FIRST SPONSOR GROUP LIMITED

ANNUAL REPORT 2015

MOVING TO NEW FRONTIERS

Mondriaan Tower,
Amsterdam, the Netherlands

CONTENTS

Chengdu Cityspring Project,
Chengdu, PRC

FINANCIAL HIGHLIGHTS

YEAR	2013	2014	2015
	(S$'million)	**(S$'million)**	**(S$'million)**
(A) Consolidated Statement of Profit or Loss			
Property development	147.9	129.9	165.4
Property holding[1]	1.1	3.8	14.1
Property financing	8.5	19.5	35.5
Revenue	**157.5**	**153.2**	**215.0**
Property development	38.3	36.1	46.3
Property holding[1]	0.3	1.5	10.9
Property financing	8.4	19.5	35.5
Gross profit	**47.0**	**57.1**	**92.7**
Profit before tax	59.5	40.5	91.0
Net profit attributable to equity holders of the Company	48.0	21.7	67.4
Adjusted profit before tax[2]	39.1	48.7	90.4
Adjusted net profit attributable to equity holders of the Company[2]	27.6	29.9	66.8
(B) Consolidated Statement of Financial Position			
Cash and cash equivalents	311.2	131.8	112.0
Net cash/(debt)[3]	311.2	47.2	(372.2)
Total assets	955.7	1,293.0	1,800.8
Receipts in advance	139.3	200.2	182.1
Equity attributable to owners of the Company	455.9	894.5	974.7
Total equity	455.9	894.5	978.1
(C) Ratio Analysis			
Net gearing ratio[4]	Net Cash	Net Cash	0.38
Net asset value per share (cents)[5]	157.07	151.65	165.26
Earnings per share (cents)[6]	16.54	4.33	11.42
Adjusted earnings per share (cents)[7]	8.14	3.68	11.42
Weighted average number of shares	290,234,231	501,629,770	589,814,949
Dividends (tax-exempt (one-tier))			
– interim ordinary dividend per share (cents)	–	–	0.70
– final ordinary dividend per share (cents)[8]	–	0.76	1.00

Notes:

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

(2) Adjustment made to exclude reversal of IPO expenses of S$0.6 million for FY2015; adjustments made to exclude IPO expenses of S$3.5 million and share-based charge of S$4.7 million for FY2014; and reversal of impairment loss on other receivables of S$21.1 million and IPO expenses of S$0.7 million for FY2013.

(3) Net debt = gross borrowings + derivative liability – cash and cash equivalents.

(4) Net gearing ratio is net debt divided by total equity including non-controlling interests.

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

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

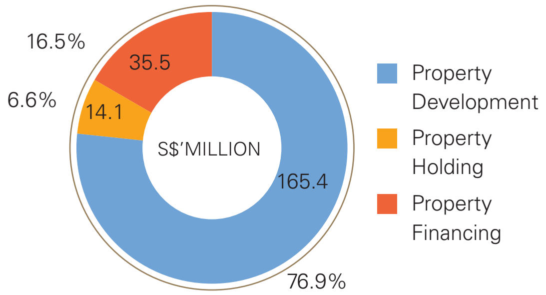
(7) Computed based on the net profit attributable to equity holders of the Company for the respective financial year and our post-invitation share capital of 589,814,949 shares.

(8) Final tax-exempt (one-tier) ordinary dividends proposed for FY2015 will be subject to the approval of the ordinary shareholders at the forthcoming annual general meeting.

FINANCIAL HIGHLIGHTS

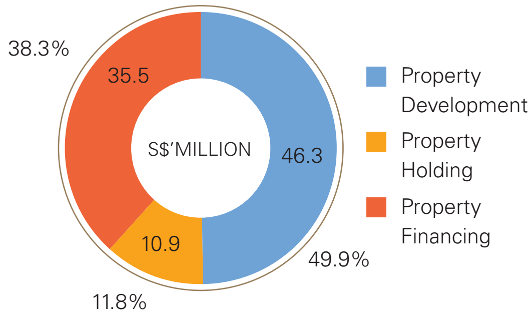
FY2015 REVENUE BY SEGMENT

TOTAL: S$215.0 MILLION



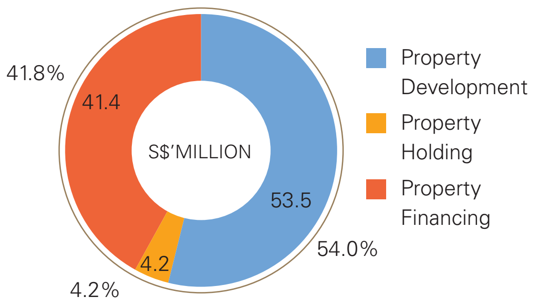
FY2015 GROSS PROFIT BY SEGMENT

TOTAL: S$92.7 MILLION



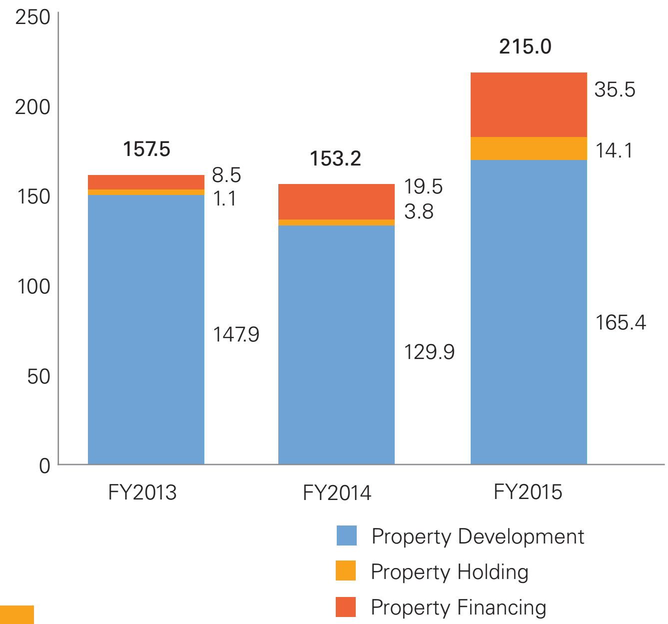
FY2015 REPORTABLE SEGMENT PROFIT BEFORE INCOME TAX[(1)]

TOTAL: S$99.1 MILLION

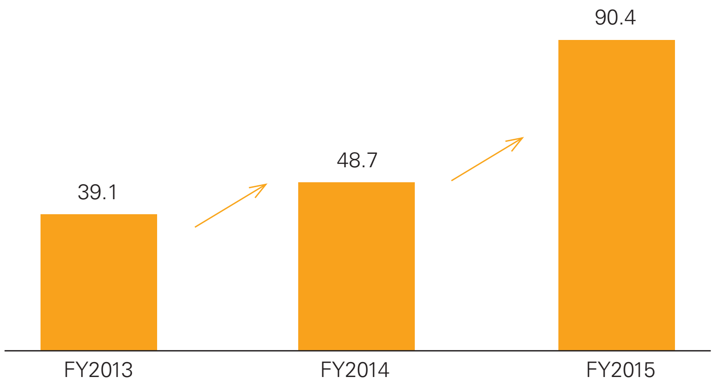


(1) This is excluding unallocated expenses of S$8.1 million.

REVENUE BY SEGMENT (S$'MILLION)



ADJUSTED PROFIT BEFORE TAX[(2)] (S$'MILLION)

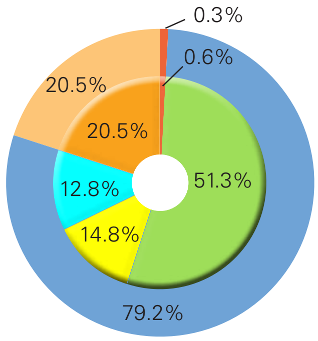


(2) Adjustments made to exclude:
- reversal of IPO expenses of S$0.6m for FY2015;
- IPO expenses of S$3.5 million and share-based charge of S$4.7 million for FY2014;
- reversal of impairment loss on other receivables of S$21.1 million and IPO expenses of S$0.7 million for FY2013.

FINANCIAL HIGHLIGHTS

TOTAL ASSETS – BY BUSINESS AND GEOGRAPHIC SEGMENTS AS AT 31 DECEMBER 2015

TOTAL: S$1,800.8 MILLION

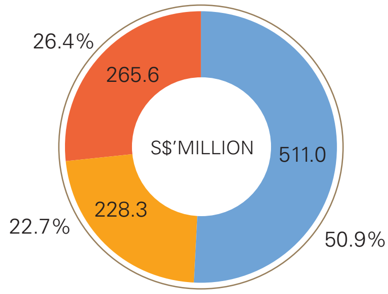


The People's Republic of China ("PRC")
The Netherlands ("NL") PF (PRC) PH (NL)
Others PD (PRC) PH (PRC)

PD: Property Development
PF: Property Financing
PH: Property Holding

NET ASSETS BY REPORTABLE SEGMENT AS AT 31 DECEMBER 2015[3]

TOTAL: S$1,004.9 MILLION

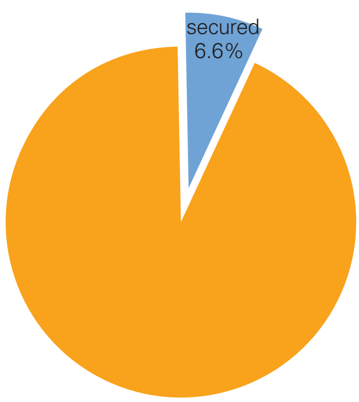


Property Development Property Holding Property Financing

(3) This is excluding unallocated net liabilities of S$26.8 million.

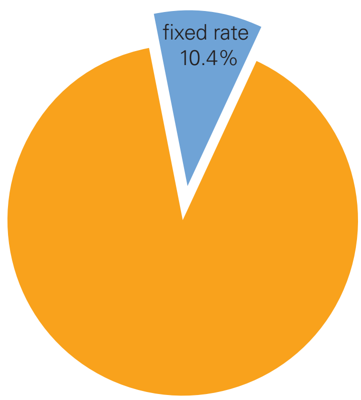
DEBT[4] COMPOSITION – SECURED VS UNSECURED AS AT 31 DECEMBER 2015

TOTAL: S$480.9 MILLION



DEBT[4] COMPOSITION – FIXED VS FLOATING RATE AS AT 31 DECEMBER 2015

TOTAL: S$480.9 MILLION



(4) Debt represents gross borrowings.

STAR of EAST RIVER

Artist's impression

CHAIRMAN'S STATEMENT

"First Sponsor Group Limited has achieved a record profit of S$67.4 million for FY2015... During the course of FY2015, the Group has successfully established a new and stable recurrent income business base with its investments in the Netherlands which will further enhance the Group's profit visibility and diversify our earnings."

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report that First Sponsor Group Limited has achieved a record profit of S$67.4 million for FY2015. In addition, the Group has successfully executed our Netherlands business strategy during FY2015, expanding geographically and increasing our recurrent income base. This expansion plan has rebalanced the asset allocation and overall business risk of the Group amidst economic uncertainties in the global market and challenging headwinds from our key PRC market. The Group is eager to broaden our footprint in the property market of the Netherlands and other regions, and will stay alert to new business opportunities while remaining cautious of the increasing economic uncertainty of the global economy. The Company's logo has been modified accordingly as the Group's business is no longer solely in the PRC.

GROUP PERFORMANCE

The Group delivered a record profit for FY2015. Revenue and net profit attributable to the equity holders of the Company were S$215.0 million (FY2014: S$153.2 million) and S$67.4 million (FY2014: S$21.7 million), which represented an increase of 40.3% and 210.4% over FY2014 respectively.

This significant improvement was mainly due to (i) profit recognition from the further handover of Plot B residential blocks and first time handover of Plot C residential blocks of the Millennium Waterfront Project; (ii) profit contribution from the Dutch properties acquired by the Group during FY2015; and (iii) higher income contribution from the property financing business arising from a larger entrusted loan portfolio.

The Group continues to maintain a strong balance sheet with a low gearing ratio of 0.38 times with S$582.2 million of cash, monetary loan receivables, and unutilized committed credit facilities as at 31 December 2015. Total shareholders' funds (excluding non-controlling interests) increased by 9.0% to S$974.7 million. However, the Group is exposed to the volatility of the RMB due to its PRC operations. As a result, a depreciation of RMB against S$ will adversely affect the Group's financial position and profitability. As at 31 December 2015, the Group recorded a cumulative translation gain of S$105.4 million in its reserves.

The Board is recommending a final tax-exempt (one-tier) ordinary dividend of 1.00 Singapore cent per share. Taking into account the interim dividend paid in October 2015, total dividends paid/payable for FY2015 will amount to 1.70 Singapore cents per share or S$10.0 million.

CHAIRMAN'S STATEMENT

Millennium Waterfront Project Plot C, Chengdu, PRC

PROPERTY DEVELOPMENT

The property development business segment recorded a 27.4% increase in revenue from S$129.9 million in FY2014 to S$165.4 million in FY2015. Similarly, gross profit increased by S$10.2 million or 28.4% in FY2015. The increase was underpinned by profit recognition from the first time handover of Plot C residential units and Plot B commercial units, and further handover of Plot B residential units of the Millennium Waterfront Project.

Millennium Waterfront Project, Chengdu, PRC

The Group achieved respectable property development sales for the Millennium Waterfront Project despite the slowdown in the PRC economy. For FY2015, gross sales value* of RMB515.6 million (FY2014: RMB736.8 million), including 994 residential units sold, was achieved.

In December 2015, the Group carried out its first time handover of Plot C residential units of the Millennium Waterfront Project. Earlier in June 2015, we commenced first time handover of Plot B commercial units.

Pre-sales of Plot A residential units were progressively launched from March 2015 onwards. In view of the relatively slower sales rate of the riverfront blocks in Plot B, the Group re-designed Plot D to comprise a higher number of smaller units which will better cater for the current residential market demand. Construction of Plot D is expected to commence in FY2016. The Millennium Waterfront Project will still be the primary profit pipeline for the Group in FY2016.

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

CHAIRMAN'S STATEMENT

Star of East River Project, Dongguan, PRC

The Group has won the public land tender for East River Plot Two (constituting approximately 25% of the total site area) on 4 December 2015 at the tender base price of RMB103.9 million. The Group expects to commence construction of phase 1 of the project during FY2016.

While macroeconomic data on the overall PRC economy reflects a generally subdued performance, certain cities such as Shenzhen have recorded substantial increase in residential prices which augurs well for our Star of East River project given Dongguan's close proximity to Shenzhen. The Group looks forward to this project becoming the next primary profit pipeline for the property development segment in the future.

Redevelopment of Boompjes, Rotterdam, The Netherlands

The Group has, through its 33% owned associated company, teamed up with Provast, a renowned Dutch property developer to redevelop the Boompjes property in Rotterdam. Provast is also the developer of the world famous Market Hall building in Rotterdam. Located on a prominent site overlooking the River Maas, the proposed redevelopment will transform the current office building into a residential development with approximately 360 modern apartments, supported by commercial and retail services. This proposed redevelopment will mark the Group's maiden entry into the Dutch property development market.

Zuiderhof I, Amsterdam, the Netherlands

CHAIRMAN'S STATEMENT

Wenjiang Lake Project, Chengdu, PRC

There has been an extensive delay in the official works for preparing the development land in connection with the Wenjiang Lake Project for the relevant land tender process. In view of the current PRC property market conditions, the Group will continue to work with the relevant local government authorities to reach a mutually acceptable solution.

PROPERTY HOLDING

Out of the Group's three business segments, the property holding business segment achieved the biggest growth for FY2015. Revenue surged by 269.6% from S$3.8 million in FY2014 to S$14.1 million in FY2015. This was significantly bolstered by profit contribution from the newly acquired Dutch properties, in particular Zuiderhof I and Arena Towers, which were acquired in February 2015 and June 2015 respectively.

The Netherlands Property Portfolio

The Group has successfully diversified into the Netherlands in FY2015, building a portfolio of core properties that deliver steady recurrent income and properties with redevelopment potential, and interest bearing property financing loans to our Dutch associated companies. These properties are geographically spread across the Netherlands including key business cities such as Amsterdam, Rotterdam, The Hague and prime residential areas in Zeist and Bilthoven. As at 31 December 2015, our Dutch investments, including property holding and property development business segments, constitute approximately 20.5% of our total asset base.

In February 2016, our Dutch associated company disposed the bulk of the non-core Dutch properties identified during the office portfolio acquisition in November 2015 at approximately 41% premium to cost.

M Hotel Chengdu and Millennium Waterfront Chengdu Hotel, Chengdu, PRC


Millennium Waterfront Chengdu Hotel, Chengdu, PRC

We are pleased to report that M Hotel Chengdu achieved a small gross operating profit in its second full year of operations.

The construction of the Millennium Waterfront Chengdu Hotel is currently ongoing as planned with target hotel commencement date to be in early 2017. After due consultation with one of our controlling shareholders, Millennium & Copthorne Hotels plc, the Group is in discussions with various reputable international hotel managers for the external management of the hotel.

PROPERTY FINANCING

The Group recorded strong growth in the property financing business in FY2015, with an 81.7% year-on-year increase, from S$19.5 million in FY2014 to S$35.5 million in FY2015, in revenue achieved. The property financing business accounted for 45.6% of the Group's profit before tax for FY2015, ending the year with a loan portfolio of RMB980.0 million as at 31 December 2015 (31 December 2014: RMB801.0 million) with interest ranging between 17.0% to 18.0% per annum. Property collaterals held under first legal mortgage include office units in Beijing, Shanghai, Guangzhou and Chengdu, development land in Shanghai, and completed residential units in Chengdu.

CHAIRMAN'S STATEMENT

The Group encountered various problematic loans in December 2015 and January 2016, its first experience since the inception of this business four years ago. These problematic loans will put to test our property financing business strategy of collecting loan principal as our first course of action, and dealing with or repossessing the property loan collaterals as our next course of action. The loans have a relatively conservative loan-to-value ratio and the Group holds the first legal mortgage to the properties pledged as loan collateral, in addition to the various corporate and personal guarantees. We remain confident of the full recovery of our loan principals. We will also be entitled to receive default interest up to the point of recovery then.

CORPORATE SOCIAL RESPONSIBILITY

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

The Group had adopted various corporate social responsibility initiatives during the year. For example, M Hotel Chengdu organized and visited Chengdu's Tu Qiao Old Age Home in November 2015. As part of the visit, we have donated daily essentials items such as electric cooker, energy-saving table lamp, rice and cooking oil, and also spent time extending their care and concern to the old folks.

*Arena Towers,
Amsterdam,
the Netherlands*

CHAIRMAN'S STATEMENT

M Hotel Chengdu staff interacting with old folks at Chengdu's Tu Qiao Old Age Home

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

LOOKING AHEAD

Amidst the challenging macroeconomic environment in the PRC and uncertain growth outlook for the other major economies, FY2016 remains unpredictable on the global economic front. Nevertheless, during the course of FY2015, the Group has successfully established a new and stable recurrent income business base with its investments in the Netherlands which will further enhance the Group's profit visibility and diversify our earnings. While we continue to digest and consolidate our Dutch investments, we will also strive to build on the success of our Dutch acquisitions and seek new growth opportunities in the Netherlands, PRC and other regions.

APPRECIATION

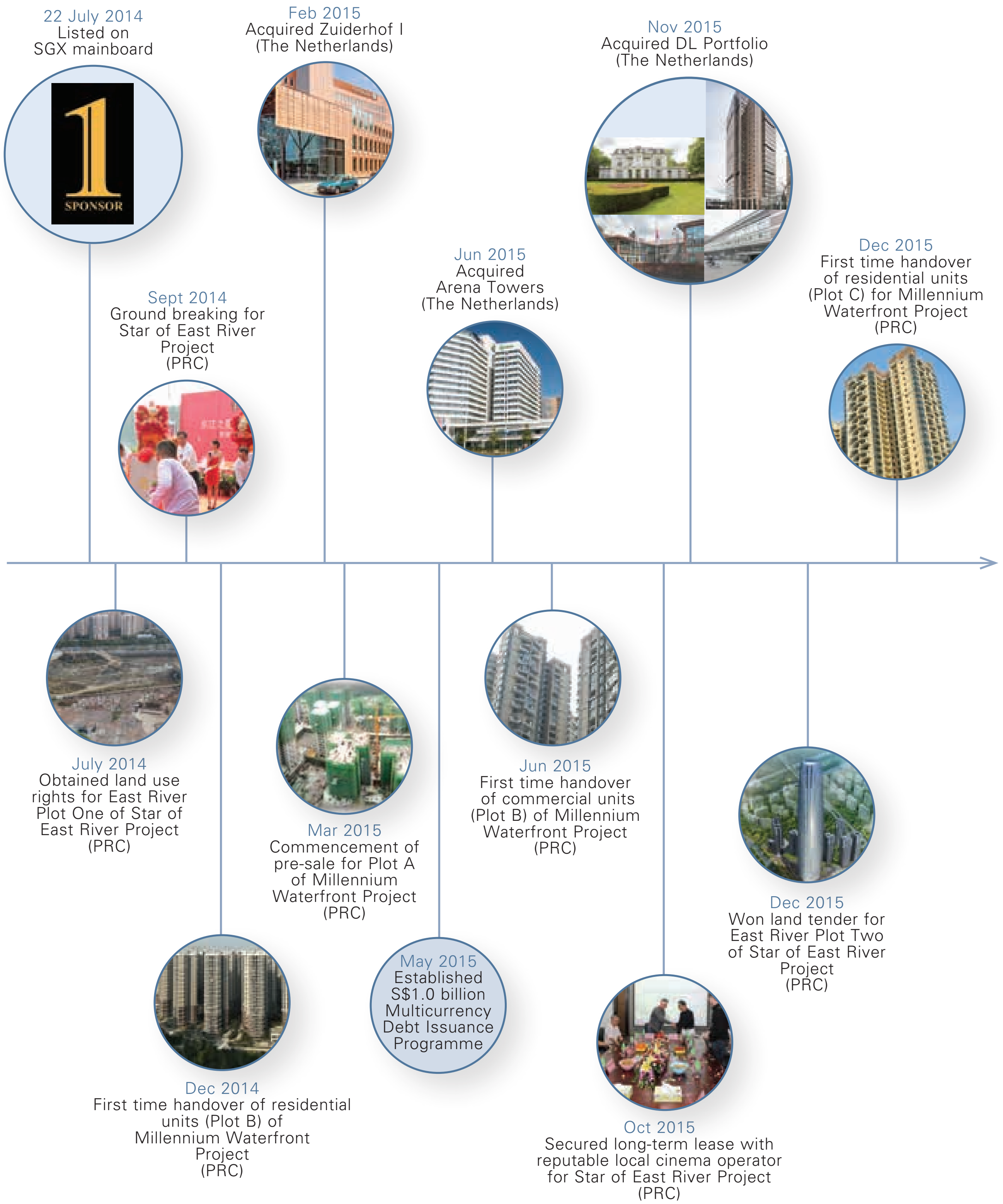
On behalf of the Board of Directors, I would like to express my heartfelt appreciation to our stakeholders, including our shareholders, customers and business associates and partners, for their continued support of the Group. I would also like to thank my fellow Directors for their invaluable advice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

Ho Han Leong Calvin
Chairman

1 March 2016

MILLENNIUM WATERFRONT CHENGDU HOTEL

MILESTONES
SINCE IPO



BOARD OF DIRECTORS

Mr Ho Han Leong Calvin
Age 64
Non-Executive Chairman

Mr Ho was appointed as the Non-Executive Chairman of the Company on 2 April 2015. Prior to this, Mr Ho served as the Non-Executive Vice-Chairman of the Company since 1 October 2007.

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

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

Mr Ho Han Khoon
Age 54
Alternate Director to Non-Executive Chairman

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

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

Mr Lee Tse Sang Aloysius
Age 67
Non-Executive Director

Mr Lee was appointed as a Non-Executive Director of the Company on 2 April 2015.

Mr Lee is the Group Chief Executive Officer of Millennium & Copthorne Hotels plc, having been appointed on 1 March 2015. He is also a Non-Executive Director of Millennium & Copthorne Hotels New Zealand Limited and CDL Investments New Zealand Limited, both of which are listed on the New Zealand Stock Exchange, having been appointed on 1 April 2015. Mr Lee serves as President and Chairman of the Board of Grand Plaza Hotel Corporation, which is listed in the Philippines, after his appointment on 15 May 2015.

Mr Lee was previously the Chief Executive Officer of South Beach Consortium Pte Ltd., a joint venture established by City Developments Limited and another investor to create a mixed use real estate development in Singapore. Prior to that, Mr Lee held senior leadership positions at Shui On Land, Hong Kong Telecom, Star Cruises and Singapore Airlines. He is a Fellow of the Chartered Management Institute and the Chartered Institute of Marketing, and earned a master degree in business administration from the University of Hong Kong. He also holds management qualifications from Harvard University, the University of Hong Kong and the University of Hawaii.

BOARD OF DIRECTORS

Mr Neo Teck Pheng
Age 45
Group Chief Executive Officer and Executive Director

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

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

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

Ms Ting Ping Ee, Joan Maria
Age 60
Independent Director

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

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

Mr Yee Chia Hsing
Age 44
Lead Independent Director

Mr Yee was appointed as the Lead Independent Director of the Company on 19 May 2014. He is currently Head, Catalist of CIMB Bank Berhad, Singapore Branch, a position he has held since early 2011. At CIMB Bank, he is responsible for the introduction, supervision and continuing sponsorship of Catalist companies on the SGX-ST. Mr Yee has about 20 years of experience in the banking and finance industry.

Mr Yee holds a Bachelor of Accountancy Degree (First Class Honours) from the Nanyang Technological University, Singapore. He currently sits on the Audit Committee of Ren Ci Hospital (a Singapore charity) and Ezion Holdings Limited (a company listed on SGX-ST).

Mr Yee is an elected Member of Parliament for Choa Chu Kang Group Representation Constituency in Singapore.

Mr Hwang Han-Lung Basil
Age 44
Independent Director

Mr Hwang was appointed as an Independent Director of the Company on 19 May 2014. He is the Executive Director, General Counsel and Company Secretary of Daohe Global Group Limited, a company listed on the Hong Kong Stock Exchange, and a Consultant at Zhong Lun Law Firm. Mr Hwang is also a Director of the Singapore Chamber of Commerce (Hong Kong) and the Association of Corporate Growth (Hong Kong). He advises or participates extensively in cross-border mergers and acquisitions transactions, particularly involving the PRC.

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

SENIOR MANAGEMENT

Ms Lee Sau Hun

Group Chief Financial Officer

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

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

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

Mr Wang Gongyi

Chief Executive Officer (Chengdu Operations)

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

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

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

Mr Shu Zhen

Chief Executive Officer (Guangdong Operations)

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

Mr Shu first joined the Group in December 2007 as a Director and Vice-President of the Group's key subsidiary, First Sponsor (Guangdong) Group Limited.

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

SENIOR MANAGEMENT

Ms Zhang Jing
Chief Executive Officer (Shanghai Operations)

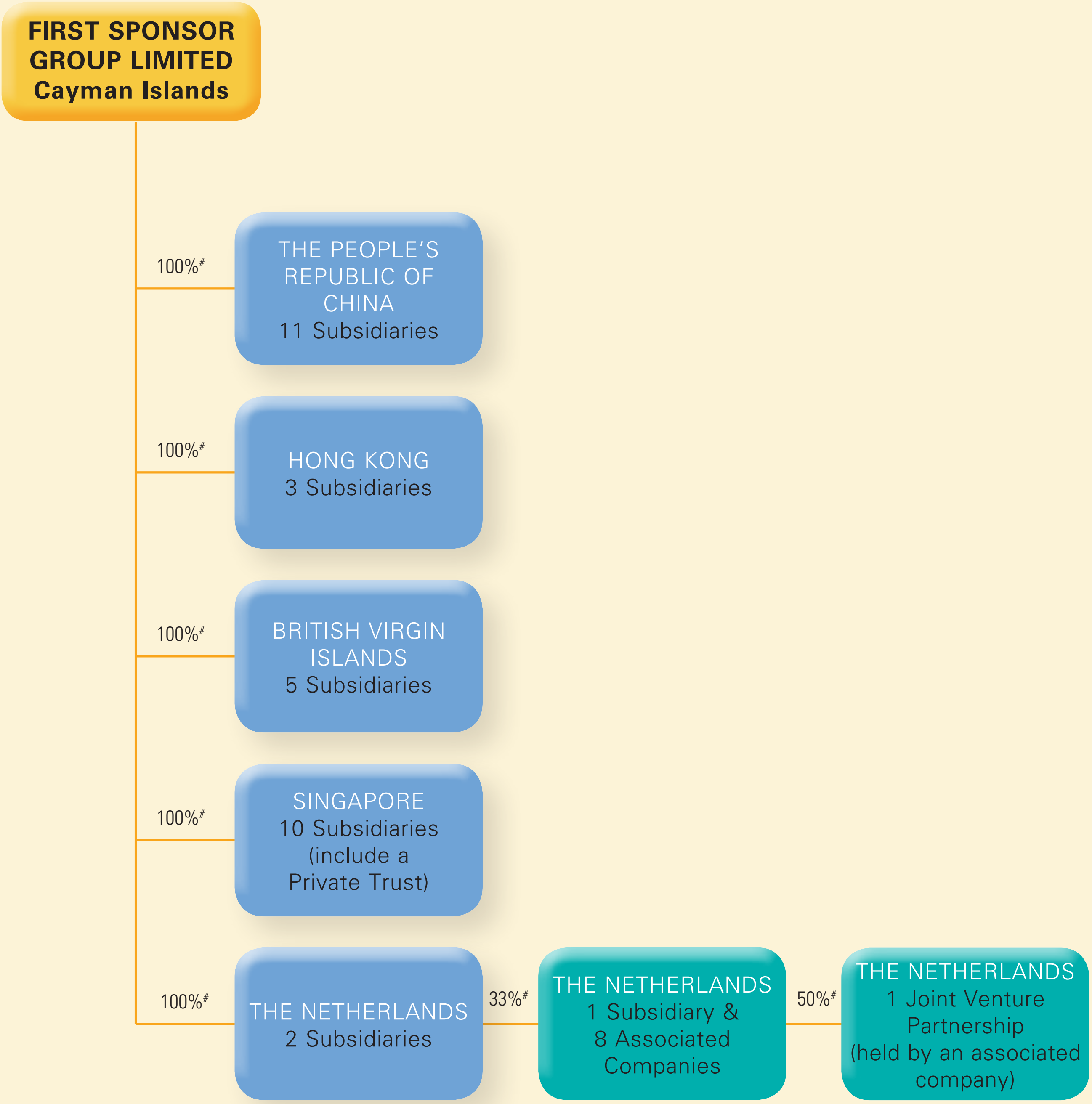
Ms Zhang was appointed as the Chief Executive Officer (Shanghai Operations) of the Group in November 2011. From her Shanghai office, Ms Zhang is responsible for the management and expansion of the Group's property financing business in the PRC.

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

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

Millennium Waterfront Project Plot B, Chengdu, PRC

CORPORATE STRUCTURE
AS AT 1 MARCH 2016



Represents direct / indirect shareholding

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Ho Han Leong Calvin
Non-Executive Chairman

Ho Han Khoon
Alternate Director to Ho Han Leong Calvin

Lee Tse Sang Aloysius
Non-Executive Director

Neo Teck Pheng
Group Chief Executive Officer and Executive Director

Ting Ping Ee, Joan Maria
Independent Director

Yee Chia Hsing
Lead Independent Director

Hwang Han-Lung Basil
Independent Director

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Low Mei Wan

SHARE REGISTRAR & SHARE TRANSFER OFFICE

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

REGISTERED OFFICE

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P.O. Box 2804, Grand Cayman KY1-1112
Cayman Islands

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Bank of Singapore Centre
Singapore 048942
Tel: (65) 6436 4920
Fax: (65) 6438 3170

AUDITORS

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

(Partner-in-charge: Koh Wei Peng, appointment commenced from the audit of the financial statements for the year ended 31 December 2015)

PRINCIPAL BANKERS

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

CORPORATE GOVERNANCE

First Sponsor Group Limited (the "Company") and its subsidiaries (the "Group") are committed to adopting and maintaining high standards of corporate governance to protect its shareholders' interests. The board of directors of the Company (the "Board") and the management believe that good corporate governance is essential to the sustainability of the Group's business and performance.

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

BOARD MATTERS

BOARD OF DIRECTORS

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

Mr Ho Han Leong Calvin	(Non-Executive Chairman)
Mr Ho Han Khoon	(Alternate Director to the Non-Executive Chairman)
Mr Lee Tse Sang Aloysius	(Non-Executive Director)
Mr Neo Teck Pheng	(Group Chief Executive Officer)
Ms Ting Ping Ee, Joan Maria	(Independent Director)
Mr Yee Chia Hsing	(Lead Independent Director)
Mr Hwang Han-Lung Basil	(Independent Director)

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

BOARD FUNCTIONS

The duties and responsibilities of the Board are:

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

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

CORPORATE GOVERNANCE

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

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

Principle 1: BOARD'S CONDUCT OF AFFAIRS

The directors' attendance at the board and committee meetings for the financial year ended 31 December 2015 is as follows:

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

Notes:

(1) Mr Ho Han Leong Calvin was redesignated as Non-Executive Chairman of the Company on 2 April 2015.

(2) Mr Lee Tse Sang Aloysius was appointed as a Non-Executive Director of the Company on 2 April 2015.

(3) Mr Wong Hong Ren resigned as Non-Executive Chairman of the Company on 2 April 2015.

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

The Company was listed on the Mainboard of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 22 July 2014. All new and existing directors of the Company have been provided with updates and/or briefing relating to any new listing rules and accounting standards by the Company's advisers, auditors, and management. In addition, all new directors have also been provided with background information about the Group's history and core values, its strategic direction and industry specific knowledge. If any newly-appointed director has no prior experience as a director of a listed company, training in relevant areas such as finance and compliance, as well as industry-related areas will be provided.

CORPORATE GOVERNANCE

Principle 2: COMPOSITION AND BALANCE

The Board consists of three Independent Directors, two Non-Executive Directors and one Executive Director. In consideration of the scope and nature of the operations of the Group, the Board's size and composition are considered appropriate for the Company's needs. The Board is satisfied that the current composition and size of the Board provide for a good mix and diversity of skills, experience, gender and knowledge of the Company, to ensure that the Board will be able to make satisfactory and independent decisions regarding the affairs of the Company. All board appointment will be made based on merit and candidates will be considered against objective criteria, having due regard to the benefits of diversity of the Board and the contribution that the selected candidates will bring to the Board.

None of the Independent Directors has any relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. No individual or group of individuals dominates the Board's decision making.

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

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

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

Mr Ho Han Leong Calvin, the Non-Executive Chairman of the Board, has a clear role that is distinct from that of the Group Chief Executive Officer, Mr Neo Teck Pheng. The Non-Executive Chairman is not related to the Group Chief Executive Officer.

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

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

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

Principle 4: BOARD MEMBERSHIP
NOMINATING COMMITTEE

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

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

CORPORATE GOVERNANCE

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

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

- recommending to the Board relevant matters relating to
  - (a) review of board succession plans for directors, in particular, the Non-Executive Chairman, the Group Chief Executive Officer and the Independent Directors taking into consideration each director's contribution and performance;
  - (b) the development of a process for evaluation of the performance of the Board, the board committees and directors;
  - (c) the review of training and professional development programmes for the Board; and
  - (d) making evaluation, assessment and recommendations with respect to the selection and appointment of any proposed new directors and re-appointment of directors (including alternate directors, if applicable);
- reviewing whether the size of the Board is appropriate;
- reviewing annually the composition of the Board to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities;
- reviewing and determining annually, and as and when circumstances require, if a director is independent;
- where a director has multiple board representations, deciding whether the director is able to and has been adequately carrying out his/her duties as director taking into consideration the number of listed company board representations of the directors and their other principal commitments;
- recommending directors who are retiring by rotation to be put forward for re-election. The Articles of Association of the Company require all directors to submit themselves for re-nomination and re-election at least every three years;
- reviewing and approval of any new employment of related persons and the proposed terms of their employment;
- recommending to the directors, candidates for senior management positions and candidates for directorships (including executive directorships);
- reviewing succession plans for senior management and recommending to the Board for approval; and
- reviewing that no individual member of the Board dominates the Board's decision making process.

The NC has met once in the financial year ended 31 December 2015 when it endorsed the appointment of Mr Lee Tse Sang Aloysius as Non-Executive Director of the Company and the re-designation of Mr Ho Han Leong Calvin as Non-Executive Chairman. The NC took into consideration the incumbent's academic qualifications, experience and expertise and has made a recommendation to the Board for the approval of the appointment. During its meeting held in February 2016, the NC has reviewed the independence of the Independent Directors. At the same meeting, the NC also discussed the re-appointment of a director who is subject to retirement at the forthcoming annual general meeting. All committee members participated in the meetings and discussions.

The NC has reviewed the independence of Ms Ting Ping Ee, Joan Maria, Mr Yee Chia Hsing and Mr Hwang Han-Lung Basil and is satisfied that there are no relationships which would deem any of them not to be independent. As of the date of this report, there is no Independent Director who has been appointed for more than nine years from the date of his/her first appointment. The aforementioned is in line with the undertakings described in the Code.

CORPORATE GOVERNANCE

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

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

Mr Lee Tse Sang Aloysius who was appointed during the financial year ended 31 December 2015 is subject to retirement at the forthcoming annual general meeting pursuant to the Articles of Association of the Company. Accordingly, the NC has assessed and recommended, and the Board has endorsed the re-election of Mr Lee Tse Sang Aloysius, who has offered himself for re-election, by shareholders at the forthcoming annual general meeting.

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

Name of Directors	Appointment	Date of initial appointment/Date of last re-election as Director	Directorships in other listed companies and other principal commitments: Current	Directorships in other listed companies and other principal commitments: Past 3 Years
Mr Ho Han Leong Calvin	Non-Executive Chairman	1 October 2007/–	• Tai Tak Estates Sendirian Berhad (Director)	–
Mr Ho Han Khoon (Alternate Director to Mr Ho Han Leong Calvin)	Alternate Director to the Non-Executive Chairman	19 May 2014/–	• Tai Tak Estates Sendirian Berhad (Director)	–
Mr Lee Tse Sang Aloysius	Non-Executive Director	2 April 2015/–	• Millennium & Copthorne Hotels plc (Chief Executive Officer and Director) (listed on the London Stock Exchange) • Millennium & Copthorne Hotels New Zealand Limited (Non-Executive Director) (listed on the New Zealand Stock Exchange) • CDL Investments New Zealand Limited (Non-Executive Director) (listed on the New Zealand Stock Exchange) • Grand Plaza Hotel Corporation (President and Chairman) (listed on the Philippine Stock Exchange)	
Mr Neo Teck Pheng	(Group Chief Executive Officer)	1 October 2007/–	–	–

CORPORATE GOVERNANCE

Name of Directors	Appointment	Date of initial appointment/Date of last re-election as Director	Directorships in other listed companies and other principal commitments: Current	Past 3 Years
Ms Ting Ping Ee, Joan Maria	Independent Director	19 May 2014/ 27 April 2015	• Grandland Shipping Limited (Independent Director)	–
Mr Yee Chia Hsing	Lead Independent Director	19 May 2014/ 27 April 2015	• Elected Member of Parliament of Singapore • Ezion Holdings Limited (Independent Director) • CIMB Bank Berhad, Singapore Branch (Head of Catalist)	–
Mr Hwang Han-Lung Basil	Independent Director	19 May 2014/ 27 April 2015	• Daohe Global Group Limited (formerly known as Linmark Group Limited) (Executive Director) (listed on the Hong Kong Stock Exchange) • Zhong Lun Law Firm (Hong Kong) (Consultant) • Singapore Chamber of Commerce (Hong Kong) (Director)	–

Principle 5: BOARD PERFORMANCE

A formal assessment process is in place to assess the effectiveness of the Board as a whole on an annual basis. The NC uses objective and appropriate criteria to assess the performance of the Board. Assessment parameters include evaluation of Board structure, conduct of meetings, corporate strategy, corporate planning, risk management, internal controls, measuring and monitoring performance, compensation, financial reporting and communication with shareholders.

As part of the process, the Directors individually complete appraisal forms which are collated by the Company Secretary. The Company Secretary then presents the results to the Chairman of the NC who then presents a report to the NC and the Board.

The NC has determined that given the number of directors of the Company, size of the Board, the background, expertise and the participation in the board meetings of the Company, it would not be necessary for each director to perform a self-evaluation exercise.

Principle 6: ACCESS TO INFORMATION

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

CORPORATE GOVERNANCE

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

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

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

Principles 7, 8 and 9: REMUNERATION MATTERS

The RC consists of:

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

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

The duties and responsibilities of the RC are:

- recommending to the Board a framework of remuneration for the directors and key executives of the Group, including the Group Chief Executive Officer, Group Chief Financial Officer and Chief Executive Officers of the respective regions;
- determining specific remuneration packages for each executive director, including the Group Chief Executive Officer;
- reviewing all aspects of remuneration of employees (including, among others, employees who are related to the directors and relatives of the directors and controlling shareholders, if any), including directors' fees, salaries, allowances, bonuses and other benefits-in-kind;
- reviewing and ensuring that the remuneration of Non-Executive Directors is appropriate to the level of contribution by them, taking into account factors such as effort and time spent, and responsibilities of the directors;
- recommending employee share option schemes or any long term incentive scheme which may be set up from time to time and to do all acts necessary in connection therewith; and
- reviewing the Company's obligation arising in the event of termination of the Executive Directors and key executives' contract of services, to ensure that such contract of services contain fair and reasonable clauses which are not overly generous.

During the year ended 31 December 2015, the RC has met and discussed various remuneration matters and recorded its decisions by way of minutes. All the RC members were involved in the deliberations. No director was involved in the fixing of his/her own remuneration.

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

CORPORATE GOVERNANCE

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

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

The remuneration packages for Executive Directors and key executives comprise a fixed component (in the form of a base salary and, where applicable, fixed allowances together with other benefits-in-kind determined by the Company's human resource policies), and variable components (which include variable bonuses) which is determined by amongst other factors, the individual's performance, the Company's overall performance and industry practices, in each specific year. The RC does consider granting long-term incentives to the Executive Directors and key executives at the appropriate time, such as granting employee share options under the First Sponsor Employee Share Option Scheme and proposing performance share plans for shareholders' approval. During the RC meeting held in February 2016, the RC discussed and decided to review the implementation of contractual provision to reclaim long term incentives from the Executive Directors and key executives in the event of exceptional circumstances of misstatement of financial results or of misconduct resulting in financial or other losses to the Company, only after the introduction of long-term incentives. Currently, variable bonus is given as a short-term incentive and employee share options will be granted as a long-term incentive to the staff, to link rewards to corporate and individual performance so as to promote the long-term sustainability of the Company.

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

Board of Directors and Key Executives

The remuneration (in percentage terms) of the directors paid or payable for FY2015 is set out below:

Name of Directors	Fees[1] %	Salary[2] %	Bonus[2] %	Benefits-in-kind %	Total %
S$2,750,000 to S$3,000,000					
Mr Neo Teck Pheng[3]	–	27	72	1	100
Below S$250,000 each					
Mr Ho Han Leong Calvin[3]	–	–	–	–	–
Mr Lee Tse Sang Aloysius[3], [4]	–	–	–	–	–
Ms Ting Ping Ee, Joan Maria	100	–	–	–	100
Mr Yee Chia Hsing	100	–	–	–	100
Mr Hwang Han-Lung Basil	100	–	–	–	100

Notes:

(1) The fees are subject to approval by shareholders at the Annual General Meeting to be held on 26 April 2016.

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

(3) Each director renounced his director's fees for FY2015 to the Company.

(4) Mr Lee Tse Sang Aloysius was appointed as Non-Executive Director of the Company on 2 April 2015.

CORPORATE GOVERNANCE

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

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

For the financial year ended 31 December 2015, there was no termination, retirement or post-employment benefits granted to the directors and key executives. There was also no employee related to a director or the Group Chief Executive Officer whose remuneration exceeds S$50,000 in the Group's employment for the financial year ended 31 December 2015.

Principle 10: ACCOUNTABILITY AND AUDIT

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

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

Principle 12: AUDIT COMMITTEE

The members of the AC are:

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

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

There were four AC meetings held during the year. Management including the Group Chief Executive Officer and Group Chief Financial Officer was present at the meetings. In addition, the AC had met with the external auditors without the presence of the management during the year.

Below are the key duties and responsibilities of the AC:

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

CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE

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

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

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

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

The amount of fees paid/payable to the external auditors for audit and non-audit services for the financial year ended 31 December 2015 are set out on Note 21 of the Financial Statements in this Annual Report.

WHISTLE-BLOWING POLICY

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

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

The Board acknowledges that risks are inherent in business and views the taking of risks as a prelude to generating returns. However, the Board's policy is that risks should be managed in order to reduce the variability of returns. During the financial year under review, the Group has put in place a risk management framework which outlined all key risks of the Group as well as the recommended action plans, in the strategic, operations, financial and treasury, information technology and compliance areas.

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

CORPORATE GOVERNANCE

Management reviews the system of internal controls regularly in order to ensure that sufficient checks and balances exist within the system to safeguard the Company's assets, ensure maintenance of proper accounting records, and compliance with relevant legislation and best practices.

The Group has appointed PricewaterhouseCoopers LLP ("PwC") as its internal auditor to review the Group's existing systems of internal controls and it reports to the Chairman of the AC directly. All audit findings and recommendations made by PwC are reported to and discussed by the AC.

The Board has reviewed the adequacy of the Group's internal controls framework in relation to financial, operational, compliance and information technology controls as well as risk management systems of the Group, with the assistance of the management, the internal auditors and the external auditors. The Board acknowledges that no system of internal controls can provide absolute assurance against the occurrence of human and system errors, poor judgment in decision-making, losses, fraud or other irregularities. Based on its assessment of the work performed by the internal and external auditors as well as confirmation from the Group Chief Executive Officer and Group Chief Financial Officer, the Board, with the concurrence of AC, is of the view that the Group's internal controls in addressing the financial, operational, compliance and information technology risks which the Group considers to be relevant and material to its operations, and the risk management systems are effective and adequate as at 31 December 2015.

The Board has also received assurance from the Group Chief Executive Officer and the Group Chief Financial Officer that the financial records as at 31 December 2015 have been properly maintained and the financial statements for the financial year under review give a true and fair view of the Company's operations and finances.

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

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

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

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

At the 2015 Annual General Meeting, the Company has put all resolutions tabled to vote by poll. The results of the poll for each resolution were announced on SGXNET in a timely manner.

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

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

CORPORATE GOVERNANCE

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

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

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, financial position, results of operations, capital needs, plans for expansion and other factors which our directors may deem appropriate.

During the financial year ended 31 December 2015, the Board has recommended a final tax exempt (one-tier) dividend of 1.00 Singapore cent per share for approval of shareholders at the forthcoming annual general meeting of the Company.

INTERESTED PERSON TRANSACTIONS

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

During the financial year ended 31 December 2015, there were no interested person transactions with the aggregate value of S$100,000 and above. The Company does not have a shareholders' general mandate for interested person transactions.

MATERIAL CONTRACTS

Other than as disclosed in the financial statements, there are no material contracts of the Company or its subsidiaries involving the interest of any director or controlling shareholder subsisting as at the end of the financial year ended 31 December 2015.

DEALING IN THE COMPANY'S SECURITIES

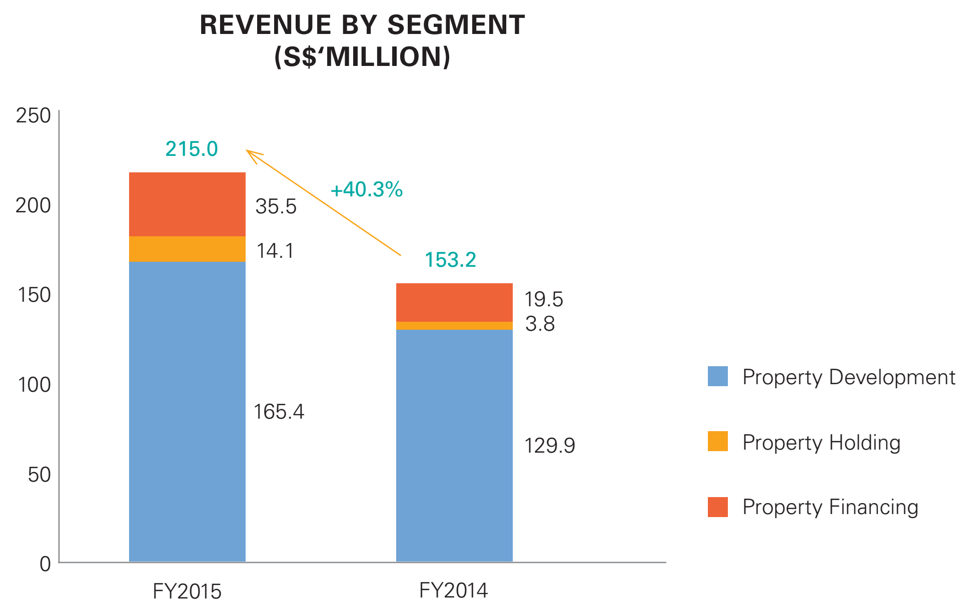
In line with Rule 1207 (19) of the SGX-ST Listing Manual on dealing in securities, the Group has adopted an internal code which provides guidance to its directors and key management in relation to dealing in securities.

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

UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

On 18 February 2015, the Company has announced that the finalised issue expenses for the IPO amounted to approximately S$5.4 million, with a savings of approximately S$0.6 million. Correspondingly, the total net IPO proceeds have increased to approximately S$60.3 million. This entire sum was fully utilised by the Group for working capital purposes in the PRC and partially financed its investment in and loans to a newly acquired subsidiary incorporated in the Netherlands which owns an office building in Amsterdam. The remainder of the consideration for the acquisition was financed using the Company's Euro-denominated revolving credit facilities.

FINANCIAL REVIEW



The Group's total revenue increased by 40.3% or S$61.8 million to S$215.0 million in FY2015 (FY2014: S$153.2 million). The increase was mainly due to higher revenue from sale of properties of S$35.5 million from S$129.9 million in FY2014 to S$165.4 million in FY2015, and higher revenue from property financing of S$16.0 million, from S$19.5 million in FY2014 to S$35.5 million in FY2015.

PROPERTY DEVELOPMENT

The increase of revenue was mainly due to higher revenue recognised on the Millennium Waterfront Project of S$161.3 million in FY2015 compared to S$76.1 million in FY2014. This was attributed to the recognition of revenue from the sale of 971 residential units, 44 commercial units and 142 car park lots from Plot B, and 367 residential units from Plot C of the Millennium Waterfront Project which were handed over in December 2015 for the first time, whilst revenue was recognised on the sale of 746 residential units from Plot B of the Millennium Waterfront Project in December 2014. The increase was partially offset by lower revenue recognized on the Chengdu Cityspring Project of S$4.1 million on 8 residential units, 3 commercial units and 48 car park lots in FY2015, compared to S$8.3 million on 53 commercial units and 61 car park lots in FY2014, and the revenue contributed from relinquishment of the Chengdu Wenjiang Interest of S$45.5 million in FY2014.

PROPERTY HOLDING

Rental income from investment properties increased by 601.0% or S$9.0 million to S$10.5 million in FY2015 (FY2014: S$1.5 million) due to rental income contributed by Zuiderhof I and Arena Towers in Amsterdam, the Netherlands, which were acquired in February 2015 and June 2015, respectively.

For the hotel operations, revenue increased by 55.1% or S$1.3 million to S$3.6 million in FY2015 (FY2014: S$2.3 million) which was mainly due to improved performance from M Hotel Chengdu as it enters into its second full year of operations.

PROPERTY FINANCING

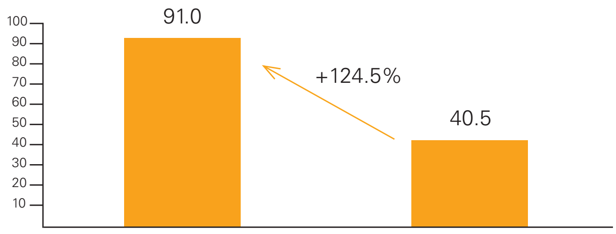
The increase in revenue was attributable to a higher average third party entrusted loan balance of S$207.8 million (RMB953.5 million) for FY2015 (FY2014: S$113.9 million or RMB553.0 million).

These entrusted loans are secured on first legal mortgage on real estate collateral with interest ranging from 17.0% to 18.0% per annum for FY2015 (FY2014: 16.5% to 20.0%).

As at 31 December 2015, the entrusted loan balance was S$213.2 million (RMB980.0 million) (31 December 2014: S$170.3 million or RMB801.0 million). The loan-to-value ("LTV") ratio for the entrusted loan portfolio ranges from 28.7% to 54.0% at 31 December 2015 (31 December 2014: 27.0% to 51.4%).

FINANCIAL REVIEW

PROFIT BEFORE TAX (S$'MILLION)



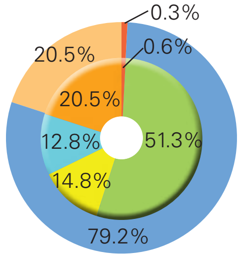
Pre-tax profit increased by 124.5% or S$50.5 million to S$91.0 million (FY2014: S$40.5 million) in FY2015.

The increase was mainly due to higher gross profit contribution from all three business segments of the Group with an aggregate increase of S$35.6 million and additional interest income from loans to the Chengdu Wenjiang Government of S$7.5 million which were disbursed from March 2014 onwards, while there were one time share-based charge of S$4.7 million and one time IPO expenses of S$3.5 million incurred in FY2014.

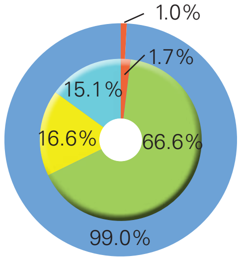
TOTAL ASSET COMPOSITION

During FY2015, the Group has successfully diversified into the Netherlands which constitute 20.5% of the Group's total assets as at 31 December 2015. This has expanded the asset base of the Group from which recurring income is generated. Assets from both the property holding and property financing segments represent 48.1% of the Group's total assets as at 31 December 2015 compared to 31.7% a year ago.

AS AT 31 DECEMBER 2015 TOTAL ASSETS: S$1,800.8 MILLION



AS AT 31 DECEMBER 2014 TOTAL ASSETS: S$1,293.0 MILLION



Others
PRC
NL
PD (PRC)
PF (PRC)
PH (PRC)
PH (NL)

Villa Nuova, Zeist, the Netherlands

MAJOR PROPERTIES

	Effective Group Interest (%)	Tenure of Land Use Rights	Approximate Lettable Floor Area (Sq m)[1]
INVESTMENT PROPERTIES			
1) **Chengdu Cityspring** North Yizhou Avenue, Gaoxin District, Chengdu, Sichuan Province, PRC. Comprising commercial and retail units.	100	Leasehold to year 2049	27,522
2) **Arena Towers (Holiday Inn/Holiday Inn Express Hotels)** Hoogoorddreef 66 and 68, Amsterdam, the Netherlands. Comprising 443 hotel rooms and 509 car park lots.	100	Perpetual leasehold. Ground rent paid until year 2053	17,396
3) **Mondriaan Tower** Amstelplein 6 and 8, Amsterdam, the Netherlands. Comprising office space and 241 car park lots.	33	Freehold	24,796
4) **Zuiderhof I** Jachthavenweg 121, Amsterdam, the Netherlands. Comprising office space, archive space and 111 car park lots.	33	Perpetual leasehold. Ground rent paid until year 2050	12,538
5) **Villa Nuova** Utrechtseweg 46 and 46a, Zeist, the Netherlands. Comprising office space and 40 car park lots.	33	Freehold	1,428
6) **Herengracht 21** Property situated at Herengracht 21, The Hague, the Netherlands. Comprising office space.	33	Freehold	473
			84,153

	Effective Group Interest (%)	Tenure of Land Use Rights	Approximate Gross Floor Area (Sq m)[2]
HOTELS			
1) **M Hotel Chengdu** No. 388, North Yizhou Avenue, Gaoxin District, Chengdu, Sichuan Province, PRC. Comprising 196 hotel rooms and suites.	100	Leasehold to year 2049	19,228
2) **Millennium Waterfront Chengdu Hotel** Located in Wenjiang District, Chengdu, Sichuan Province, PRC. (under development) Expected to have 610 hotel rooms on completion.	100	Leasehold to year 2051	81,041
			100,269

MAJOR PROPERTIES

	Effective Group Interest (%)	Tenure of Land Use Rights	Approximate Lettable Floor Area (Sq m)[1]
DEVELOPMENT PROPERTIES – COMPLETED			
1) Boompjes 55 and 57 Property situated at Boompjes 55 and 57, Rotterdam, the Netherlands. Comprising office space and 70 car park lots.	33	Freehold	9,566
2) Munthof Reguliersdwarsstraat 50 – 64, Amsterdam, the Netherlands. Comprising commercial space and 147 car park lots.	33	Freehold	1,719
3) Terminal Noord Schedeldoekshaven 127,129 and 131, The Hague, the Netherlands. Comprising office space and 97 car park lots.	33	Effective freehold[3]	8,897
4) Berg & Bosch Professor Bronkhorstlaan 4, 4A, 6, 8, 10A – 10M, 12 – 20 and 26, Bilthoven, the Netherlands. Comprising buildings, some of which are national monuments, amongst a rich greenery landscape of total land area of 415,799 sq m and 627 car park lots.	33	Freehold	34,024
5) Ooyevaarsnest Rijksweg-West 2, Arnhem, the Netherlands. Comprising office space and 665 car park lots.	33	Freehold	29,932
			84,138

MAJOR PROPERTIES

	Effective Group Interest (%)	Tenure of Land Use Rights	Project Construction Commencement Date	Project Handover Date	Site Area (Sq m)	Approximate Gross Floor Area (Sq m)[2]
DEVELOPMENT PROPERTIES – UNDER DEVELOPMENT						
1) Millennium Waterfront Located in Wenjiang District, Chengdu, Sichuan Province, PRC.						
a) Plot A Expected to have 2,000 residential units, 118 commercial units, and 1,718 underground car park lots.	100	Leasehold to year 2051 (commercial); year 2081 (residential)	December 2014	Expected handover in phases no earlier than 4Q 2016	51,300	206,095
b) Plot B (partially completed) Remaining development expected to have 380 residential units and 12 commercial units.	100	Leasehold to year 2051 (commercial); year 2081 (residential)	November 2012	Handover in phases from December 2014	57,192	43,155
c) Plot C (partially completed) Remaining development expected to have 1,402 residential units, 91 commercial units and 1,507 underground car park lots.	100	Leasehold to year 2051 (commercial); year 2081 (residential)	September 2013	Handover in phases from December 2015	45,262	145,715
d) Plots D, E & F	100	Leasehold to year 2051 (commercial); year 2081 (residential)	Under planning	–[4]	80,435	687,472
2) Star of East River Project Located in Wanjiang and Nancheng District, Dongguan, Guangdong Province, PRC.						
a) East River Plot One	100	Leasehold to year 2054 (commercial); year 2084 (residential)	Under planning	–[4]	37,104	337,646
b) East River Plot Two	100	Leasehold to year 2055 (commercial); year 2085 (residential)	Under planning	–[4]	12,032	30,080
					283,325	1,450,163

Notes:
1. Lettable floor area excludes car park space.
2. Gross floor area ("GFA") excludes underground GFA.
3. Refers to perpetual leasehold with all ground rent paid in advance.
4. Yet to be ascertained as the development plan relating to these plots are currently in the preliminary stage.

Millennium Waterfront Project in Chengdu

Plot A

- 2,000 residential units and 118 commercial units
- Pre-sales of residential units commenced in March 2015
- % of total saleable GFA launched for sale sold[1]:
  – Residential: 47%

Plot B

- 2,250 residential, 96 commercial units, 1,905 basement car park lots and a three-storey commercial building
- % of total saleable GFA launched for sale sold[1]:
  – Residential: 86%
  – Commercial: 46%
- Pre-sales of residential units commenced in November 2012
- Cumulative handover of 1,717 residential and 44 commercial units as at 31 December 2015

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

Note:

(1) As at 31 December 2015 and includes sales under option agreements or sale and purchase agreements, as the case may be.

- 1,778 residential units, 91 commercial units and 1,507 basement car park lots
- % of total saleable GFA launched for sale sold[1]:
  – Residential: 84%
  – Commercial: 11%
- Pre-sales of residential units commenced in January 2014
- Commenced first time handover of 367 residential units in December 2015

- Construction of Millennium Waterfront Chengdu Hotel is currently ongoing as planned with targeted hotel commencement date to be in FY2017

REPORTS AND
FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

(a) the financial statements set out on pages 48 to 133 are drawn up so as to give a true and fair view of the financial positions of the Group and the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with International Financial Reporting Standards; and

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

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

DIRECTORS

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

Ho Han Leong Calvin	
Ho Han Khoon (Alternate Director to Ho Han Leong Calvin)	
Lee Tse Sang Aloysius	(Appointed on 2 April 2015)
Neo Teck Pheng	
Ting Ping Ee, Joan Maria	
Yee Chia Hsing	
Hwang Han-Lung Basil	

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS

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

	Holdings in the name of the director, spouse and/or infant children		Holdings in which directors are deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
The Company				
Ordinary shares				
Ho Han Leong Calvin	–	500,000	263,643,791	264,656,391
Ho Han Khoon (Alternate Director to Ho Han Leong Calvin)	–	250,000	260,694,791	260,694,791
The Company				
Ordinary shares				
Neo Teck Pheng	–	–	274,146,791	274,146,791
Yee Chia Hsing	100,000	100,000	–	–
$50.0 million 4.0% Fixed Rate Notes due 2018 ($)				
Ho Han Leong Calvin	–	–	–	15,000,000
Ting Ping Ee, Joan Maria	–	250,000	–	–

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

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

DIRECTORS' STATEMENT

SHARE OPTIONS

Employee share option scheme

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

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

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

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

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

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

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

During the financial year, there were:

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

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

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

DIRECTORS' STATEMENT

AUDIT COMMITTEE

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

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

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

The Audit Committee has held 4 meetings during the financial year ended 31 December 2015. In performing its functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

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

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

DIRECTORS' STATEMENT

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

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

AUDITORS

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

On behalf of the Board of Directors

Ho Han Leong Calvin
Director

Neo Teck Pheng
Director

26 February 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company
First Sponsor Group Limited

We have audited the accompanying financial statements of First Sponsor Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 133.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial positions of the Group and the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
26 February 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	4	**151,110**	116,517	**–**	–
Investment properties	5	**245,624**	80,979	**–**	–
Interests in subsidiaries	7	**–**	–	**881,329**	863,829
Interests in associates	8	**14,426**	–	**–**	–
Deferred tax assets	9	**7,368**	8,951	**–**	–
Other receivables	10	**310,327**	118,671	**287,222**	–
		728,855	325,118	**1,168,551**	863,829
Current assets					
Development properties	11	**660,187**	559,522	**–**	–
Inventories		**148**	458	**–**	–
Trade and other receivables	10	**299,560**	276,105	**135,349**	39,405
Cash and cash equivalents	12	**112,044**	131,797	**1,257**	2,432
		1,071,939	967,882	**136,606**	41,837
Total assets		**1,800,794**	1,293,000	**1,305,157**	905,666
Equity					
Share capital	13	**736,404**	736,404	**736,404**	736,404
Reserves	14	**238,334**	158,070	**37,637**	(5,850)
Equity attributable to owners of the Company		**974,738**	894,474	**774,041**	730,554
Non-controlling interests		**3,359**	–	**–**	–
Total equity		**978,097**	894,474	**774,041**	730,554
Non-current liabilities					
Deferred tax liabilities	9	**11,963**	13,036	**–**	–
Loans and borrowings	15	**260,824**	83,003	**229,181**	83,003
Derivative liability	16	**3,327**	–	**3,327**	–
		276,114	96,039	**232,508**	83,003
Current liabilities					
Trade and other payables	17	**127,838**	80,707	**82,328**	92,109
Receipts in advance	18	**182,059**	200,158	**–**	–
Loans and borrowings	15	**216,280**	–	**216,280**	–
Current tax payable		**20,406**	21,622	**–**	–
		546,583	302,487	**298,608**	92,109
Total liabilities		**822,697**	398,526	**531,116**	175,112
Total equity and liabilities		**1,800,794**	1,293,000	**1,305,157**	905,666

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	19	**214,963**	153,211
Cost of sales		**(122,232)**	(96,096)
Gross profit		**92,731**	57,115
Administrative expenses		**(16,407)**	(17,764)
Selling expenses		**(6,496)**	(4,908)
Other income/(expenses)		**4,135**	(7,801)
Other (losses)/gains	21	**(236)**	909
Results from operating activities		**73,727**	27,551
Finance income		**21,841**	15,073
Finance costs		**(4,636)**	(2,104)
Net finance income	20	**17,205**	12,969
Share of after-tax profit of associates		**39**	–
Profit before tax	21	**90,971**	40,520
Tax expense	22	**(22,651)**	(18,816)
Profit for the year		**68,320**	21,704
Attributable to:			
Equity holders of the Company		**67,362**	21,704
Non-controlling interests		**958**	–
Profit for the year		**68,320**	21,704
Earnings per share			
Basic and diluted (cents)	23	**11.42**	4.33

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	**2014**
	$'000	**$'000**
Profit for the year	**68,320**	21,704
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, net of tax	**(364)**	–
Share of translation differences on financial statements of associates, net of tax	**1**	–
Translation differences on financial statements of foreign subsidiaries, net of tax	**20,563**	24,732
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	**1,257**	1,013
Total other comprehensive income for the year, net of tax	**21,457**	25,745
Total comprehensive income for the year	**89,777**	47,449
Total comprehensive income attributable to:		
Equity holders of the Company	**88,836**	47,449
Non-controlling interests	**941**	–
Total comprehensive income for the year	**89,777**	47,449

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

CONSOLIDATED STATEMENTS OF

CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

	Note	Share capital $'000	Share premium $'000	Reserve for own shares $'000	Statutory reserve $'000	Capital reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000
Group									
At 1 January 2014		363,317	–	(3,717)	10,190	(1,563)	58,146	29,507	455,880
Total comprehensive income for the year									
Profit for the year		–	–	–	–	–	–	21,704	21,704
Other comprehensive income									
Translation differences on financial statements of foreign subsidiaries, net of tax		–	–	–	–	–	24,732	–	24,732
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax		–	–	–	–	–	1,013	–	1,013
Total other comprehensive income		–	–	–	–	–	25,745	–	25,745
Total comprehensive income for the year		–	–	–	–	–	25,745	21,704	47,449
Transaction with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issue of ordinary shares	13	373,087	11,370	–	–	–	–	–	384,457
Share issue expenses		–	(1,800)	–	–	–	–	–	(1,800)
Issue of treasury shares		–	–	3,717	–	66	–	–	3,783
Share based payment transaction	21	–	–	–	–	–	–	4,705	4,705
Transfer to statutory reserve		–	–	–	4,645	–	–	(4,645)	–
Total contributions by and distributions to owners		373,087	9,570	3,717	4,645	66	–	60	391,145
Total transactions with owners of the Company		373,087	9,570	3,717	4,645	66	–	60	391,145
At 31 December 2014		736,404	9,570	–	14,835	(1,497)	83,891	51,271	894,474

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

	Share capital $'000	Share premium $'000	Statutory reserve $'000	Capital reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group									
At 1 January 2015	**736,404**	**9,570**	**14,835**	**(1,497)**	**83,891**	**51,271**	**894,474**	**–**	**894,474**
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	67,362	67,362	958	68,320
Other comprehensive income									
Realisation of foreign currency translation differences arising from liquidation of a subsidiary, net of tax	–	–	–	–	(364)	–	(364)	–	(364)
Share of translation differences on financial statements of foreign associates, net of tax	–	–	–	–	1	–	1	–	1
Translation differences on financial statements of foreign subsidiaries, net of tax	–	–	–	–	20,580	–	20,580	(17)	20,563
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	–	–	–	–	1,257	–	1,257	–	1,257
Total other comprehensive income	–	–	–	–	21,474	–	21,474	(17)	21,457
Total comprehensive income for the year	–	–	–	–	21,474	67,362	88,836	941	89,777
Transaction with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividend paid to owners of the Company	–	–	–	–	–	(8,611)	(8,611)	–	(8,611)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(2,847)	(2,847)
Reversal of share issue expenses	–	39	–	–	–	–	39	–	39
Transfer to statutory reserve	–	–	8,531	–	–	(8,531)	–	–	–
Total contributions by and distributions to owners	–	39	8,531	–	–	(17,142)	(8,572)	(2,847)	(11,419)
Changes in ownership interests in subsidiaries									
Acquisition of a subsidiary with non-controlling interests	–	–	–	–	–	–	–	5,265	5,265
Liquidation of a subsidiary	–	–	(686)	1,722	–	(1,036)	–	–	–
Total changes in ownership interests in subsidiaries	–	–	(686)	1,722	–	(1,036)	–	5,265	5,265
Total transactions with owners of the Company	–	39	7,845	1,722	–	(18,178)	(8,572)	2,418	(6,154)
At 31 December 2015	736,404	9,609	22,680	225	105,365	100,455	974,738	3,359	978,097

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

CONSOLIDATED STATEMENT OF
CASH FLOWS
YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 $'000	Group 2014 $'000
Cash flows from operating activities			
Profit for the year		**68,320**	21,704
Adjustments for:			
Amortisation of lease prepayments	6	**–**	25
Depreciation of property, plant and equipment	4	**1,625**	1,374
Fair value (gain)/loss on investment properties	5	**(1,816)**	597
Fair value loss on derivative liability		**3,327**	–
Finance costs	20	**4,636**	2,104
Finance income	20	**(21,841)**	(15,073)
Reversal of impairment loss on trade and other receivables		**–**	(1)
(Gain)/Loss on disposal of:			
– lease prepayments		**–**	(1,146)
– property, plant and equipment		**(1)**	237
– investment property		**478**	–
Property, plant and equipment written off		**46**	–
Gain on liquidation of a subsidiary		**(287)**	–
Share-based charge		**–**	4,705
Share of after-tax profit of associates		**(39)**	–
Tax expense	22	**22,651**	18,816
		77,099	33,342
Changes in working capital:			
Development properties		**(84,629)**	(213,270)
Inventories		**321**	(412)
Trade and other receivables		**(87,003)**	(153,928)
Trade and other payables		**44,138**	60,860
Receipts in advance		**(22,771)**	25,447
Cash used in operations		**(72,845)**	(247,961)
Interest received		**34,463**	19,219
Tax paid		**(23,952)**	(22,594)
Net cash used in operating activities		**(62,334)**	(251,336)
Cash flows from investing activities			
Acquisition of subsidiaries	24	**(73,963)**	(212)
Acquisition of an associate		**(14,884)**	–
Advances/Loans to third parties		**–**	(152,366)
Loans to associates		**(179,108)**	–
Repayment of advances/loans by third parties		**18,304**	29,155
Interest received		**24,992**	15,839
Proceeds from disposal of:			
– lease prepayments		**–**	4,145
– property, plant and equipment		**11**	5
– subsidiaries		**–**	10,774
– investment property		**4,936**	–
Payment for additions to:			
– investment properties		**(83,960)**	–
– property, plant and equipment		**(33,702)**	(33,004)
Receipt of investment return from a PRC government linked entity		**3,567**	–
Net cash used in investing activities		**(333,807)**	(125,664)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 $'000	Group 2014 $'000
Cash flows from financing activities			
Dividends paid to:			
– owners of the Company		**(8,611)**	–
– non-controlling interests		**(2,847)**	–
Loan from former immediate holding company		**–**	1,562
Interest paid		**(4,812)**	(966)
Payment of transaction costs related to borrowings		**(3,048)**	(6,743)
Proceeds from issue of shares		**–**	125,350
Proceeds from issue of medium-term notes		**50,000**	–
Proceeds from bank borrowings		**655,758**	384,300
Repayment of bank borrowings		**(313,121)**	(299,700)
Share issue expense		**–**	(6,000)
Net cash generated from financing activities		**373,319**	197,803
Net decrease in cash and cash equivalents		**(22,822)**	(179,197)
Cash and cash equivalents at beginning of the year		**131,797**	311,154
Effect of exchange rate changes on balances held in foreign currencies		**3,069**	(160)
Cash and cash equivalents at end of the year	12	**112,044**	131,797

Significant non-cash transaction

In 2014, 205,477,157 ordinary shares were issued at US$1 each and 3,000,000 treasury shares were reissued to First Sponsor Capital Limited ("FSCL"), the former immediate holding company, amounting to $259,107,000 and $3,783,000, respectively, pursuant to the capitalisation of a loan from FSCL.

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 February 2016.

1 DOMICILE AND ACTIVITIES

First Sponsor Group Limited ("FSGL" or the "Company") is incorporated in the Cayman Islands and has its registered office at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.

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

The financial statements of the Group as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"), and the Group's interest in equity-accounted investees.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements: is included in note 3.1 – Assessment of ability to control or exert significant influence over partly-owned investments.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 3.16 – Estimation of provisions for current and deferred taxation
- Note 4 – Estimation of useful lives, residual values and recoverable amounts of property, plant and equipment
- Note 5 – Valuation of investment properties
- Notes 9 and 22 – Estimation of provisions for withholding tax and land appreciation tax
- Note 10 – Estimation of recoverability of trade receivables, loans to associates and third parties
- Note 11 – Measurement of realisable amounts of properties under development and completed properties for sale
- Note 26 – Valuation of financial instruments

Measurement of fair values

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

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

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

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

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

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

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

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

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

- Note 5 – Valuation of investment properties
- Note 26 – Valuation of financial instruments

2.5 Changes in accounting policies

The Group has adopted various new standards and amendments to standards, including any consequential amendments to other standards with an initial application of 1 January 2015. The adoption of the new standards and amendments to standards did not have a significant impact on these financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

(i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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

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

(ii) Subsidiaries

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

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

(iii) Acquisitions from entities under common control

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(iv) Loss of control

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

(v) Investment in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries in the separate financial statements

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

(iii) Net investment in a foreign operation

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

3.3 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Intangible assets

Goodwill

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

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates.

3.5 Investment properties

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

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

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

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

Transfers

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leased assets

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

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

Lease prepayments

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

3.7 Financial instruments

(i) Non-derivative financial assets

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

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

Loans and receivables

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

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

Cash and cash equivalents

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

(ii) Non-derivative financial liabilities

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

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

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

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

Other financial liabilities comprise loans and borrowings, and trade and other payables.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(iii) Financial guarantees

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

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

(iv) Share capital

Ordinary shares

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

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

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

(v) Derivative financial instruments

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Development properties

Properties under development for sale

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

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

Completed properties for sale

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

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

3.9 Impairment

(i) Non-derivative financial assets

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

NOTES TO THE
FINANCIAL STATEMENTS
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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

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

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

Loans and receivables

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

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

Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.9(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

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

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

3.10 Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Employee benefits (cont'd)

(iii) Share-based payment transactions

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

3.11 Provisions and contingent liabilities

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

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

3.12 Revenue

(i) Sale of properties

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

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

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue (cont'd)

(ii) Rental income

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

(iii) Hotel income

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

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

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

3.13 Government grants

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

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

3.14 Lease payments

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

3.15 Finance income and costs

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax

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

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

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

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

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

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

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax (cont'd)

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

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

3.17 Earnings per share

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

3.18 Segment reporting

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these consolidated financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as set out below.

IFRS 9 *Financial Instruments*, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. It is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 15 *Revenue from Contracts with Customers*, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. It is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9 and IFRS 15. The Group does not plan to adopt these standards early.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

4 PROPERTY, PLANT AND EQUIPMENT

Group	Note	Interests in leasehold land held for own use under operating leases $'000	Buildings $'000	Plant and machinery $'000	Equipment and furniture $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Cost								
At 1 January 2014		9,313	39,750	1,828	624	1,917	28,769	82,201
Additions		–	221	395	381	250	31,757	33,004
Acquisition of a subsidiary	24	–	–	–	71	453	–	524
Transfer from development properties		213	870	–	–	–	–	1,083
Disposals		–	–	(522)	(40)	–	–	(562)
Reclassification		–	4,764	–	–	–	(4,764)	–
Translation differences on consolidation		176	913	29	28	25	1,383	2,554
At 31 December 2014		9,702	46,518	1,730	1,064	2,645	57,145	118,804
At 1 January 2015		**9,702**	**46,518**	**1,730**	**1,064**	**2,645**	**57,145**	**118,804**
Additions		**–**	**21**	**29**	**72**	**57**	**33,523**	**33,702**
Written off during the year		**–**	**–**	**(55)**	**(42)**	**–**	**–**	**(97)**
Disposals		**–**	**–**	**–**	**–**	**(28)**	**–**	**(28)**
Translation differences on consolidation		**224**	**1,072**	**40**	**23**	**29**	**1,232**	**2,620**
At 31 December 2015		**9,926**	**47,611**	**1,744**	**1,117**	**2,703**	**91,900**	**155,001**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Note	Interests in leasehold land held for own use under operating leases $'000	Buildings $'000	Plant and machinery $'000	Equipment and furniture $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Accumulated depreciation and amortisation								
At 1 January 2014		61	110	317	180	510	–	1,178
Charge for the year	21	243	468	198	185	280	–	1,374
Disposals		–	–	(286)	(34)	–	–	(320)
Translation differences on consolidation		9	18	3	11	14	–	55
At 31 December 2014		313	596	232	342	804	–	2,287
At 1 January 2015		**313**	**596**	**232**	**342**	**804**	**–**	**2,287**
Charge for the year	21	**281**	**619**	**207**	**187**	**331**	**–**	**1,625**
Written off during the year		**–**	**–**	**(20)**	**(31)**	**–**	**–**	**(51)**
Disposals		**–**	**–**	**–**	**–**	**(18)**	**–**	**(18)**
Translation differences on consolidation		**7**	**13**	**6**	**7**	**15**	**–**	**48**
At 31 December 2015		**601**	**1,228**	**425**	**505**	**1,132**	**–**	**3,891**
Carrying amounts								
At 1 January 2014		9,252	39,640	1,511	444	1,407	28,769	81,023
At 31 December 2014		9,389	45,922	1,498	722	1,841	57,145	116,517
At 31 December 2015		**9,325**	**46,383**	**1,319**	**612**	**1,571**	**91,900**	**151,110**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) Transfers

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

(ii) Significant accounting estimates

Depreciation of property, plant and equipment

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

Impairment assessment of property, plant and equipment

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

5 INVESTMENT PROPERTIES

		Group	
		2015	**2014**
	Note	**$'000**	**$'000**
At 1 January		**80,979**	80,137
Additions		**83,960**	–
Acquisition of a subsidiary	24	**79,588**	–
Disposals		**(5,414)**	–
Fair value gain/(loss)	21	**1,816**	(597)
Lease incentives		**1,517**	–
Translation differences on consolidation		**3,178**	1,439
At 31 December		**245,624**	80,979
Analysed between:			
Completed properties		**194,511**	33,229
Properties under construction		**51,113**	47,750
		245,624	80,979

On 27 April 2015, the Group entered into a sale and purchase agreement to acquire two hotels with a total lettable floor area of 17,396 square metres ("sq m"), as well as 509 car park lots in Amsterdam, the Netherlands, at a net purchase consideration of $79.4 million (EUR 54.6 million). The acquisition was completed on 17 June 2015. The two hotels operate under the brands "Holiday Inn" and "Holiday Inn Express", and together with 440 car park lots, are leased to a third party (the "lessee") for 25 years from May 2014 with two renewal options of ten years each exercisable at the option of the lessee. The remaining 69 car park lots are currently leased by a second lessee for ten years from August 2012.

As at 31 December 2015 and 2014, all the investment properties were completed, except for 21,875 sq m of commercial space completed in bare-shell condition.

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

Security

An investment property of the Group with a total carrying amount of $80,208,000 (2014: Nil) is mortgaged to a financial institution to secure a credit facility (refer to note 15 for more details of the facility).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

5 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

(i) Fair value hierarchy

The fair value measurement for investment properties of $696,000 (2014: $680,000) has been categorised as a Level 2 fair value based on the comparable market transactions that consider sales of similar properties that have been transacted in the open market.

The fair value measurement for investment properties of $244,928,000 (2014: $80,299,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The fair value of the investment properties as at 31 December 2015 were based on independent valuations undertaken by DTZ and CBRE B.V. (2014: DTZ). The fair values at the reporting date were based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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

(ii) Level 3 fair value

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

	Group	
	2015	2014
	$'000	$'000
Balance at 1 January	**80,299**	79,469
Additions	**83,960**	–
Acquisition of a subsidiary	**79,588**	–
Disposals	**(5,414)**	–
Fair value gain/(loss) recognised in profit or loss – unrealised	**1,816**	(597)
Lease incentives	**1,517**	–
Translation differences on consolidation	**3,162**	1,427
Balance at 31 December	**244,928**	80,299

5 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

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

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

Type	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Commercial units and hotels located in the PRC and the Netherlands	Discounted cash flow method	• Rental yield of 5.3% to 7.0% (2014: 5.5% to 8.0%) • Discount rate of 5.0% to 8.3% (2014: 5.5% to 9.0%) • Average daily rate ("ADR") with increases of 4.8% to 5.5% (2014: Nil) • Occupancy rate of 70.0% to 77.0% (2014: Nil)	A significant increase in rental yield, ADR and occupancy rate and a significant decrease in discount rate would result in a significantly higher fair value measurement.
	Market comparable method	• Average sales price of RMB10,300 to RMB43,441 (2014: RMB10,300 to RMB45,122) per sq m	A significant increase in average sales prices would result in a significantly higher fair value measurement.
	Income capitalisation method	• Capitalisation rate of 7.3% (2014: Nil) • Occupancy rate of 100.0% (2014: Nil)	A significant increase in capitalisation rate and a significant decrease in occupancy rate would result in a significantly lower fair value measurement.
Properties under construction	Residual value method	• ADR with increases of 3.0% to 5.0% (2014: 3.0% to 10.6%) • Occupancy rate of 50.0% to 68.0% (2014: 28.0% to 44.0%) • Discount rate of 8.0% (2014: 9.0%)	A significant increase in ADR and occupancy rate and a significant decrease in discount rate would result in a significantly higher fair value measurement.

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

5 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

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

Key unobservable inputs

Key unobservable inputs correspond to:

- Sale prices derived from the same open markets and sale prices of comparable commercial units.

- Rental yields derived from market data for similar properties, adjusted for nature, location and condition of the properties.

- ADR and occupancy rates of hotels derived from market data for similar hotels, adjusted for the location and condition of the hotel.

- Discount rate, based on the average market yield for comparable properties, adjusted to reflect the location and condition of the properties.

6 LEASE PREPAYMENTS

	Note	Group $'000
Cost		
At 1 January 2014		3,288
Disposals		(3,255)
Translation differences on consolidation		(33)
At 31 December 2014 and 31 December 2015		–
Accumulated amortisation		
At 1 January 2014		235
Amortisation charge for the year	21	25
Disposals		(256)
Translation differences on consolidation		(4)
At 31 December 2014 and 31 December 2015		–
Carrying amounts		
At 1 January 2014		3,053
At 31 December 2014		–
At 31 December 2015		–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

7 INTERESTS IN SUBSIDIARIES

	Company	
	2015	2014
	$'000	$'000
Investments in subsidiaries		
Unquoted equity shares, at cost	**147,678**	126,038
Redeemable preference shares	**733,651**	737,791
Total interests in subsidiaries	**881,329**	863,829

The investment in redeemable preference shares at 31 December 2015 relates to one (2014: two) wholly-owned subsidiary, which entitles the Company to receive a fixed cumulative preferential dividend of 9.00 (2014: 9.00) Singapore cents per share per annum and to redeem at par the whole or any part of the redeemable preference shares held by the Company upon giving not less than 30 days prior written notice to the subsidiary. The wholly-owned subsidiary may redeem the whole or any part of the redeemable preference shares at the original issue price upon giving not less than 30 days prior written notice to the holders of the redeemable preference shares.

During the financial year ended 31 December 2015, the Company redeemed 21,640,000 redeemable preference shares from a wholly-owned subsidiary at the redemption price of $1.00 each and subsequently, subscribed for 21,640,000 new ordinary shares in the share capital of the wholly-owned subsidiary at the subscription price of $1.00 each.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2015	2014
			%	%
Held by the Company				
Chengdu Industries Pte. Ltd.	Investment holding	Singapore	**100**	100
First Kaiser Company Limited	Investment holding	Hong Kong	**100**	100
First Sponsor Investment Limited	Investment holding	Hong Kong	**100**	100

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

7 INTERESTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2015 %	2014 %
Held by the Company (cont'd)				
First Sponsor Management Pte. Ltd. ("FSMPL")(i)	Provision of consultancy services	Singapore	**100**	100
FS Investment Holdings Limited	Investment holding	British Virgin Islands	**100**	100
FS Dongguan Investment Holdings Limited	Investment holding	British Virgin Islands	**100**	100
FS Europe Investment Pte. Ltd.(ii)	Investment holding	Singapore	**100**	100
Gaeronic Pte Ltd	Investment holding	Singapore	**100**	100
Idea Valley No. 3 Company Limited	Investment holding	Hong Kong	**100**	100
Wenjiang (BVI) Limited	Investment holding	British Virgin Islands	**100**	100
Held through subsidiaries				
Held by Chengdu Industries Pte. Ltd.				
Chengdu Ming Ming Management Consultancy Co., Ltd ("CDMM")(iii)	Consultancy and management services	People's Republic of China	**100**	100
Held by First Kaiser Company Limited				
Chengdu Kaiser Management Consultancy Co., Ltd	Consultancy and management services	People's Republic of China	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

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7 INTERESTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2015 %	2014 %
Held through subsidiaries (cont'd)				
Held by First Sponsor Investment Limited				
First Sponsor (Guangdong) Group Limited	Investment holding	People's Republic of China	**100**	100
Held by First Sponsor (Guangdong) Group Limited				
Guangdong Idea Valley Advertisement Limited	Property investment and investment holding	People's Republic of China	**100**	100
Held by Guangdong Idea Valley Advertisement Limited				
Dongguan Huiying Consultancy Management Limited[iv]	Dormant	People's Republic of China	**–**	100
Held by FS Investment Holdings Limited				
FS Chengdu No. 1 Pte. Ltd.	Investment holding	Singapore	**100**	100
Held by FS Chengdu No. 1 Pte. Ltd.				
Chengdu Millennium Zhong Ren Real Estate Co., Ltd	Property development and property investment	People's Republic of China	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

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7 INTERESTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2015 %	2014 %
Held through subsidiaries (cont'd)				
Held by Chengdu Millennium Zhong Ren Real Estate Co., Ltd				
Chengdu Zhong Ren No. 1 Management Consultancy Co., Ltd(v)	Consultancy and management services	People's Republic of China	**100**	–
Held by FS Dongguan Investment Holdings Limited				
FS Dongguan No. 1 Pte. Ltd.	Investment holding	Singapore	**100**	100
Held by FS Dongguan No. 1 Pte. Ltd.				
First Sponsor No. 1 (Dongguan) Real Estate Co., Ltd(vi)	Property development and property investment	People's Republic of China	**100**	100
Held by FS Europe Investment Pte. Ltd.				
FS Europe Trust(vii)	Real estate investment in Europe	Singapore	**100**	–
Held by FS Europe Trust				
FS Euro Pte. Ltd.(viii)	Investment holding	Singapore	**100**	–
FS Europe Holdings Pte. Ltd.(viii)	Investment holding	Singapore	**100**	–

NOTES TO THE FINANCIAL STATEMENTS
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7 INTERESTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2015 %	2014 %
Held through subsidiaries (cont'd)				
Held by FS Euro Pte. Ltd.				
FS Euro Capital Limited[(ix)]	Investment holding	British Virgin Islands	**100**	100
Held by FS Europe Holdings Pte Ltd				
FS NL Holdings B.V.[(x)]	Investment holding	The Netherlands	**100**	–
Held by FS NL Holdings B.V.				
NL Property 1 B.V.[(xi)]	Property investment	The Netherlands	**33**	–
FS NL Property 2 B.V.[(xii)]	Property investment	The Netherlands	**100**	–
Held by Gaeronic Pte Ltd				
Chengdu Gaeronic Real Estate Co., Ltd[(xiii)]	Property development, property investment, hotel ownership and operations, and investment holding	People's Republic of China	**100**	100
Held by Chengdu Gaeronic Real Estate Co., Ltd				
Shanghai Sigma Investment Co., Ltd	Provision of property financing services	People's Republic of China	**100**	100

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

7 INTERESTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2015 %	2014 %
Held through subsidiaries (cont'd)				
Held by Idea Valley No. 3 Company Limited				
Sichuan First Sponsor Construction Co., Ltd[xiv]	Dormant	People's Republic of China	**100**	100
Held by Wenjiang (BVI) Limited				
Wenjiang Singapore Pte. Ltd.	Investment holding	Singapore	**100**	100
Held by Wenjiang Singapore Pte. Ltd.				
Chengdu Yong Chang Real Estate Co., Ltd	Property development and property investment	People's Republic of China	**100**	100

(i) The subsidiary was acquired on 22 July 2014 from its former immediate and ultimate holding company, First Sponsor Management Limited.

(ii) The subsidiary was incorporated on 17 February 2014. The entire equity interest was transferred from FS Euro Capital Limited to the Company on 20 January 2015.

(iii) The subsidiary was incorporated on 18 June 2014, pursuant to the legal exercise of division by continued existence of Chengdu Jumping Dragon Food Co. Ltd ("CJD"). At the completion of this legal exercise, CDMM took over those assets and liabilities which are real estate related together with the relevant accounting records.

(iv) As at 31 December 2014, 80% equity interest was held through Guangdong Idea Valley Advertisement Limited and 20% equity interest was held through Chengdu Gaeronic Real Estate Co., Ltd. The subsidiary commenced its voluntary liquidation process on 1 July 2014 and was liquidated on 9 January 2015.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

7 INTERESTS IN SUBSIDIARIES (CONT'D)

(v) The subsidiary was incorporated on 6 May 2015.

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

(vii) The trust was established on 2 February 2015. FSMPL acts as manager and GPL acts as trustee of the trust.

(viii) The subsidiary was incorporated on 4 February 2015.

(ix) The subsidiary was incorporated on 27 January 2014. The entire equity interest was transferred from the Company to FS Euro Pte. Ltd. on 13 February 2015.

(x) The subsidiary was incorporated on 9 February 2015.

(xi) On 18 February 2015, the Group completed the acquisition of the entire equity interest in NL Property 1 B.V. ("NLP1") (formerly known as "Euroffice 445 B.V.") from a third party together with three co-investors. Upon the completion of the acquisition, the Group owns 33% equity interest in NLP1. Pursuant to a call option agreement entered amongst the Company and the three co-investors on 4 February 2015, the three co-investors have irrevocably and unconditionally granted to the Company, or its nominee, the right (but not the obligation) to acquire such number of new non-redeemable and non-convertible preference voting shares in the capital of NLP1 at EUR 1 each, such that the Group would have majority voting interest in NLP1 (the "Call Option"). To date, the Company has not exercised the Call Option. As a result of this Call Option, NLP1 is considered to be a subsidiary of the Company and is therefore consolidated.

(xii) The subsidiary was incorporated on 22 April 2015 to hold an investment property acquired from a third party during the financial year.

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

(xiv) The subsidiary commenced a capital reduction exercise after 31 December 2015 to decrease its paid-up share capital from US$10,610,460 to US$7,000,000.

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

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

8 INTERESTS IN AND BALANCES WITH ASSOCIATES

		Group	
		2015	2014
	Note	$'000	$'000
Interests in associates		**14,426**	–
Balances with associates			
Loans to associates	10	**181,540**	–

The loans to associates are unsecured and comprise the following:

- a principal of $96,159,000 (2014: Nil) which bore a nominal interest rate of 7.38% (2014: Nil) per annum and is due in 2017; and
- a principal of $85,381,000 (2014: Nil), which bore a nominal interest rate of 8.36% (2014: Nil) per annum and is due in 2023.

Details of the associates are as follows:

Name of associate	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2015	2014
			%	%
FSMC NL Property Group B.V. ("FSMC")(i)	Property investment and investment holding	The Netherlands	**33**	–
Held through FSMC				
NL Herengracht Property 3 B.V.(ii)	Property investment	The Netherlands	**33**	–
NL Boompjes Property 5 B.V.(ii)	Property investment and property development	The Netherlands	**33**	–
NL Reguliersdwarsstraat Property 6 B.V.(ii)	Property investment and property development	The Netherlands	**33**	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

8 INTERESTS IN AND BALANCES WITH ASSOCIATES (CONT'D)

Name of associate	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2015 %	2014 %
Held through FSMC (cont'd)				
NL Terminal Noord Property 7 B.V.[(ii)]	Property investment and property development	The Netherlands	**33**	–
NL Mondriaan Property 8 B.V.[(ii)]	Property investment	The Netherlands	**33**	–
NL Bilthoven Property 9 B.V.[(ii)]	Property investment and property development	The Netherlands	**33**	–
NL D&P Property 10 B.V.[(ii)]	Property trading	The Netherlands	**33**	–

(i) On 30 November 2015, the Group completed the acquisition of the equity interest in FSMC (formerly known as "Delta Lloyd Vastgoed Kantoren B.V.") from a third party, together with three co-investors, and owns 33% equity interest in FSMC. On the date of acquisition, FSMC holds the titles to 16 properties and a 50% interest in VOF De Omval through a joint venture partnership with a third party. In December 2015, FSMC incorporated seven wholly-owned subsidiaries and transferred the titles to 15 properties to these wholly-owned subsidiaries.

(ii) These associates were incorporated on 1 December 2015.

The following summarises the financial information for the Group's interest in immaterial associates, based on the amounts reported in the Group's consolidated financial statements.

	2015 $'000	2014 $'000
Carrying amounts of interests in immaterial associates	**14,426**	–
Group's share of:		
– Profit from continuing operations	**39**	–
– Other comprehensive income	**1**	–
– Total comprehensive income	**40**	–

NOTES TO THE
FINANCIAL STATEMENTS
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9 DEFERRED TAX ASSETS/(LIABILITIES)

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

	At 1 January 2014 $'000	Recognised in profit or loss (note 22) $'000	Translation differences on consolidation $'000	At 31 December 2014 $'000	Recognised in profit or loss (note 22) $'000	Translation differences on consolidation $'000	At 31 December 2015 $'000
Group							
Deferred tax assets							
Development properties	5,904	(980)	79	5,003	(399)	122	**4,726**
Investment properties	884	(872)	(12)	–	–	–	**–**
Receipts in advance	5,212	2,144	165	7,521	(921)	175	**6,775**
Others	770	(120)	10	660	136	16	**812**
Total	12,770	172	242	13,184	(1,184)	313	**12,313**
Deferred tax liabilities							
Investment properties	(9,006)	(5)	(164)	(9,175)	205	(221)	**(9,191)**
Lease prepayments	(634)	634	–	–	–	–	**–**
Property, plant and equipment	(2,255)	(1,978)	(86)	(4,319)	678	(101)	**(3,742)**
Trade and other receivables	(2,543)	(931)	(77)	(3,551)	(275)	(81)	**(3,907)**
Others	(194)	(29)	(1)	(224)	159	(3)	**(68)**
Total	(14,632)	(2,309)	(328)	(17,269)	767	(406)	**(16,908)**

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

	Group	
	2015 $'000	2014 $'000
Deferred tax assets	**7,368**	8,951
Deferred tax liabilities	**(11,963)**	(13,036)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

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

Unrecognised deferred tax liabilities

As at 31 December 2015, deferred tax liabilities of $11,708,000 (2014: $7,981,000) in respect of temporary differences of $198,860,000 (2014: $133,027,000) related to the withholding tax on the distributable profit of the Group's subsidiaries in the PRC were not recognised because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

Unrecognised deferred tax assets

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

	Group	
	2015	**2014**
	$'000	**$'000**
Deductible temporary differences	**6,748**	7,233
Tax losses	**5,685**	1,306
	12,433	8,539

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

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

The tax losses with expiry dates are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Expiry date:		
– Within 1 year	**130**	–
– After 1 year but less than 5 years	**1,992**	131
– After 5 years	**360**	–
	2,482	131

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

10 TRADE AND OTHER RECEIVABLES

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
Trade receivables	(i)	**229,286**	178,377	**–**	–
Impairment losses		**(15)**	(15)	**–**	–
Net receivables		**229,271**	178,362	**–**	–
Loans to associates	8	**181,540**	–	**–**	–
Loans to third parties	(ii)	**147,058**	163,054	**–**	–
Advances to third party	(iii)	**20,663**	21,260	**–**	–
Non-trade amounts due from:					
– subsidiaries	(iv)	**–**	–	**420,918**	31,560
– non-controlling interests	(v)	**1,488**	–	**–**	–
Security deposits	(vi)	**7,331**	7,166	**–**	–
Other receivables	(vii)	**7,477**	8,786	**1,637**	5,641
		594,828	378,628	**422,555**	37,201
Prepayments	(viii)	**15,059**	16,148	**16**	2,204
		609,887	394,776	**422,571**	39,405
Analysed between:					
Non-current		**310,327**	118,671	**287,222**	–
Current		**299,560**	276,105	**135,349**	39,405
		609,887	394,776	**422,571**	39,405

(i) Included in trade receivables are secured entrusted loans to third parties of $213,150,000 (2014: $170,293,000) via entrusted banks in the PRC which bore interest ranging from 17.0% to 18.0% (2014: 17.5% to 20.0%) per annum. Refer to note 26 for more details.

(ii) As at 31 December 2015, the balance comprised mainly the following:

- unsecured loans with a total principal of $108,750,000 (2014: $106,300,000) to a local government authority in the PRC which bore a nominal interest rate of 13.0% (2014: 13.0%) per annum and are due in 2017; and

- an unsecured loan with a principal of $35,018,000 (2014: $51,024,000) to a local government authority in the PRC which bore a nominal interest rate of 10.0% (2014: 12.8%) per annum and is due in 2017.

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

10 TRADE AND OTHER RECEIVABLES (CONT'D)

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

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

- the PRC Entity paid the Group an agreed return of $3,508,000;
- the repayment date of the Initial Fund was extended to no later than 25 November 2015; and
- the PRC Entity shall pay a return of 10.0% per annum on the Initial Fund (the "Investment Return") for the period from 26 November 2014 to the settlement date.

On 25 November 2015, the Group and the PRC Entity entered into another supplemental agreement. Pursuant to the supplemental agreement,

- the repayment date of the Initial Fund and the Investment Return accrued thereon was extended to no later than 25 November 2016;
- the PRC Entity made a partial repayment of the Initial Fund amounting to $1,090,000 on 22 December 2015; and
- an interest of 10.0% per annum would be imposed to the outstanding Initial Fund to the settlement date.

(iv) An amount of $287,222,000 is unsecured, bears interests ranging from 1.59% to 2.35% per annum and is due in 2018. The remaining amount of $135,349,000 is unsecured, interest-free and repayable on demand.

(v) The non-trade amounts due from non-controlling interests are unsecured, interest-free, and are repayable on demand.

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

10 TRADE AND OTHER RECEIVABLES (CONT'D)

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

(vii) As at 31 December 2015, the Group's other receivables mainly relate to Investment Return receivable of $2,379,000 from the PRC Entity and advances of $1,037,000 to main contractors.

The Group and the Company's other receivables as at 31 December 2014 mainly related to consideration receivables of $5,625,000 from a third party arising from the disposal of a subsidiary. The balance was unsecured and bore interest at 5.0% per annum. The amount was fully repaid in 2015.

(viii) Included in the prepayments of the Group as at 31 December 2015 was prepaid taxes of $12,040,000 (2014: $13,619,000).

The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables. Refer to note 26 for more details.

11 DEVELOPMENT PROPERTIES

		Group	
		2015	**2014**
	Note	**$'000**	**$'000**
Properties under development for sale		**594,619**	516,790
Completed properties for sale		**65,568**	42,732
		660,187	559,522
Net interest expense capitalised in properties under development during the year	20	**3,492**	710

Net interest has been capitalised at rates ranging from 1.15% to 3.80% (2014: 1.26% to 6.00%) per annum for development properties.

Included in development properties are staff costs capitalised of $3,569,000 (2014: $2,037,000) during the financial year ended 31 December 2015.

During the financial year ended 31 December 2015, development properties recognised in cost of sales amounted to $118,912,000 (2014: $93,546,000).

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YEAR ENDED 31 DECEMBER 2015

11 DEVELOPMENT PROPERTIES (CONT'D)

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

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

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

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Fixed and structured deposits	**753**	60,619	**112**	1,197
Cash at bank and in hand	**111,291**	71,178	**1,145**	1,235
	112,044	131,797	**1,257**	2,432

The balance as at 31 December 2015 included $18,473,000 (2014: $56,389,000) which were held under PRC development project rules, where the utilisation of the funds is restricted to project related payments.

Structured deposits are Renminbi ("RMB") denominated deposits placed by certain subsidiaries with banks. There is no structured deposit as at 31 December 2015. As at 31 December 2014, the principal and minimum annual returns ranging from 3.1% to 4.8% were guaranteed by the banks.

Cash and cash equivalents at 31 December 2015 included $104,227,000 (2014: $127,805,000) which were deposited with financial institutions in the PRC. The remittance of these funds by the Group out of the PRC is subject to currency exchange restrictions.

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

13 SHARE CAPITAL

	2015		2014	
	Number of shares	US$'000	Number of shares	US$'000
Authorised share capital:				
At 1 January	**2,000,000,000**	**2,000,000**	300,000,000	300,000
Increase during the year	–	–	1,700,000,000	1,700,000
At 31 December	**2,000,000,000**	**2,000,000**	2,000,000,000	2,000,000

	2015		2014	
	Number of shares	$'000	Number of shares	$'000
Ordinary shares of US$1 each issued and fully paid				
In issue at 1 January	**589,814,949**	**736,404**	293,234,231	363,317
Issued pursuant to the capitalisation of shareholder loans	–	–	205,477,157	259,107
Issued for cash	–	–	91,103,561	113,980
In issue at 31 December	**589,814,949**	**736,404**	589,814,949	736,404

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

Issue of ordinary shares

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

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

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

(iii) 25,850,000 ordinary shares were issued for cash at US$1 each, amounting to $32,597,000, pursuant to the Management Equity Participation scheme (note 21) in March 2014; and

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

13 SHARE CAPITAL (CONT'D)

Capital management

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

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

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

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

14 RESERVES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Share premium	**9,609**	9,570	**9,821**	9,821
Statutory reserve	**22,680**	14,835	**–**	–
Capital reserve	**225**	(1,497)	**(5,988)**	245
Foreign currency translation reserve	**105,365**	83,891	**–**	–
Retained earnings/(Accumulated losses)	**100,455**	51,271	**33,804**	(15,916)
	238,334	158,070	**37,637**	(5,850)

Share premium

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

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

During the year ended 31 December 2015, the Company made a reversal of share issue expenses of $39,000 following the finalisation of billings with the professional parties.

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FINANCIAL STATEMENTS
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14 RESERVES (CONT'D)

Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, wholly-owned subsidiaries are required to make appropriation to a statutory reserve. At least 10.0% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the statutory reserve until the cumulative total of the reserve reaches 50.0% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

Capital reserve

The capital reserve of the Group comprises:

(a) interest waived on intercompany loans;

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

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

The capital reserve of the Company comprises:

(a) interest waived on intercompany loans;

(b) the difference between the fair value and the cost of the treasury shares reissued; and

(c) accrued dividend income on the redeemable preference shares waived by the subsidiary of the Company, GPL, during the year ended 31 December 2015.

Foreign currency translation reserve

The foreign currency translation reserve comprises:

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

14 RESERVES (CONT'D)

Dividends

The following dividends were declared and paid by the Group and Company:

For the year ended 31 December

	Group and Company	
	2015	**2014**
	$'000	**$'000**
Final tax exempt (one-tier) ordinary dividend paid of 0.76 cents (2014: Nil) per ordinary share in respect of financial year ended 31 December 2014	**4,483**	–
Interim tax exempt (one-tier) ordinary dividend paid of 0.70 cents (2014: Nil) per ordinary share in respect of financial year ended 31 December 2015	**4,128**	–
	8,611	–

	Group	
	2015	**2014**
	$'000	**$'000**
Paid by a subsidiary to non-controlling interests		
Interim ordinary dividend paid of €152.43 (2014: Nil) per share in respect of financial period ended 31 December 2015	**2,847**	–

After the reporting date, the following exempt (one-tier) ordinary dividend was proposed by the directors. The exempt (one-tier) ordinary dividend has not been provided for in the financial statements of the Group and Company.

	Group and Company	
	2015	**2014**
	$'000	**$'000**
1.0 cent per qualifying ordinary share (2014: 0.76 cents)	**5,898**	4,483

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FINANCIAL STATEMENTS
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15 LOANS AND BORROWINGS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Secured bank loan	**31,643**	–	**–**	–
Unsecured bank loans	**395,546**	83,003	**395,546**	83,003
Unsecured notes	**49,915**	–	**49,915**	–
	477,104	83,003	**445,461**	83,003
Repayable:				
– Within 1 year	**216,280**	–	**216,280**	–
– After 1 year but within 5 years	**229,181**	83,003	**229,181**	83,003
– After 5 years	**31,643**	–	**–**	–
	477,104	83,003	**445,461**	83,003

The secured bank loan of the Group is secured by a mortgage of an investment property of a subsidiary (note 5), assignment of its bank accounts, lease receivables and insurance proceeds (where applicable). The secured bank loan bore a floating interest at effective interest rate of 1.42% per annum during the financial year ended 31 December 2015.

Unsecured notes pertain to the issuance of $50.0 million (2014: Nil) fixed rate notes by the Company in 2015. The notes are issued pursuant to a $1.0 billion Multicurrency Debt Issuance Programme established in 2015. They bear a fixed interest of 4.0% per annum and are due in 2018. The Company may elect to redeem all or some of the notes on the second interest payment date of the notes in 2016 at 102.0% of the principal amount of the notes and on the fourth interest payment date of the notes in 2017 at 101.0% of the principal amount of the notes.

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15 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

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

				2015		2014	
	Currency	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Group							
Bank loan (secured)	EUR	1.37	2022	**31,743**	**31,643**	–	–
Bank loans (unsecured)	EUR	1.15 – 1.63	2016 – 2019	**284,876**	**283,088**	–	–
Bank loans (unsecured)	S$	1.63 – 3.18	2016 – 2019	**114,273**	**112,458**	84,600	83,003
Notes (unsecured)	S$	4.00	2018	**50,000**	**49,915**	–	–
				480,892	**477,104**	84,600	83,003
Company							
Bank loans (unsecured)	EUR	1.15 – 1.63	2016 – 2019	**284,876**	**283,088**	–	–
Bank loans (unsecured)	S$	1.63 – 3.18	2016 – 2019	**114,273**	**112,458**	84,600	83,003
Notes (unsecured)	S$	4.00	2018	**50,000**	**49,915**	–	–
				449,149	**445,461**	84,600	83,003

16 DERIVATIVE LIABILITY

	Group and Company	
	2015 $'000	2014 $'000
Non-current		
Cross currency swap	**3,327**	–

During the financial year ended 31 December 2015, the Company entered into a cross currency swap with a financial institution. The swap will be settled in June 2018, when the Company will pay EUR 33,898,000 and receive an agreed amount of $50,000,000.

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17 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables	**105,787**	59,719	**–**	–
Accruals	**10,805**	6,738	**1,881**	934
Other payables	**6,062**	5,426	**–**	–
Value added tax, business tax and other taxes payable	**3,360**	6,826	**–**	–
Non-trade amounts due to:				
– former shareholders and affiliates of subsidiaries	**1,743**	1,998	**–**	–
– subsidiaries	**–**	–	**80,447**	91,175
– associates	**81**	–	**–**	–
	127,838	80,707	**82,328**	92,109

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

18 RECEIPTS IN ADVANCE

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

19 REVENUE

	Group	
	2015	2014
	$'000	$'000
Sale of properties	**165,429**	129,916
Rental income from investment properties	**10,494**	1,497
Interest income on:		
– entrusted loans to third parties	**35,025**	19,120
– vendor financing arrangements	**82**	99
	35,107	19,219
Hotel operations	**3,590**	2,314
Others	**343**	265
	214,963	153,211

20 NET FINANCE INCOME

	Group	
	2015	2014
	$'000	$'000
Finance income		
Imputed interest on receivable from a non-controlling shareholder	–	29
Interest income on:		
– bank deposits	**2,294**	4,884
– loans to local government authority in the PRC	**18,802**	11,273
– loans to associates	**852**	–
	21,948	16,186
Less: Amount capitalised	**(107)**	(1,113)
	21,841	15,073
Finance costs		
Amortisation of transaction costs	**(3,651)**	(2,962)
Interest expense on bank loans	**(4,584)**	(965)
	(8,235)	(3,927)
Less: Amount capitalised	**3,599**	1,823
	(4,636)	(2,104)
Net finance income	**17,205**	12,969

21 PROFIT BEFORE TAX

(a) Other (losses)/gains comprise:

	Group	
	2015	2014
	$'000	$'000
Gain/(Loss) on disposal of:		
– lease prepayments	–	1,146
– property, plant and equipment (net)	**1**	(237)
– investment property	**(478)**	–
Gain on liquidation of a subsidiary	**287**	–
Property, plant and equipment written off	**(46)**	–
	(236)	909

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21 PROFIT BEFORE TAX (CONT'D)

(b) Profit before tax includes the following:

		Group	
		2015	**2014**
	Note	**$'000**	**$'000**
Audit fees paid/payable to:			
– auditors of the Company		**124**	100
– other auditors		**145**	137
Non-audit fees paid to:			
– auditors of the Company		**22**	540
– other auditors		**11**	18
Depreciation and amortisation		**1,625**	1,399
Direct operating expenses arising from rental of investment properties		**487**	198
Exchange gain (net)		**(2,879)**	(166)
Fair value (gain)/loss on investment properties	5	**(1,816)**	597
Fair value loss on derivative liability		**3,327**	–
Hotel base stocks written off		**–**	91
Impairment losses reversed on other receivables		**–**	(1)
Net investment return from a PRC government linked entity		**(5,644)**	–
Operating lease expense		**400**	330
Reversal of accrual for construction costs no longer required		**–**	(2,753)
Staff costs		**11,603**	8,755
Share-based charge		**–**	4,705

In addition to the amounts disclosed above, non-audit fees of $38,000 paid to the auditors of the Company in the financial year ended 31 December 2014 are included in share issue expenses within the share premium of the Company.

NOTES TO THE FINANCIAL STATEMENTS
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21 PROFIT BEFORE TAX (CONT'D)

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

	Group	
	2015	**2014**
	$'000	**$'000**
Staff costs		
Wages and salaries	**13,702**	9,625
Contributions to defined contribution plans	**1,453**	1,158
Termination benefits	**17**	9
	15,172	10,792
Less: Amounts capitalised	**(3,569)**	(2,037)
	11,603	8,755

Share-based charge

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

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22 TAX EXPENSE

	Group	
	2015	**2014**
	$'000	**$'000**
Current tax expense		
Current year	**20,015**	12,396
Under/(Over) provision in respect of prior years	**141**	(597)
	20,156	11,799
Withholding tax	**131**	49
Land appreciation tax expense	**1,947**	4,831
	22,234	16,679
Deferred tax expense		
Origination and reversal of temporary differences	**578**	2,137
Overprovision in respect of prior years	**(161)**	–
	417	2,137
Total tax expense	**22,651**	18,816

Reconciliation of effective tax rate

	Group	
	2015	**2014**
	$'000	**$'000**
Profit for the year	**68,320**	21,704
Tax expense	**22,651**	18,816
Profit before income tax	**90,971**	40,520
Tax calculated using tax rate of 25% (2014: 25%)	**22,743**	10,130
Effect of different tax rates in other jurisdictions	**976**	695
Effect of deferred tax assets not recognised	**933**	996
Expenses not deductible for tax purposes	**1,572**	4,297
Income not subject to tax	**(4,971)**	(127)
Recognition of previously unrecognised deferred tax assets	**(163)**	(250)
Land appreciation tax expense	**1,947**	4,831
Effect of tax deduction on land appreciation tax expense	**(487)**	(1,208)
Overprovision in respect of prior years	**(20)**	(597)
Withholding tax	**131**	49
Effect of results of associates	**(10)**	–
	22,651	18,816

22 TAX EXPENSE (CONT'D)

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

The Group's operations are mainly in the PRC and the Netherlands (2014: PRC). Pursuant to the PRC and Dutch Corporate Income Tax Law (CIT Law), the statutory tax rates applicable to the Group's subsidiaries in the PRC and the Netherlands are 25% (2014: 25%).

Withholding tax arising from the distribution of dividends

Pursuant to the Netherlands tax law, a 15% withholding tax is in principle levied on dividends declared to foreign investors from the foreign investment enterprises established in the Netherlands. However if, *inter alia*, the recipient of the dividends is a company which holds at least 25% of the share capital of the Dutch incorporated company (either directly or indirectly) paying the dividends, the tax treaty between Singapore and the Netherlands shall apply and no withholding tax shall be levied on the dividends. Based on the current structure, the Group is therefore exempted from withholding taxes on dividends distributed by those subsidiaries established in the Netherlands.

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

The Group's determination as to whether to accrue for withholding taxes arising from the distribution of dividends by certain subsidiaries is subject to judgement on the timing of the payment of the dividends (note 9). The Group considered that the applicable withholding tax rate to be 5% to 10% (2014: 5% to 10%).

PRC Land Appreciation Tax (LAT)

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

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

NOTES TO THE FINANCIAL STATEMENTS
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23 EARNINGS PER SHARE

Basic earnings per share

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

Profit attributable to ordinary shareholders

	Group	
	2015	**2014**
	$'000	**$'000**
Profit attributable to ordinary shareholders	**67,362**	21,704

Weighted average number of ordinary shares

	Group	
	2015	**2014**
	$'000	**$'000**
Issued ordinary shares at 1 January	**589,815**	293,234
Effect of shares issued during the year	**–**	208,396
Weighted average number of ordinary shares during the year	**589,815**	501,630

Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the financial years ended 31 December 2015 and 2014.

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24 ACQUISITION OF A SUBSIDIARY

31 December 2015

(i) On 4 February 2015, the Group, together with three co-investors (collectively, the "Purchasers"), entered into a sale and purchase agreement to, *inter alia*, acquire the entire equity interest of NLP1. NLP1 is principally engaged in property investment and owns a commercial real estate property in Amsterdam, the Netherlands, which was valued at $79.6 million (EUR 51.5 million) for the purposes of the acquisition.

The acquisition was completed on 18 February 2015, with the Group owning 33% equity interest in NLP1. The Group's aggregate purchase consideration amounted to approximately $74.0 million (EUR 49.9 million), including loans to NLP1.

In addition, pursuant to a call option agreement entered amongst the Purchasers on 4 February 2015, the three co-investors had irrevocably and unconditionally granted to the Company, or its nominee, the right (but not the obligation) to acquire new non-redeemable and non-convertible preference voting shares in the capital of NLP1, at EUR 1 each, such that the Group would have majority voting interest in NLP1. To date, the Company has not exercised the call option. As a result of this call option, NLP1 is considered to be a subsidiary of the Company and is therefore consolidated.

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

	$'000
Investment property	**79,588**
Cash and cash equivalents	**1,870**
Trade and other payables	**(360)**
Net assets acquired	**81,098**
Total consideration	**81,098**
Less: Cash acquired	**(1,870)**
Less: Consideration by non-controlling interests	**(5,265)**
Total net cash outflow	**73,963**

The above acquisition was accounted for as acquisition of assets and was out of scope of IFRS 3 *Business Combinations*.

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24 ACQUISITION OF A SUBSIDIARY (CONT'D)

31 December 2014

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

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

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

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

25 OPERATING SEGMENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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25 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Property development $'000	Property investment $'000	Property financing $'000	Hotel operations $'000	Total reportable segments $'000	Unallocated $'000	Total $'000
2015							
Segment revenue	169,619	10,497	35,450	3,618	219,184	5,881	225,065
Elimination of inter-segment revenue	(4,190)	(3)	–	(28)	(4,221)	(5,881)	(10,102)
External revenue	165,429	10,494	35,450	3,590	214,963	–	214,963
Profit/(Loss) from operating activities	39,807	8,664	34,377	(2,454)	80,394	(6,667)	73,727
Finance income	13,830	756	7,064	3	21,653	188	21,841
Finance costs	(184)	(2,857)	–	–	(3,041)	(1,595)	(4,636)
Share of after-tax profit of associates	–	39	–	–	39	–	39
Segment profit/(loss) before tax	53,453	6,602	41,441	(2,451)	99,045	(8,074)	90,971
Other material non-cash items:							
Depreciation and amortisation	(238)	–	(1)	(1,212)	(1,451)	(174)	(1,625)
Fair value gain on investment properties	–	1,816	–	–	1,816	–	1,816
Gain on liquidation of a subsidiary	287	–	–	–	287	–	287
Property, plant and equipment written off	(46)	–	–	–	(46)	–	(46)
Fair value loss on derivative liability	–	(3,327)	–	–	(3,327)	–	(3,327)

For the financial year ended 31 December 2015, the hotel operations segment includes cost adjustments to construction costs for a hotel of $1.0 million.

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25 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Property investment $'000	Property financing $'000	Hotel operations $'000	Total reportable segments $'000	Unallocated $'000	Total $'000
2015							
Assets							
Segment assets	923,456	435,333	266,289	150,032	1,775,110	11,258	1,786,368
Interests in associates	–	14,426	–	–	14,426	–	14,426
	923,456	449,759	266,289	150,032	1,789,536	11,258	1,800,794
Liabilities							
Segment liabilities	(412,473)	(370,796)	(722)	(686)	(784,677)	(38,020)	(822,697)
Other segment information:							
Capital expenditure	166	163,548	–	33,523	197,237	13	197,250

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25 OPERATING SEGMENTS (CONT'D)
Information about reportable segments (cont'd)

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

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25 OPERATING SEGMENTS (CONT'D)
Information about reportable segments (cont'd)

	Property development $'000	Property investment $'000	Property financing $'000	Hotel operations $'000	Total reportable segments $'000	Others $'000	Unallocated $'000	Total $'000
2014								
Assets								
Segment assets	860,616	81,846	214,194	114,142	1,270,798	–	22,202	1,293,000
Liabilities								
Segment liabilities	(357,642)	(274)	(414)	(538)	(358,868)	–	(39,658)	(398,526)
Other segment information:								
Capital expenditure	278	–	1	32,722	33,001	–	3	33,004

Geographical information
The Group's main businesses are those relating to property development, property financing and hotel operations which are mainly in the People's Republic of China (the "PRC") and those relating to property investment are mainly in the PRC and the Netherlands.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2015 $'000	2014 $'000
Revenue		
PRC	**205,862**	153,211
The Netherlands	**9,101**	–
	214,963	153,211
Non-current assets*		
PRC	**230,034**	196,196
The Netherlands	**179,988**	–
Other countries	**1,138**	1,300
	411,160	197,496

* Include property, plant and equipment, investment properties and interests in associates.

26 FINANCIAL RISK MANAGEMENT

Overview

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

Risk management framework

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

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

Credit risk

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

The trade receivables of the Group comprise a group of borrowing entities related to each other that represented 45% (2014: 57%) of the trade receivables as at 31 December 2015 (see below).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the statement of financial position.

Trade and other receivables

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

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

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

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26 FINANCIAL RISK MANAGEMENT (CONT'D)
Credit risk (cont'd)
Trade and other receivables (cont'd)

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

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

Impairment losses

The ageing of trade receivables of the Group at the reporting date is:

	2015		2014	
	Gross $'000	Impairment losses $'000	Gross $'000	Impairment losses $'000
Group				
Not past due	**192,296**	**–**	178,318	–
Past due 1 – 60 days	**36,975**	**–**	43	–
Past due 61 – 90 days	**–**	**–**	1	–
More than 90 days	**15**	**15**	15	15
	229,286	**15**	178,377	15

The gross trade receivable balances past due for 1 – 60 days of $37.0 million relates to an entrusted loan receivable of RMB170.0 million, for which the borrower defaulted on its interest payment due on 21 December 2015, amounting to RMB2.6 million ($0.6 million). The Group had exercised its rights under the entrusted loan agreement to call an event of default on the loan and accelerated the principal loan repayment date.

Based on the external valuation of the mortgaged property and internal assessment of the value of the additional property owned by a personal guarantor of the loan which has been the subject of a first preservation order placed by the Group under the RMB170.0 million entrusted loan agreement as at 31 December 2015, the Group is of the opinion that no impairment was necessary on the outstanding loan principal due and interest accrued at the reporting date.

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26 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Impairment losses (cont'd)

Subsequent to the year end, the Group experienced interest payment defaults on eight entrusted loans with principal of RMB470.0 million ($102.2 million), disbursed to six related borrowing entities. The Group had called for an event of default and accelerated the principal loan repayment date. The Group holds the first legal mortgage to the properties pledged as loan collateral, and has also successfully placed numerous first preservation orders on various properties and other assets owned by the personal and corporate guarantors of the loans. Based on the external valuation of the mortgaged properties and internal assessment of the value of the additional properties and assets owned by the personal and corporate guarantors of the loans which have been the subject of various layers of preservation orders placed by the Group under the various entrusted loan agreements, no impairment was deemed necessary for the outstanding loan principal due and interest accrued.

Based on the aforementioned and historical default rates, the Group believes that the impairment allowance at the reporting date is adequate.

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

		Group	
		2015	**2014**
	Note	**$'000**	**$'000**
At 1 January		–	1
Impairment loss reversed	21	–	(1)
At 31 December		–	–

Cash and cash equivalents

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

Financial guarantees

As at 31 December 2015, the Group has issued guarantees to banks of up to $208,710,000 (2014: $123,874,000) to secure the mortgage arrangements of the buyers of the Group's development properties held for sale. The guarantees would be terminated upon the completion of the transfer of legal title of the properties to the buyers. At the reporting date, the directors did not consider it probable that the Group will sustain a loss under these guarantees as the Group has the authority to sell the property to recover any outstanding loan balance should the buyers default on payment. The Group had not recognised any liabilities in respect of these guarantees.

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

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

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

The Group has contractual commitments to incur expenditure on its development properties, investment properties and property, plant and equipment (see note 27).

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

	Carrying amount $'000	Contractual cash flows $'000	Cash flows within 1 year $'000	Cash flows after 1 year but within 5 years $'000	Cash flows after 5 years $'000
Group					
2015					
Non-derivative financial liabilities					
Loans and borrowings	477,104	496,876	224,477	240,065	32,334
Trade and other payables	127,838	127,838	127,838	–	–
Recognised financial liabilities	604,942	624,714	352,315	240,065	32,334
Financial guarantees	–	208,710	208,710	–	–
	604,942	833,424	561,025	240,065	32,334
Derivative financial liabilities					
Cross currency swap	3,327	3,327	–	3,327	–

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

26 FINANCIAL RISK MANAGEMENT (CONT'D)
Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows within 1 year $'000	Cash flows after 1 year but within 5 years $'000	Cash flows after 5 years $'000
Group (cont'd)					
2014					
Non-derivative financial liabilities					
Loans and borrowings	83,003	87,807	1,510	86,297	–
Trade and other payables	80,707	80,707	80,707	–	–
Recognised financial liabilities	163,710	168,514	82,217	86,297	–
Financial guarantees	–	123,874	123,874	–	–
	163,710	292,388	206,091	86,297	–
Company					
2015					
Non-derivative financial liabilities					
Loans and borrowings	**445,461**	**462,319**	**224,032**	**238,287**	**–**
Trade and other payables	**82,328**	**82,328**	**82,328**	**–**	**–**
Recognised financial liabilities	**527,789**	**544,647**	**306,360**	**238,287**	**–**
Derivative financial liabilities					
Cross currency swap	**3,327**	**3,327**	**–**	**3,327**	**–**
2014					
Non-derivative financial liabilities					
Loans and borrowings	83,003	87,807	1,510	86,297	–
Trade and other payables	92,109	92,109	92,109	–	–
Recognised financial liabilities	175,112	179,916	93,619	86,297	–

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

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

NOTES TO THE
FINANCIAL STATEMENTS
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26 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk

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

Interest rate risk

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

Interest rate profile

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

	Group		**Company**	
	Nominal amount		**Nominal amount**	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Financial assets	**563,164**	329,494	**112**	1,197
Financial liabilities	**(50,000)**	–	**(50,000)**	–
	513,164	329,494	**(49,888)**	1,197
Variable rate instruments				
Financial assets	**111,276**	129,901	**1,145**	1,235
Financial liabilities	**(430,892)**	(84,600)	**(399,149)**	(84,600)
	(319,616)	45,301	**(398,004)**	(83,365)

Sensitivity analysis

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

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 (2014: 100) basis points (bps) in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. There is no impact on other components of equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bps increase $'000	**100 bps decrease $'000**
Group		
31 December 2015		
Variable rate instruments	**(3,196)**	**3,196**
31 December 2014		
Variable rate instruments	453	(453)

	Profit or loss	
	100 bps increase $'000	**100 bps decrease $'000**
Company		
31 December 2015		
Variable rate instruments	**(3,980)**	**3,980**
31 December 2014		
Variable rate instruments	(834)	834

NOTES TO THE FINANCIAL STATEMENTS
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26 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Foreign currency risk

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

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

	Euro $'000	Singapore dollar $'000	Renminbi $'000	US dollar $'000	Malaysian Ringgit $'000	Hong Kong dollar $'000
Group						
2015						
Cash and cash equivalents	**931**	**44**	**196**	**25**	**–**	**7**
Trade and other receivables	**1,402**	**–**	**64**	**12**	**–**	**–**
Trade and other payables	**(2,457)**	**(7)**	**(145)**	**(10)**	**(1,688)**	**(8)**
Intercompany balances	**326,395**	**–**	**1,221**	**–**	**–**	**–**
Loans and borrowings	**(284,876)**	**–**	**–**	**–**	**–**	**–**
Net statement of financial position exposure	**41,395**	**37**	**1,336**	**27**	**(1,688)**	**(1)**
Cross currency swap	**(52,490)**	**–**	**–**	**–**	**–**	**–**
Net exposure	**(11,095)**	**37**	**1,336**	**27**	**(1,688)**	**(1)**
2014						
Cash and cash equivalents	–	–	86	785	–	1,258
Trade and other receivables	–	–	6,327	20	–	15
Trade and other payables	–	–	(207)	(10)	(1,944)	(23)
Intercompany balances	–	–	1,193	–	–	–
Net exposure	–	–	7,399	795	(1,944)	1,250

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Foreign currency risk (cont'd)

	Euro $'000	Renminbi $'000	US dollar $'000	Hong Kong dollar $'000
Company				
2015				
Cash and cash equivalents	**931**	**67**	**20**	**5**
Trade and other receivables	**327,797**	**–**	**–**	**4**
Trade and other payables	**(2,457)**	**(118)**	**(17)**	**–**
Loans and borrowings	**(284,876)**	**–**	**–**	**–**
Net statement of financial position exposure	**41,395**	**(51)**	**3**	**9**
Cross currency swap	**(52,490)**	**–**	**–**	**–**
Net exposure	**(11,095)**	**(51)**	**3**	**9**
2014				
Cash and cash equivalents	–	65	53	1,168
Trade and other receivables	–	5,625	5	–
Trade and other payables	–	(63)	(10)	–
Net exposure	–	5,627	48	1,168

Sensitivity analysis

A 10% (2014: 10%) strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date would impact the profit or loss (before any tax effects) of the Group and the Company by the amounts shown below. A 10% weakening of the above major currencies against the functional currency of each of the Group's entities at the reporting date would have an equal but opposite effect. There is no impact on other components of equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Increase/ (Decrease) in profit or loss 2015 $'000	Increase/ (Decrease) in profit or loss 2014 $'000	Increase/ (Decrease) in profit or loss 2015 $'000	Increase/ (Decrease) in profit or loss 2014 $'000
Euro	(1,110)	–	(1,110)	–
Singapore dollar	4	–	–	–
Renminbi	134	740	(5)	563
US dollar	3	80	–	5
Malaysian Ringgit	(169)	(194)	–	–
Hong Kong dollar	–	125	1	117

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Accounting classifications and fair values

Fair values versus carrying amounts

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

		Carrying amount				Fair value
	Note	Loans and receivables $'000	Other financial liabilities $'000	Financial liabilities at fair value through profit or loss $'000	Total $'000	Level 2 $'000
Group						
2015						
Financial assets not measured at fair value						
Trade and other receivables, excluding prepayments	10	594,828	–	–	594,828	585,498
Cash and cash equivalents	12	112,044	–	–	112,044	
		706,872	–	–	706,872	
Financial liabilities not measured at fair value						
Loans and borrowings	15	–	(477,104)	–	(477,104)	
Trade and other payables	17	–	(127,838)	–	(127,838)	
		–	(604,942)	–	(604,942)	
Financial liabilities measured at fair value						
Derivative liability	16	–	–	(3,327)	(3,327)	(3,327)

26 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount			Fair value
	Note	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 2 $'000
Group					
2014					
Financial assets not measured at fair value					
Trade and other receivables, excluding prepayments	10	378,628	–	378,628	369,533
Cash and cash equivalents	12	131,797	–	131,797	
		510,425	–	510,425	
Financial liabilities not measured at fair value					
Loans and borrowings	15	–	(83,003)	(83,003)	
Trade and other payables	17	–	(80,707)	(80,707)	
		–	(163,710)	(163,710)	

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FINANCIAL STATEMENTS
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26 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount				Fair value
	Note	Loans and receivables $'000	Other financial liabilities $'000	Financial liabilities at fair value through profit or loss $'000	Total $'000	Level 2 $'000
Company						
2015						
Financial assets not measured at fair value						
Trade and other receivables, excluding prepayments	10	**422,555**	**–**	**–**	**422,555**	
Cash and cash equivalents	12	**1,257**	**–**	**–**	**1,257**	
		423,812	**–**	**–**	**423,812**	
Financial liabilities not measured at fair value						
Loans and borrowings	15	**–**	**(445,461)**	**–**	**(445,461)**	
Trade and other payables	17	**–**	**(82,328)**	**–**	**(82,328)**	
		–	**(527,789)**	**–**	**(527,789)**	
Financial liabilities measured at fair value						
Derivative liability	16	**–**	**–**	**(3,327)**	**(3,327)**	**(3,327)**
2014						
Financial assets not measured at fair value						
Trade and other receivables, excluding prepayments	10	37,201	–	–	37,201	
Cash and cash equivalents	12	2,432	–	–	2,432	
		39,633	–	–	39,633	
Financial liabilities not measured at fair value						
Loans and borrowings	15	–	(83,003)	–	(83,003)	
Trade and other payables	17	–	(92,109)	–	(92,109)	
		–	(175,112)	–	(175,112)	

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

26 FINANCIAL RISK MANAGEMENT (CONT'D)
Market risk (cont'd)
Measurement of fair value

Valuation techniques

Type	Valuation technique
Trade and other receivables	Discounted cash flows
Cross currency swap	Market comparison technique – bank's price quotation

There were no transfers between levels during the year.

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

(a) Capital commitments

	Group	
	2015	**2014**
	$'000	**$'000**
Contracted but not provided for in the financial statements:		
– Expenditure in respect of investment properties and development properties	**34,241**	101,573
– Expenditure in respect of property, plant and equipment	**11,843**	13,908

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

	Group	
	2015	**2014**
	$'000	**$'000**
Within 1 year	**391**	366
After 1 year but within 5 years	**374**	613
After 5 years	**–**	239
	765	1,218

27 COMMITMENTS (CONT'D)

(b) Operating lease commitments (cont'd)

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

	Group	
	2015	**2014**
	$'000	**$'000**
Within 1 year	**13,515**	1,365
After 1 year but within 5 years	**47,722**	5,800
After 5 years	**122,644**	10,337
	183,881	17,502

28 CONTINGENT LIABILITIES

The Group filed a lawsuit against a contractor, engaged for the installation of the external glass curtain wall of the commercial buildings within the Chengdu Cityspring project, in the Sichuan Chengdu Municipal Intermediate People's Court (the "Court"). The Group claimed for, amongst others, (i) late completion penalty of RMB1.6 million ($0.3 million); and (ii) a refund of overpayment of RMB3.4 million ($0.7 million). The contractor countersued the Group, for amongst others, an additional payment of RMB17.5 million ($3.7 million) plus late penalty payment of RMB10,000 ($2,088) per day starting from 30 April 2014 to the date when payment is fully settled. In November 2014, the Group made a further application to the Court to seek further claims for an additional refund of overpayment to the contractor of RMB9.2 million ($1.9 million) and to revoke the 17 project confirmation sheets signed by the Group and the contractor.

As at 31 December 2015, no judgment has been made on the case. The Group has cumulatively accrued for RMB78.4 million ($17.1 million) on the basis that it is an amount that is similar to that of the claim made by the contractor, of which RMB56.0 million ($12.2 million) had been paid to the contractor as at 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

29 RELATED PARTIES

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

	Group	
	2015	2014
	$'000	$'000
Associates		
Interest income received	**852**	–
Affiliated corporations		
Licence fees, hotel management fees and reservation system fees paid and payable	**67**	19
Information technology fees paid and payable	**8**	24
Management fees paid	**38**	–
Fees paid/payable for accounting services rendered	**19**	–
Former immediate holding company		
Service fees paid and payable	**–**	5,703

Transactions with key management personnel

The key management personnel compensation comprises:

	Group	
	2015	2014
	$'000	$'000
Directors' fees	**212**	152
Short-term employee benefits	**5,271**	2,851
Defined contribution plans	**91**	67
	5,574	3,070

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

30 EMPLOYEE SHARE OPTION SCHEME

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

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

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

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

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

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

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

During the years ended 31 December 2015 and 2014, no options have been granted under the Share Option Scheme.

STATISTICS OF ORDINARY SHAREHOLDINGS

AS AT 14 MARCH 2016

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

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	8	0.34	188	0.00
100 – 1,000	947	40.56	582,829	0.10
1,001 – 10,000	1,111	47.58	4,224,019	0.72
10,001 – 1,000,000	251	10.75	20,936,444	3.55
1,000,001 and above	18	0.77	564,071,469	95.63
Total	**2,335**	**100.00**	**589,814,949**	**100.00**

TWENTY LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	FIRST SPONSOR CAPITAL LIMITED	260,694,791	44.20
2	REPUBLIC HOTELS & RESORTS LIMITED	186,370,740	31.60
3	M&C HOSPITALITY INTERNATIONAL LIMITED	23,594,316	4.00
4	DBS NOMINEES PTE LTD	19,206,005	3.26
5	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	14,167,349	2.40
6	RHB SECURITIES SINGAPORE PRIVATE LIMITED	9,555,000	1.62
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	7,843,724	1.33
8	WATERWORTH PTE LTD	7,000,000	1.19
9	ARARAT HOLDINGS LIMITED	6,967,000	1.18
10	MAGNIFICENT OPPORTUNITY LIMITED	6,485,000	1.10
11	MELLFORD PTE LTD	6,450,000	1.09
12	OCBC SECURITIES PRIVATE LIMITED	3,325,850	0.56
13	CITIBANK NOMINEES SINGAPORE PTE LTD	3,210,403	0.54
14	TECITY MANAGEMENT PTE LTD	2,529,791	0.43
15	HOCKSONS PTE LTD	2,000,000	0.34
16	JCL CAPITAL PTE LTD	2,000,000	0.34
17	KWEK LENG BENG	1,471,500	0.25
18	LEE SAU HUN	1,200,000	0.20
19	HOCK ANN (SPORTS) PTE LIMITED	1,000,000	0.17
20	WONG HONG REN	981,000	0.17
	Total:	**566,052,469**	**95.97**

SHAREHOLDING IN THE HANDS OF THE PUBLIC AS AT 14 MARCH 2016

The percentage of shareholding in the hands of the public was approximately 14.96% of the total number of issued and fully paid-up ordinary shares of the Company. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities has been complied with.

STATISTICS OF ORDINARY SHAREHOLDINGS

AS AT 14 MARCH 2016

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Ho Han Leong Calvin[1]	500,000	0.08	264,656,391	44.87
Ho Han Khoon[2]	370,200	0.06	260,694,791	44.20
Neo Teck Pheng[3]	–	–	274,146,791	46.48
First Sponsor Capital Limited	260,694,791	44.20	–	–
Tai Tak Asia Properties Limited[4]	–	–	264,656,391	44.87
Tai Tak Industries Pte. Ltd.[5]	–	–	264,656,391	44.87
Tai Tak Estates Sendirian Berhad[6]	–	–	264,656,391	44.87
SG Investments Pte. Ltd.[7]	–	–	264,656,391	44.87
First Sponsor Management Limited[8]	–	–	260,694,791	44.20
TT Properties (Asia) Ltd.[9]	–	–	260,694,791	44.20
Republic Hotels & Resorts Limited	186,370,740	31.60	–	–
M&C Hotel Investments Pte. Ltd.[10]	–	–	186,370,740	31.60
M&C Hospitality International Limited[11]	23,594,316	4.00	186,370,740	31.60
M&C Singapore Holdings (UK) Limited[12]	–	–	209,965,056	35.60
Millennium & Copthorne Hotels plc[13]	–	–	210,210,526	35.64
Singapura Developments (Private) Limited[14]	–	–	210,210,526	35.64
City Developments Limited[15]	–	–	210,210,526	35.64
Hong Leong Investment Holdings Pte. Ltd.[16]	–	–	210,210,526	35.64

Notes:

(1) Mr Ho Han Leong Calvin is deemed under Section 4 of the Securities and Futures Act, Chapter 289 ("SFA") to have an interest in 264,656,391 ordinary shares of the Company ("Shares") held directly by First Sponsor Capital Limited and Chengdu Tianfu Properties Ltd., which holds 260,694,791 Shares and 3,961,600 Shares respectively. These two entities are entities in which he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof. He is also deemed interested in the Shares held indirectly by Tai Tak Asia Properties Limited, Tai Tak Industries Pte. Ltd., Tai Tak Estates Sendirian Berhad, SG Investments Pte. Ltd., First Sponsor Management Limited and TT Properties (Asia) Ltd., in which he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

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

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

STATISTICS OF ORDINARY SHAREHOLDINGS
AS AT 14 MARCH 2016

(4) Tai Tak Asia Properties Limited is deemed under Section 4 of the SFA to have an interest in 264,656,391 Shares held directly by First Sponsor Capital Limited and Chengdu Tianfu Properties Ltd., which holds 260,694,791 Shares and 3,961,600 Shares respectively, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(5) Tai Tak Industries Pte. Ltd. is deemed under Section 4 of the SFA to have an interest in 264,656,391 Shares held indirectly by Tai Tak Asia Properties Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(6) Tai Tak Estates Sendirian Berhad is deemed under Section 4 of the SFA to have an interest in 264,656,391 Shares held indirectly by Tai Tak Industies Pte. Ltd., in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(7) SG Investments Pte. Ltd. is deemed under Section 4 of the SFA to have an interest in 264,656,391 Shares held indirectly by Tai Tak Estates Sendirian Berhad, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

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

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

(10) M&C Hotel Investments Pte. Ltd. is deemed under Section 4 of the SFA to have an interest in 186,370,740 Shares held directly by Republic Hotels & Resorts Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(11) M&C Hospitality International Limited is deemed under Section 4 of the SFA to have an interest in 186,370,740 Shares held indirectly by M&C Hotel Investments Pte. Ltd., in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(12) M&C Singapore Holdings (UK) Limited is deemed under Section 4 of the SFA to have an interest in 209,965,056 Shares held directly and indirectly by M&C Hospitality International Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(13) Millennium & Copthorne Hotels plc is deemed under Section 4 of the SFA to have an interest in 210,210,526 Shares held indirectly by M&C Singapore Holdings (UK) Limited and M&C Asia Holdings (UK) Limited, which indirectly holds 209,965,056 Shares and 245,470 Shares respectively, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

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

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

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

NOTICE OF
ANNUAL GENERAL MEETING

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of First Sponsor Group Limited (the "Company") will be held at M Hotel Singapore, Banquet Suite, Level 10, 81 Anson Road, Singapore 079908 on Tuesday, 26 April 2016 at 3.00 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2015 and the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt (one-tier) dividend of 1.00 Singapore cent per ordinary share for the financial year ended 31 December 2015. **(Resolution 2)**

3. To approve the Directors' fees of S$194,000 for the financial year ending 31 December 2016 (payable quarterly in arrears). **(Resolution 3)**

4. To re-elect Mr. Lee Tse Sang Aloysius, who will retire pursuant to Article 85(6) of the Company's Articles of Association. **(Resolution 4)**

5. To re-appoint KPMG LLP as Auditors for the financial year ending 31 December 2016 and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

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

6. **AUTHORITY TO ISSUE SHARES**

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

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

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

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

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

provided that:

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

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

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

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

(Resolution 6)

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ANNUAL GENERAL MEETING

7. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

LOW MEI WAN (MS)
Company Secretary

11 April 2016

Explanatory Note:

1. Resolution 6, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and/or shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 6 in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares) of which the total number of shares and shares to be issued in pursuance of Instruments made or granted pursuant to Resolution 6 issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:

1. (a) A Shareholder who is not a Depositor whose name appears in the Register (as defined in the Bye-laws of the Company) is entitled to appoint not more than two proxies to attend and vote in his/her stead at the Annual General Meeting.

   (b) A Shareholder who is a Depositor whose name appears in the Register (as defined in Bye-Laws of the Company) may nominate not more than two appointees to attend and vote in his/her place as proxy for The Central Depository (Pte) Limited at the Annual General Meeting.

2. A proxy need not be a Shareholder of the Company.

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

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

5. The Proxy Form/Depository Proxy Form must be duly completed, signed and deposited at the office of the Company's Share Registrar and Share Transfer Office in Singapore, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), either by hand at 80 Robinson Road, #11-02 Singapore 068898 or by post at 80 Robinson Road, #02-00 Singapore 068898, not less than 48 hours before the time appointed for the Annual General Meeting.

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BOOKS CLOSURE DATE AND PAYMENT DATE FOR FINAL DIVIDEND

Subject to the approval of the Shareholders for the final dividend being obtained at the Annual General Meeting, the Register of Members and Share Transfer Books of the Company will be closed on 9 May 2016 at 5.00 p.m. to determine Shareholders' entitlements to the proposed dividend.

Duly completed transfers of shares received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #02-00 Singapore 068898, up to 5.00 p.m. on 9 May 2016 will be registered to determine Shareholders' entitlements to the proposed dividend.

The proposed dividend, if approved by the Shareholders at the Annual General Meeting, will be paid on 26 May 2016.

Personal data privacy:

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

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

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Singapore 048942