949.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 30 June 2015.

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

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

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

Not applicable.

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

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

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

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

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

	Second quarter ended 30 June		Half year ended 30 June	
	2015	2014	2015	2014
Basic and diluted earnings per share (cents)	1.29	(0.59)	3.11	(2.97)
a) Profit/(loss) attributable to equity holders of the Company (S\$'000)	7,624	(3,247)	18,354	(12,422)
b) Weighted average number of ordinary shares in issue: - basic and diluted	589,814,949	546,014,949	589,814,949	418,124,590

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 2015	As at 31 Dec 2014	As at 30 June 2015	As at 31 Dec 2014
Net asset value per ordinary share (cents) based on 589,814,949 issued ordinary shares (excluding treasury shares) as at 30 June 2015 and 31 December 2014	156.70	151.65	128.23	123.86

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

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

Group performance

Revenue and cost of sales

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

	Second quarter ended 30 June		Half year ended 30 June	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Revenue from sale of properties	19,034	925	21,143	4,510
Rental income from investment properties	2,227	423	3,357	795
Hotel operations	735	361	1,426	780
Revenue from property financing	7,982	4,899	16,702	7,943
Total	<u>29,978</u>	<u>6,608</u>	<u>42,628</u>	<u>14,028</u>

2Q 2015 vs 2Q 2014

Revenue of the Group in 2Q 2015 increased by more than three and a half times or S\$23.4 million, from S\$6.6 million in 2Q 2014 to S\$30.0 million in 2Q 2015. The increase is mainly due to higher revenue from sale of properties, rental income from investment properties, hotel operations and revenue from property financing of S\$18.1 million, S\$1.8 million, S\$0.4 million and S\$3.1 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. Revenue from sale of properties increased significantly from S\$0.9 million in 2Q 2014 to S\$19.0 million in 2Q 2015 and is mainly driven by the recognition of revenue from the sale of residential and commercial units of the Millennium Waterfront project in the current quarter whilst none was recognised in 2Q 2014 since the presold units were only handed over to the purchasers from December 2014.

Rental income from investment properties increased by 426.5% or S\$1.8 million, from S\$0.4 million in 2Q 2014 to S\$2.2 million in 2Q 2015. The increase is mainly due to contributions from Zuiderhof I, an office building acquired on 18 February 2015 and Holiday Inn Arena Towers, two hotels acquired on 17 June 2015. Both Zuiderhof I and Holiday Inn Arena Towers are located in Amsterdam, the Netherlands.

Revenue from property financing increased by 62.9% or S\$3.1 million, from S\$4.9 million in 2Q 2014 to S\$8.0 million in 2Q 2015. This is mainly due to the S\$3.3 million increase in interest income generated on secured entrusted loans to third parties due to a larger average loan portfolio of S\$189.4 million for 2Q 2015 as compared to S\$115.3 million for 2Q 2014.

Revenue from hotel operations increased by 103.6% or S\$0.4 million, from S\$0.3 million in 2Q 2014 to S\$0.7 million in 2Q 2015. The increase is mainly due to improved performance from M Hotel Chengdu as it continues into its second year of operations.

Cost of sales mainly comprises land costs, development expenditure, borrowing costs, hotel-related depreciation charge, repair and maintenance expenditure related to investment properties, and other related expenditure. Cost of sales increased by 867.9% or S\$12.6 million, from S\$1.5 million in 2Q 2014 to S\$14.1 million in 2Q 2015. The increase in cost of sales is in line with the increase in revenue from sale of properties and rental income from investment properties in 2Q 2015.

Our gross profit increased by 208.2% or S\$10.7 million, from S\$5.2 million in 2Q 2014 to S\$15.9 million in 2Q 2015. The increase was mainly due to the higher gross profit generated from the sale of properties of S\$5.5 million, S\$3.1 million from property financing, S\$1.9 million from higher rental income from investment properties and S\$0.2 million from hotel operations.

The Group's gross profit margin for each business segment has increased but the overall gross profit margin has decreased from 78.0% for 2Q 2014 to 53.0% for 2Q 2015. This is mainly due to 95.1% of the Group's gross profit for 2Q 2014 was from the property financing segment which contributed 100.0% gross profit margin, whereas in 2Q 2015 only 50.3% of the total gross profit was generated from the property financing segment. This is reflective of the timing of the revenue recognition on the property development business and the increased contribution from the new investment properties acquired in the Netherlands.

Administrative expenses

Our administrative expenses mainly comprise staff costs, rental expenses, 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.

These expenses increased by 106.6% or S\$2.5 million to S\$4.9 million in 2Q 2015, mainly attributable to higher staff costs, as well as increase in headcount for M Hotel Chengdu and the property development operations in Chengdu and Dongguan. First Sponsor Management Pte. Ltd. which employed the Group's employees based in Singapore was acquired by the Company in July 2014. This has hence led to the increase in staff costs as there was no Singapore based staff costs in 2Q 2014.

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 107.7% or S\$1.4 million to S\$2.8 million in 2Q 2015 mainly due to higher marketing costs to promote the Millennium Waterfront project and higher sales commissions incurred.

Other (expenses)/income

In 2Q 2015, the Group recorded S\$0.5 million of other expenses mainly comprising fair value loss on cross-currency swap of S\$1.0 million offset by S\$0.5 million net investment return from a PRC government linked entity. The other expenses of S\$4.0 million recorded in 2Q 2014 mainly comprised IPO expenses accrued of S\$3.3 million and net foreign exchange loss of \$0.2 million.

Income tax expense

Income tax expense increased by S\$0.9 million in 2Q 2015 in line with the increase in profit from operating activities. The Group recorded total income tax expense of S\$4.5 million on profit before tax of S\$12.5 million in 2Q 2015, which included land appreciation tax of S\$0.6 million. After adjusting for the tax effect of S\$1.7 million on non-deductible expenses, tax effect of S\$0.2 million on non-taxable income, tax effect of land appreciation tax of S\$0.2 million as well as the reversal of overprovision in respect of prior year of S\$0.6 million in 2Q 2015, the effective tax rate of the Group would be approximately 25.6% for 2Q 2015.

1H 2015 vs 1H 2014

Revenue of the Group in 1H 2015, increased by two-fold or S\$28.6 million, from S\$14.0 million in 1H 2014 to S\$42.6 million in 1H 2015. The increase is mainly due to higher revenue from sale of properties, rental income from investment properties, hotel operations and revenue from property financing of S\$16.6 million, S\$2.6 million, S\$0.6 million and S\$8.8 million respectively.

Revenue from sale of properties was boosted by revenue recognised on the Millennium Waterfront project (none in 1H 2014 as the project only commenced handover to purchasers in December 2014).

Rental income from investment properties increased by 322.3% or S\$2.6 million, from S\$0.8 million in 1H 2014 to S\$3.4 million in 1H 2015. The increase is mainly due to a full quarter's contribution from Zuiderhof I which was acquired on 18 February 2015.

Revenue from property financing increased by 110.3% or S\$8.8 million, from S\$7.9 million in 1H 2014 to S\$16.7 million in 1H 2015. This is mainly due to a larger average entrusted loan portfolio of S\$194.0 million for 1H 2015 as compared to S\$92.0 million for 1H 2014.

Cost of sales increased by 237.5% or S\$11.4 million, from S\$4.8 million in 1H 2014 to S\$16.2 million in 1H 2015. The increase in cost of sales is in line with the increase in revenue from sale of properties and rental income from investment properties in 1H 2015.

Our gross profit increased by 186.4% or S\$17.3 million, from S\$9.2 million in 1H 2014 to S\$26.5 million in 1H 2015. The increase was mainly due to the higher gross profit generated from sales of properties of S\$5.5 million, S\$8.8 million from property financing, S\$2.6 million from higher rental income from investment properties and S\$0.4 million from hotel operations.

The Group's gross profit margin for each business segment has increased but the overall gross profit margin has decreased from 65.8% for 1H 2014 to 62.1% for 1H 2015. This is mainly due to 86.0% of the Group's gross profit for 1H 2014 was from the property financing segment which contributed 100.0% gross profit margin, whereas in 1H 2015 only 63.1% of the total gross profit was generated from the property financing segment.

Administrative expenses

Administrative expenses declined by 9.9% or S\$0.9 million, from S\$9.6 million in 1H 2014 to S\$8.7 million in 1H 2015, mainly due to a share based charge of S\$4.7 million in connection with the Company's issuance of 25,850,000 ordinary shares to certain management staff and employees of the Group at par value incurred in March 2014 (none in 1H 2015), partially offset by the increase in staff costs of S\$3.7 million in 1H 2015 due to the internalisation of the Singapore based management as earlier mentioned, the increase in headcount for M Hotel Chengdu and the property development operations in Chengdu and Dongguan.

Selling expenses

Selling expenses increased by 84.5% or S\$2.0 million to S\$4.3 million in 1H 2015. This was in line with the increase in sales activities of the Group including marketing costs to promote the Millennium Waterfront project and higher sales commissions incurred.

Other (expenses)/income

In 1H 2015, we recorded other income of S\$4.3 million which mainly comprised S\$4.6 million net investment return from a PRC government linked entity and S\$0.6 million of reversal of overprovision for IPO expenses partially offset by fair value loss on a cross-currency swap of S\$1.0 million.

The other expenses of S\$10.2 million recorded in 1H 2014 mainly comprised IPO expenses accrued of S\$3.5 million, service fees charged by a controlling shareholder of S\$5.7 million and net foreign exchange loss of S\$0.6 million.

Income tax expense

The Group recorded total income tax expense of S\$8.6 million on profit before tax of S\$27.4 million in 1H 2015, which included land appreciation tax of S\$0.7 million. After adjusting for the tax effect of non-deductible expenses of S\$1.9 million, tax effect on non-taxable income of S\$0.2 million, tax effect of land appreciation tax of S\$0.2 million as well as reversal of overprovision in respect of prior year of S\$0.6 million in 1H 2015, the effective tax rate of the Group would be approximately 25.4% for the current period.

(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\$13.5 million, from S\$116.5 million as at 31 December 2014 to S\$130.0 million as at 30 June 2015. S\$13.2 million of the increase is attributable to additions to construction in progress for the Millennium Waterfront Hotel in Chengdu.

Investment properties nearly tripled, from S\$81.0 million as at 31 December 2014 to S\$242.7 million as at 30 June 2015. The increase is mainly due to the Dutch acquisitions made which constituted S\$160.3 million as at 30 June 2015.

Current assets

Development properties increased by S\$76.9 million, from S\$559.5 million as at 31 December 2014 to S\$636.4 million as at 30 June 2015, mainly due to increase in development costs for ongoing PRC development projects, being the Star of East River project in Dongguan and the Millennium Waterfront project in Chengdu, partially offset by profit recognition on the sales of the Chengdu Cityspring and Millennium Waterfront projects.

Trade and other receivables increased by S\$58.4 million, from S\$276.1 million as at 31 December 2014 to S\$334.5 million as at 30 June 2015. The increase is mainly due to the net disbursement of short term entrusted loans to third parties amounting to RMB195.0 million, bringing the total property financing loan portfolio as at 30 June 2015 to S\$215.4 million (RMB996.0 million) from S\$170.3 million (RMB801.0 million) as at 31 December 2014.

Current liabilities

Receipts in advance increased by S\$56.0 million, from S\$200.2 million as at 31 December 2014 to S\$256.2 million as at 30 June 2015, mainly due to the Millennium Waterfront project.

Loans and borrowings

The Group's gross borrowings had increased by S\$189.1 million, from S\$84.6 million as at 31 December 2014 to S\$273.7 million as at 30 June 2015. This was largely due to the financing of the acquisition of the Dutch investment properties entirely via borrowings of S\$157.4 million, including an issuance of S\$50.0 million Series 1 medium term notes (for three years at a fixed coupon of 4.0% per annum) on 4 June 2015 under the S\$1.0 billion Multicurrency Debt Issuance Programme established in May 2015. This S\$ debt was swapped into Euros debt at a lower fixed coupon of 2.28% per annum. The balance of the increase in gross borrowings was due to the financing of the development of the Millennium Waterfront project and the Star of East River project.

Foreign currency risk management

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

With the Group's entry to the Dutch property market, whilst the Group tries to fully hedge its currency exposure by financing all its Dutch acquisitions with euro-denominated borrowings and non-euro-denominated borrowings swapped to euros, the Group's earnings is still exposed to the volatility of the euro against S\$ to the extent that these are unhedged.

As at 30 June 2015, the Group has a cumulative translation gain of S\$99.8 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

2Q 2015

Net cash generated from operating activities of S\$21.6 million in 2Q 2015 was mainly due to the receipts in advance attributable to the Millennium Waterfront project of S\$18.6 million, net repayment of secured entrusted loans of S\$22.7 million (RMB105.0 million) and interest received of S\$9.4 million (primarily from the property financing business) in the current quarter. This had been offset by the payment of income tax of S\$6.5 million and the payment of construction costs for the Millennium Waterfront project and Star of East River project.

Net cash used in investing activities of S\$85.5 million in 2Q 2015 was mainly due to the acquisition of the Holiday Inn Arena Towers in Amsterdam approximately of S\$82.5 million and additions of property, plant and equipment of S\$6.1 million, partially offset by interest received of S\$3.2 million (primarily in respect of the loans to Chengdu Wenjiang government).

Net cash generated from financing activities amounted to S\$83.9 million in 2Q 2015 mainly due to the net drawdown of bank borrowings of S\$39.5 million and proceeds from the Company's maiden issue of S\$ denominated medium term notes of S\$50.0 million, partially offset by interest paid, payment of transaction costs related to borrowings and payment of dividends to the owners of the Company of S\$0.9 million and S\$0.2 million and S\$4.5 million respectively.

1H 2015

Net cash used in operating activities of S\$60.5 million in 1H 2015 was mainly due to the net disbursement of secured entrusted loans of S\$42.1 million to third parties (RMB195.0 million), payment of income tax of S\$10.0 million and payment of construction costs for the Millennium Waterfront project and Star of East River project. This was partially offset by receipts in advance attributable to the Millennium Waterfront project of S\$52.4 million and interest received of S\$15.7 million (primarily from the property financing business).

Net cash used in investing activities amounting to S\$156.9 million in 1H 2015 consists of approximately S\$74.2 million (including cash acquired from the acquisition of S\$1.9 million) used in connection with the acquisition of the Zuiderhof I building in Amsterdam, cash used in the acquisition of the Holiday Inn Arena Towers in Amsterdam amounting to S\$82.5 million and additions of property, plant and equipment of S\$12.3 million. This was partially offset by interest received of S\$8.9 million (primarily in respect of the loans to Chengdu Wenjiang government) and investment return received from a PRC government linked entity of S\$3.6 million.

Net cash generated from financing activities amounted to S\$182.5 million in 1H 2015 mainly due to the proceeds from the issue of S\$ denominated medium term notes of S\$50.0 million and net drawdown of bank borrowings of S\$139.4 million, partially offset by interest paid, payment of transaction costs related to borrowings and payment of dividends to the owners of the Company of S\$1.4 million and S\$1.0 million and S\$4.5 million respectively.

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

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

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

Industry Outlook

People's Republic of China

2Q 2015 saw further easing of credit by The People's Bank of China ("PBOC") with the latest announcement on the reduction of reserve requirement ratio ("RRR") and interest rates made in June 2015. As cited in an article published on PBOC's official website on 29 June 2015, the changes are PBOC's efforts to step up support for the development of the real economy and to promote structural adjustment. The reduction of RRR by 50 basis point, the third time in nearly five months, coupled with the simultaneous reduction in the one-year lending rate by 0.25% to 4.85% and benchmark deposit rate by 0.25% to 2.00%, the fourth round of interest cuts in nearly seven months, are expected to result in billions of Renminbi to flow into the market, thereby boosting liquidity.

The month of June also saw the increase in new home prices for the second straight month, with the average price of a new home in the PRC's 100 major cities rising by 0.56% month-on-month to RMB10,628 per square metre. The various easing of property regulations and adjustments to benchmarked interest rates and RRR in the past few months have contributed positively to property prices.

The Netherlands

The Dutch central bank has revised its economic growth forecasts upwards for the coming years. It expects a growth of 2.0% in 2015, the highest level in seven years, a growth of 1.8% in 2016 and a growth of 2.2% in 2017. The forecast growth is fuelled by the depreciation of the Euro against major currencies and lower long-term interest rates which can be partially attributable to the European Central Bank's quantitative easing programme for the EU member states.

Company Outlook

Property Development

Barring any unforeseen circumstances, the Group anticipates to further handover Plot B residential and commercial units of the Millennium Waterfront project for the rest of FY 2015. The handover of Plot C residential units in various phases is expected to commence from December 2015 onwards.

In view of the current oversupply of commercial properties in Chengdu, the Group has re-evaluated the feasibility of the Singapore-Sichuan Hi-Tech Innovation Park project ("SSCIP") taking into consideration the expected land tender price, and decided not to further pursue this project.

The Group continues to work towards the tender for East River Plot Two of the Star of East River project in Dongguan (constituting approximately 25% of the total site area) to be held in the coming months. The Group is at an advanced stage of discussion with a number of anchor tenants for the retail mall of the project.

Property Holding

The Group has completed its second acquisition in the Netherlands on 17 June 2015. The Arena Towers property, together with the Zuiderhof I property acquired in 1Q 2015, will be the significant profit contributors to the property holding business segment going forward.

Property Financing

The property financing business has continued to grow with a 62.9% revenue increase from S\$4.9 million in 2Q 2014 to S\$8.0 million in 2Q 2015. The property financing loan portfolio stands at RMB996.0 million (S\$215.4 million) as at 30 June 2015 with all interest servicing being current and no instances of any loan default to date. The Group continues to manage and grow its property financing business on a prudent basis.

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

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of dividend	Interim tax-exempt (one-tier) dividend
Dividend Type	Cash
Dividend Amount	0.70 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

13 October 2015.

(d) Books closure date

5 pm on 28 September 2015.

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.

BY ORDER OF THE BOARD
Neo Teck Pheng
Group Chief Executive Officer
24 July 2015

FIRST SPONSOR GROUP LIMITED

(Registration No. AT-195714)

CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results for the second quarter and the half year ended 30 June 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors

Ho Han Leong Calvin
Chairman

Neo Teck Pheng
Group Chief Executive Officer

24 July 2015