GENERAL ANNOUNCEMENT::ANNOUNCEMENTS BY ASSOCIATED COMPANY, FIRST SPONSOR GROUP LIMITED

Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Securities

CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09

Stapled Security

No

Announcement Details

Announcement Title

General Announcement

Date &Time of Broadcast

25-Oct-2019 17:21:46

Status

New

Announcement Sub Title

Announcements by Associated Company, First Sponsor Group Limited

Announcement Reference

SG191025OTHRFG3W

Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

First Sponsor Group Limited ("FSGL"), an associated company, has on 25 October 2019 released the following announcements:-

1. Unaudited Third Quarter and Nine-Month Financial Statements for the period ended 30 September 2019 together with a press release and investor presentation slides; and

2. Incorporation of subsidiaries and joint venture companies.

For details, please refer to the announcements released by FSGL on the SGX website www.sgx.com

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::THIRD QUARTER RESULTS

Issuer & Securities

Issuer/ Manager
FIRST SPONSOR GROUP LIMITED

Securities
FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN

Stapled Security
No

Announcement Details

Announcement Title
Financial Statements and Related Announcement

Date &Time of Broadcast
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New

Announcement Sub Title
Third Quarter Results

Announcement Reference
SG191025OTHRX1FX

Submitted By (Co./ Ind. Name)
Neo Teck Pheng

Designation
Group Chief Executive Officer and Executive Director

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)
Please see attached.

Additional Details

For Financial Period Ended
30/09/2019

Attachments

FSGL - 3Q2019_Results_Announcement.pdf

FSGL - 3Q2019_Press_Release.pdf

FSGL - 3Q2019_Investor_Presentation.pdf

Total size =4934K MB

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

UNAUDITED THIRD QUARTER AND NINE-MONTH FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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

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

	The Group Third quarter ended 30 September		Incr / (Decr)	The Group 9-month period ended 30 September		Incr / (Decr)
	2019	2018		2019	2018	
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	44,596	53,493	(16.6)	169,371	145,409	16.5
Cost of sales	(16,148)	(20,519)	(21.3)	(54,564)	(53,901)	1.2
Gross profit	28,448	32,974	(13.7)	114,807	91,508	25.5
Administrative expenses	(8,334)	(5,697)	46.3	(28,512)	(19,410)	46.9
Selling expenses	(2,145)	(1,790)	19.8	(5,586)	(5,897)	(5.3)
Other income/ (expenses) (net)	2,500	3,820	(34.6)	(8,022)	941	n.m.
Other gains (net)	1,512	1,683	(10.2)	6,171	1,683	266.7
Results from operating activities	21,981	30,990	(29.1)	78,858	68,825	14.6
Finance income	6,353	3,761	68.9	15,101	12,555	20.3
Finance costs	(6,120)	(2,504)	144.4	(14,654)	(7,297)	100.8
Net finance income	233	1,257	(81.5)	447	5,258	(91.5)
Share of after-tax results of associates and joint ventures	15,107	1,115	1,254.9	19,859	(3,165)	n.m.
Profit before tax	37,321	33,362	11.9	99,164	70,918	39.8
Tax expense	(4,768)	(7,711)	(38.2)	(27,656)	(15,878)	74.2
Profit for the period	32,553	25,651	26.9	71,508	55,040	29.9
Attributable to:						
Equity holders of the Company	33,321	25,575	30.3	72,178	54,770	31.8
Non-controlling interests	(768)	76	n.m.	(670)	270	n.m.
Profit for the period	32,553	25,651	26.9	71,508	55,040	29.9
Earnings per share (cents)						
- **basic**	4.00	3.69	8.4	9.45	7.99	18.3
- **diluted**	3.03	3.21	(5.6)	7.73	7.42	4.2

n.m.: not meaningful

Consolidated Statement of Comprehensive Income

	The Group Third quarter ended 30 September		The Group 9-month period ended 30 September	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Profit for the period	32,553	25,651	71,508	55,040
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	560	(341)	(4,820)	(937)
Translation differences on financial statements of foreign subsidiaries, net of tax	12,034	(43,608)	(24,925)	(21,812)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	236	(1,586)	(1,468)	(178)
Other comprehensive income for the period, net of tax	12,830	(45,535)	(31,213)	(22,927)
Total comprehensive income for the period	45,383	(19,884)	40,295	32,113
Total comprehensive income attributable to:				
Equity holders of the Company	44,750	(20,016)	41,882	31,886
Non-controlling interests	633	132	(1,587)	227
Total comprehensive income for the period	45,383	(19,884)	40,295	32,113

Notes to the Group's Income Statement:

Profit before tax includes the following:

	The Group Third quarter ended 30 September		The Group 9-month period ended 30 September	
	2019 S$'000	**2018 S$'000**	**2019 S$'000**	**2018 S$'000**
Other gains/(losses) comprise:				
Gain/(loss) on disposal of:				
- assets held-for-sale	1,203	5,349	6,128	5,349
- investment properties	336	41	613	41
- other investments	76	-	76	-
- property, plant and equipment	(11)	-*	(11)	-*
Impairment loss on assets held-for-sale	-	(3,707)	-	(3,707)
Loss on deconsolidation of a subsidiary	(92)	-	(613)	-
Property, plant and equipment written off	-*	-	(22)	-
Profit before tax includes the following (expenses)/income:				
Depreciation of property, plant and equipment	(2,211)	(1,477)	(4,735)	(5,344)
Depreciation of right-of-use ("ROU") assets	(870)	-	(2,605)	-
Exchange (loss)/gain (net)	(21,643)	3,950	(30,285)	(12,616)
Fair value gain/(loss) on:				
- derivative assets/ liabilities (net)	25,751	881	27,129	16,393
- other investments	118	-	450	-
Hotel base stocks written off	15	-	(497)	-
Hotel pre-opening expenses	(178)	-	(779)	-

* Amount less than S$1,000

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

	The Group		The Company	
	As at 30 September 2019 S$'000	**As at 31 December 2018 S$'000**	**As at 30 September 2019 S$'000**	**As at 31 December 2018 S$'000**
Non-current assets				
Property, plant and equipment	250,535	170,435	365	306
Investment properties	94,413	259,135	-	-
Subsidiaries	-	-	774,562	720,981
Interests in associates and joint ventures	182,141	80,817	9,681	9,669
Derivative assets	32,792	19,385	32,792	19,385
Other investments	74,689	78,131	-	-
Deferred tax assets	29,914	33,387	-	-
Right-of-use assets	75,657	-	671	-
Trade and other receivables	808,156	660,948	955,463	779,204
	1,548,297	1,302,238	1,773,534	1,529,545
Current assets				
Development properties	513,669	356,890	-	-
Inventories	311	215	-	-
Trade and other receivables	356,134	505,887	470,596	389,902
Assets held-for-sale	88,202	51,610	-	-
Derivative assets	9,537	-	9,537	-
Other investments	235,476	39,262	-	-
Cash and cash equivalents	93,380	125,711	12,609	18,139
	1,296,709	1,079,575	492,742	408,041
Total assets	2,845,006	2,381,813	2,266,276	1,937,586
Equity				
Share capital	101,251	81,405	101,251	81,405
Reserves	1,229,906	1,069,091	1,023,684	868,766
Equity attributable to owners of the Company	1,331,157	1,150,496	1,124,935	950,171
Perpetual convertible capital securities	146,548	161,285	146,548	161,285
Non-controlling interests	30,956	11,713	-	-
Total equity	1,508,661	1,323,494	1,271,483	1,111,456
Non-current liabilities				
Loans and borrowings	518,151	641,390	518,151	604,732
Derivative liabilities	1,380	5,564	1,380	5,564
Other payables	49,475	12,527	-	-
Lease liabilities	76,242	-	517	-
Deferred tax liabilities	6,421	8,638	-	-
	651,669	668,119	520,048	610,296

	The Group		The Company	
	As at 30 September 2019 S$'000	**As at 31 December 2018 S$'000**	**As at 30 September 2019 S$'000**	**As at 31 December 2018 S$'000**
Current liabilities				
Loans and borrowings	221,946	45,338	221,946	45,338
Current tax payable	50,390	36,994	1,343	30
Trade and other payables	281,073	138,381	251,300	170,466
Contract liabilities	124,217	161,279	-	-
Receipts in advance	3,958	8,208	-	-
Lease liabilities	2,278	-	156	-
Liabilities held-for-sale	814	-	-	-
	684,676	390,200	474,745	215,834
Total liabilities	1,336,345	1,058,319	994,793	826,130
Total equity and liabilities	2,845,006	2,381,813	2,266,276	1,937,586

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

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

	The Group	
	As at 30 September 2019 S$'000	**As at 31 December 2018 S$'000**
Unsecured		
- repayable within one year	221,946	45,338
- repayable after one year	518,151	604,732
Total	740,097	650,070
Secured		
- repayable within one year	-	-
- repayable after one year	-	36,658
Total	-	36,658
Grand total	**740,097**	**686,728**
Gross borrowings	748,483	695,719
Less:		
(i) cash and cash equivalents	(93,380)	(125,711)
(ii) other investments (current) [Note 1]	(235,476)	(39,262)
Net borrowings	419,627	530,746

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

Details of any collateral

The secured borrowing as at 31 December 2018 was secured by a mortgage on a subsidiary's investment property, assignment of its bank accounts, lease receivables and insurance proceeds (where applicable).

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

	The Group		The Group	
	Third quarter ended 30 September		9-month period ended 30 September	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities				
Profit for the period	32,553	25,651	71,508	55,040
Adjustments for:				
Depreciation of property, plant and equipment	2,211	1,477	4,735	5,344
Depreciation of ROU assets	870	-	2,605	-
Fair value (gain)/loss on:				
- derivative assets/ liabilities (net)	(25,751)	(881)	(27,129)	(16,393)
- other investments	(118)	-	(450)	-
Finance income	(6,353)	(3,761)	(15,101)	(12,555)
Finance costs	6,120	2,504	14,654	7,297
Impairment loss on assets held-for-sale	-	3,707	-	3,707
(Gain)/loss on disposal of:				
- assets held-for-sale	(1,203)	(5,349)	(6,128)	(5,349)
- investment properties	(336)	(41)	(613)	(41)
- other investments	(76)	-	(76)	-
- property, plant and equipment	11	-*	11	-*
Loss on deconsolidation of a subsidiary	92		613	
Property, plant and equipment written off	-*	-	22	-
Share of after-tax results of associates and joint ventures	(15,107)	(1,115)	(19,859)	3,165
Tax expense	4,768	7,711	27,656	15,878
	(2,319)	29,903	52,448	56,093
Changes in:				
Development properties	(13,535)	2,912	(23,178)	(14,305)
Inventories	(6)	69	151	(36)
Trade and other receivables	(512,920)	(71,835)	(428,121)	(370,647)
Trade and other payables	535,786	(28,184)	555,582	(42,046)
Contract liabilities	11,070	(3,966)	(33,325)	74,409
Loans and borrowings	(3)	12,231	40,474	123,464
Cash generated from/(used in) operations	18,073	(58,870)	164,031	(173,068)
Interest received	11,145	20,520	34,766	58,354
Interest paid	(7,320)	(1,550)	(18,212)	(8,541)
Tax paid	(2,644)	(3,342)	(6,891)	(18,597)
Net cash generated from/(used in) operating activities	19,254	(43,242)	173,694	(141,852)

* Amount less than S$1,000

	The Group Third quarter ended 30 September		The Group 9-month period ended 30 September	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	(940)	-	(157,610)	-
Repayment from/(advances to) associates	19,940	84,443	(88,700)	(19,501)
Deconsolidation of a subsidiary	-	-	(2,323)	-
Deposits received in respect of assets held-for-sale	1,735	-	4,127	-
Dividends received from associates	-	-	-	18,372
Dividends received from joint ventures	268	-	432	-
Interest received	3,940	1,143	11,127	10,452
Loans to third parties	-	(1,235)	-	(1,235)
Loan to non-controlling interests	(265)	-	(32,123)	-
Payment for acquisition of other investments	(108)	-	(357)	-
Payment for additions to:				
- investment properties	12	(4,874)	(4,998)	(11,292)
- property, plant and equipment	(2,591)	(121)	(18,842)	(145)
Payment for investments in associate and joint venture	(1,336)	-	(81,205)	(21,140)
Proceeds from disposal of:				
- investment properties	7,206	1,750	9,048	1,750
- property, plant and equipment	2	34	2	34
- assets held-for-sale	3,429	29,301	37,699	30,340
- other investments	3,235	-	3,235	-
(Placement of)/decrease in other investments	(73,323)	62,110	(202,637)	(48,775)
Return of capital from associate	-	2,974	-	5,369
Net cash (used in)/from investing activities	(38,796)	175,525	(523,125)	(35,771)

	The Group Third quarter ended 30 September		The Group 9-month period ended 30 September	
	2019	**2018**	**2019**	**2018**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Cash flows from financing activities				
Distributions to PCCS holders	-	-	(516)	-
Dividends paid to the owners of the Company	(8,747)	(6,485)	(19,078)	(14,271)
Interest paid	(4,207)	(1,112)	(7,936)	(3,473)
Loan from a third party	472		46,962	
Payment of lease liabilities	(1,308)	-	(4,123)	-
Payment of transaction costs related to:				
- borrowings	(1,938)	(409)	(2,838)	(2,625)
- PCCS	-	-	(1,200)	(710)
Proceeds from issuance of PCCS	-	-	147,649	162,199
Advances from/(repayment from) associates	37,106	(63,661)	108,568	(10,303)
Redemption of PCCS	-	-	(952)	-
Proceeds from bank borrowings	829	25,197	323,049	274,577
Repayment of bank borrowings	123	(9,409)	(270,201)	(336,779)
Net cash from/(used in) financing activities	22,330	(55,879)	319,384	68,615
Net increase/(decrease) in cash and cash equivalents	2,788	76,404	(30,047)	(109,008)
Cash and cash equivalents at beginning of the period	92,051	139,290	125,711	319,298
Effect of exchange rate changes on balances held in foreign currencies	(1,459)	(9,323)	(2,284)	(3,919)
Cash and cash equivalents at end of the period	93,380	206,371	93,380	206,371

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

	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'000	Distributable reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
Group											
At 1 January 2019, as previously stated	81,405	9,821	36,607	245	655,029	12,854	354,535	1,150,496	161,285	11,713	1,323,494
Adjustment on initial recognition of IFRS 16	-	-	-	-	-	-	(1,965)	(1,965)	-	-	(1,965)
Adjusted balance at 1 January 2019	81,405	9,821	36,607	245	655,029	12,854	352,570	1,148,531	161,285	11,713	1,321,529
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	72,178	72,178	-	(670)	71,508
Other comprehensive income											
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	(4,820)	-	(4,820)	-	-	(4,820)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	(24,008)	-	(24,008)	-	(917)	(24,925)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	(1,468)	-	(1,468)	-	-	(1,468)
Total other comprehensive income	-	-	-	-	-	(30,296)	-	(30,296)	-	(917)	(31,213)
Total comprehensive income for the period	-	-	-	-	-	(30,296)	72,178	41,882	-	(1,587)	40,295

	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'000	Distributable reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends paid to the owners of the Company	-	-	-	-	-	-	(19,078)	(19,078)	-	-	(19,078)
Issuance of new shares pursuant to conversion of perpetual convertible capital securities ("PCCS")	19,846	140,492	-	-	-	-	-	160,338	(160,338)	-	-
Distributions of PCCS	-	-	-	-	-	-	(516)	(516)	-	-	(516)
Redemption of PCCS	-	-	-	-	-	-	-	-	(948)	-	(948)
Issuance of PCCS	-	-	-	-	-	-	-	-	147,649	-	147,649
PCCS issue expenses	-	-	-	-	-	-	-	-	(1,100)	-	(1,100)
Total contributions by and distributions to owners	19,846	140,492	-	-	-	-	(19,594)	140,744	(14,737)	-	126,007
Changes in ownership interests in subsidiaries											
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	32,564	32,564
Derecognition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	(11,734)	(11,734)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	20,830	20,830
Total transactions with owners	19,846	140,492	-	-	-	-	(19,594)	140,744	(14,737)	20,830	146,837
At 30 September 2019	**101,251**	**150,313**	**36,607**	**245**	**655,029**	**(17,442)**	**405,154**	**1,331,157**	**146,548**	**30,956**	**1,508,661**

	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'000	Distributable reserve S$'000	Fair value reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
The Group												
At 1 January 2018, as previously stated	73,640	9,609	33,447	225	662,764	(3,949)	36,950	267,468	1,080,154	-	6,727	1,086,881
Impact of adoption of IFRS 9	-	-	-	-	-	3,949	-	(3,949)	-	-	-	-
At 1 January 2018, as restated	73,640	9,609	33,447	225	662,764	-	36,950	263,519	1,080,154	-	6,727	1,086,881
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	54,770	54,770	-	270	55,040
Other comprehensive income												
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	-	(937)	-	(937)	-	-	(937)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	-	(21,769)	-	(21,769)	-	(43)	(21,812)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	-	(178)	-	(178)	-	-	(178)
Total other comprehensive income	-	-	-	-	-	-	(22,884)	-	(22,884)	-	(43)	(22,927)
Total comprehensive income for the period	-	-	-	-	-	-	(22,884)	54,770	31,886	-	227	32,113

	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'000	Distributable reserve S$'000	Fair value reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
The Group												
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends paid to the owners of the Company	-	-	-	-	-	-	-	(14,271)	(14,271)	-	-	(14,271)
Issuance of bonus shares	7,735	-	-	-	(7,735)	-	-	-	-	-	-	-
Issuance of PCCS	-	-	-	-	-	-	-	-	-	162,199	-	162,199
PCCS issue expenses	-	-	-	-	-	-	-	-	-	(672)	-	(672)
Issuance of new shares pursuant to conversion of PCCS	13	93	-	-	-	-	-	-	106	(106)	-	-
Total contributions by and distributions to owners	7,748	93	-	-	(7,735)	-	-	(14,271)	(14,165)	161,421	-	147,256
Total transactions with owners of the Company	7,748	93	-	-	(7,735)	-	-	(14,271)	(14,165)	161,421	-	147,256
At 30 September 2018	**81,388**	**9,702**	**33,447**	**225**	**655,029**	**-**	**14,066**	**304,018**	**1,097,875**	**161,421**	**6,954**	**1,266,250**

	Share capital S$'000	Share premium S$'000	Capital reserve S$'000	Distributable reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Total equity S$'000
The Company								
At 1 January 2019, as previously stated	81,405	10,033	(5,988)	655,029	209,692	950,171	161,285	1,111,456
Adjustment on initial recognition of IFRS 16	-	-	-	-	(9)	(9)	-	(9)
Adjusted balance at 1 January 2019	81,405	10,033	(5,988)	655,029	209,683	950,162	161,285	1,111,447
Total comprehensive income for the period								
Profit for the period	-	-	-	-	34,036	34,036	-	34,036
Total comprehensive income for the period	-	-	-	-	34,036	34,036	-	34,036
Transaction with owners, recognised directly in equity								
Contribution by and distributions to owners								
Dividends paid to the owners of the Company	-	-	-	-	(19,085)	(19,085)	-	(19,085)
Issuance of new shares pursuant to conversion of PCCS	19,846	140,492	-	-	-	160,338	(160,338)	-
Distributions of PCCS	-	-	-	-	(516)	(516)	-	(516)
Redemption of PCCS	-	-	-	-	-	-	(948)	(948)
Issuance of PCCS	-	-	-	-	-	-	147,649	147,649
PCCS issue expenses	-	-	-	-	-	-	(1,100)	(1,100)
Total contributions by and distributions to owners	19,846	140,492	-	-	(19,601)	140,737	(14,737)	126,000
Total transactions with owners of the Company	19,846	140,492	-	-	(19,601)	140,737	(14,737)	126,000
At 30 September 2019	**101,251**	**150,525**	**(5,988)**	**655,029**	**224,118**	**1,124,935**	**146,548**	**1,271,483**

The Company	Share capital S$'000	Share premium S$'000	Capital Reserve S$'000	Distributable reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Total equity S$'000
At 1 January 2018	73,640	9,821	(5,988)	662,764	140,470	880,707	-	880,707
Total comprehensive income for the period								
Profit for the period	-	-	-	-	41,442	41,442	-	41,442
Total comprehensive income for the period	-	-	-	-	41,442	41,442	-	41,442
Transaction with owners, recognised directly in equity								
Contribution by and distributions to owners								
Dividends paid to the owners of the Company	-	-	-	-	(14,274)	(14,274)	-	(14,274)
Issuance of bonus shares	7,735	-	-	(7,735)	-	-	-	-
Issuance of PCCS	-	-	-	-	-	-	162,199	162,199
PCCS issue expenses	-	-	-	-	-	-	(672)	(672)
Issuance of new shares pursuant to conversion of PCCS	13	93	-	-	-	106	(106)	-
Total contributions by and distributions to owners	7,748	93	-	(7,735)	(14,274)	(14,168)	161,421	147,253
Total transactions with owners of the Company	7,748	93	-	(7,735)	(14,274)	(14,168)	161,421	147,253
At 30 September 2018	81,388	9,914	(5,988)	655,029	167,638	907,981	161,421	1,069,402

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

	Number of Shares	Share Capital (S$'000)
Balance at 1 July 2019 and 30 September 2019	795,384,155	101,251

The total number of issued ordinary shares excluding treasury shares as at 30 September 2019 and 30 September 2018 was 795,384,155 and 648,892,481 respectively.

As at 30 September 2019 and 30 September 2018, a subsidiary of the Company held 307,682 ordinary shares, representing 0.04% and 0.05% of the Company's total number of issued ordinary shares on the two dates respectively.

As at 30 September 2018, pursuant to the rights issue of up to S$162.2 million in aggregate principal amount of 3.98% Series 1 Perpetual Convertible Capital Securities ("PCCS 1") in the denomination of S$1.10 for each PCCS 1, 147,357,237 PCCS 1 were outstanding. Assuming (a) full conversion of the PCCS 1 and no adjustments to the conversion price of S$1.10, an aggregate of 147,357,237 new ordinary shares will be issued, which will increase the total number of issued ordinary shares at 30 September 2018 to 796,249,718. The outstanding PCCS 1 were fully redeemed by the Company on 14 June 2019. There were no warrants outstanding at 30 September 2018.

As at 30 September 2019, pursuant to the 2019 Rights Issue[1] on 31 May 2019, 113,576,237 PCCS 2 and 192,797,846 warrants were outstanding. Assuming (a) full conversion of the PCCS 2 and no adjustments to the conversion price of S$1.30 and (b) full exercise of the warrants and no adjustments to the exercise price of S$1.30, an aggregate of 306,374,083 new ordinary shares will be issued, which will increase the total number of issued ordinary shares to 1,101,758,238.

As at 30 September 2019, a subsidiary of the Company held 30,768 warrants (30 September 2018: Nil).

The Company did not hold any treasury shares as at 30 September 2019 and 30 September 2018.

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

The total number of issued ordinary shares excluding treasury shares as at 30 September 2019 and 31 December 2018 was 795,384,155 and 649,015,668 respectively.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 30 September 2019.

[1] 2019 Rights Issue refers to the rights issue of up to S$147.6 million in aggregate principal amount of 3.98% Series 2 Perpetual Convertible Capital Securities ("PCCS 2") in the denomination of S$1.30 for each PCCS 2, on the basis of one PCCS 2 for every seven existing ordinary shares, at an issue price of S$1.30 for each PCCS 2, with up to 113,576,237 free detachable warrants, on the basis of one warrant for every one PCCS 2 subscribed for. 79,221,609 warrants were also allotted and issued on 31 May 2019, on the basis of one warrant for every ten existing ordinary shares, pursuant to a bonus issue.

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

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

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

Not applicable.

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2018.

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

The Group adopted various new standards, amendments to standards and interpretations that are effective for the financial period beginning on 1 January 2019.

IFRS 16 *Leases*

In particular, the Group adopted IFRS 16 *Leases* from 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains unchanged i.e. lessors continue to classify leases as finance or operating leases.

For leases which the Group is a lessee, the Group is required to recognise new assets and liabilities for its portfolio of operating leases. The nature of expenses related to those leases has changed because the Group will recognise a depreciation charge for ROU assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the leases, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group has recognised ROU assets of S$78,293,000 and lease liabilities of S$80,258,000, with a corresponding decrease in retained earnings of S$1,965,000 as at 1 January 2019.

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

	Third quarter ended 30 September		9-month period ended 30 September	
	2019	**2018**	**2019**	**2018**
Earnings per share (cents)				
- basic	4.00	3.69	9.45	7.99
- diluted	3.03	3.21	7.73	7.42
Profit attributable to ordinary shareholders (S$'000)	31,840	23,949	70,181	51,854
Profit attributable to ordinary shareholders and PCCS holders (S$'000)	33,321	25,575	72,178	54,770
Weighted average number of ordinary shares in issue:				
- basic	795,076,473 [2]	648,641,273 [2]	742,961,556 [2]	648,743,845 [2]
- diluted	1,101,450,556 [2]	795,998,510 [2]	933,457,460 [2]	737,805,911 [2]

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:—**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	As at 30 September 2019	**As at 31 December 2018**	**As at 30 September 2019**	**As at 31 December 2018**
Net asset value per ordinary share (cents)	185.86	202.21	159.86	171.25
Number of issued ordinary shares (excluding treasury shares)	795,076,473 [2]	648,707,986 [2]	795,384,155	649,015,668

[2] Excludes 307,682 shares in the Company held by a subsidiary which are accounted for as treasury shares in the consolidated financial statements of the Group in accordance with IAS 32 *Financial Instruments: Presentation*.

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

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

Group performance

Revenue and cost of sales

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

	Third quarter ended 30 September		9-month period ended 30 September	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Revenue from sale of properties	7,457	20,686	58,455	42,631
Rental income from investment properties	1,765	3,140	7,912	9,938
Hotel operations	16,416	9,682	42,374	30,735
Revenue from property financing	18,958	19,985	60,630	62,105
Total	44,596	53,493	169,371	145,409

3Q 2019 vs 3Q 2018

Revenue decreased by S$8.9 million or 16.6%, from S$53.5 million in 3Q 2018 to S$44.6 million in 3Q 2019. This was due mainly to decline in revenue from sale of properties, rental income from investment properties and revenue from property financing of S$13.2 million, S$1.4 million and S$1.0 million respectively. The decrease was partially offset by the increase in revenue from hotel operations of S$6.7 million respectively.

Revenue from sale of properties is recognised when the construction of the properties has been completed and ready for delivery to the purchasers pursuant to the sale and purchase agreements and collectability of related receivables is reasonably assured. The decrease in revenue from sale of properties in 3Q 2019 compared to 3Q 2018 was due mainly to the recognition of revenue from fewer units in the Chengdu Millennium Waterfront project (3Q 2019: 1 residential unit and 11 commercial units, 3Q 2018: 83 residential units, 12 commercial units and 124 car park lots).

Revenue from hotel operations increased by S$6.7 million or 69.6%, from S$9.7 million in 3Q 2018 to S$16.4 million in 3Q 2019. The significant increase was due mainly to a full quarter's contribution from the 340-room Westin Bellevue Dresden Hotel acquired by the Group via a share deal in late March 2019, as well as the 193-room Hampton by Hilton hotel in Utrecht, the Netherlands which commenced operations in June 2019.

Cost of sales comprise mainly land costs, development expenditure and cost adjustments (if any), borrowing costs, hotel-related depreciation charge and rental expense, and other related expenditure. Cost of sales decreased by S$4.4 million or 21.3%, from S$20.5 million in 3Q 2018 to S$16.1 million in 3Q 2019. The decrease in revenue recognised from sale of properties had led to a quarter-on-quarter decrease in related cost of sales of S$6.6 million. The decrease was partially offset by the higher cost of sales incurred in respect of the hotel operations of S$2.7 million.

The Group's gross profit decreased by S$4.6 million or 13.7%, from S$33.0 million in 3Q 2018 to S$28.4 million in 3Q 2019. The decrease was due mainly to the lower gross profit from sale of properties, rental income from investment properties and property financing of S$6.6 million, S$1.2 million and S$0.8 million respectively. This was partially offset by higher gross profit from hotel operations of S$4.0 million in 3Q 2019.

The Group's gross profit margin for 3Q 2019 remained fairly constant at 63.8% (3Q 2018: 61.6%).

Administrative expenses

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

Administrative expenses increased by S$2.6 million or 46.3%, from S$5.7 million to S$8.3 million. This was due mainly to the consolidation of a full quarter's results of the 94.9%-owned Westin Bellevue Dresden Hotel.

Selling expenses

Selling expenses comprise mainly staff costs of the Group's sales and marketing staff, advertising and promotion expenses, sales commissions paid to external sales agents and other related expenses.

Other income/(expenses) (net)

In 3Q 2019, the Group recorded other income of S$2.5 million which comprised mainly net fair value gain on financial derivatives of S$25.8 million. This was partially offset by net foreign exchange loss of S$21.6 million, hotel management fees of S$0.8 million and hotel pre-opening expenses of S$0.2 million.

In 3Q 2018, the Group recorded other income of S$3.8 million which comprised mainly net foreign exchange gain of S$4.0 million.

Other gains (net)

In 3Q 2019, the Group recorded other gains of S$1.5 million which comprised mainly S$1.2 million gain from the disposal of certain commercial spaces of the Chengdu Cityspring project classified as assets held-for-sale and S$0.3 million gain on disposal of investment properties.

In 3Q 2018, the Group recorded other gains of S$1.7 million which comprised S$5.3 million gain from the disposal of certain commercial spaces of the Chengdu Cityspring project classified as assets held-for-sale. This was partially offset by an impairment loss on the assets held-for-sale of S$3.7 million.

Net finance income

Lower net finance income for 3Q 2019 was due mainly to the amortisation of lease liabilities recorded under IFRS 16, amounting to S$0.8 million.

Share of after-tax results of associates and joint ventures

Share of after-tax results of associates and joint ventures increased by S$14.0 million from S$1.1 million in 3Q 2018 to S$15.1 million in 3Q 2019. The significant increase was attributable mainly to the commencement of handover of the remaining four residential blocks of the 30%-owned Star of East River project in September 2019. The handover of the first two residential blocks took place in January 2019.

<u>YTD September 2019 vs YTD September 2018</u>

Revenue of the Group increased by S$24.0 million or 16.5%, from S$145.4 million in YTD September 2018 to S$169.4 million in YTD September 2019. This was due mainly to a S$15.8 million and S$11.7 million increase in revenue from sale of properties and hotel operations respectively. The increase was partially offset by the decrease in revenue from property financing and rental income from investment properties of S$1.5 million and S$2.0 million respectively.

The significant increase in revenue from sale of properties in YTD September 2019 compared to YTD September 2018 was due mainly to the recognition of revenue from more commercial units in the Millennium Waterfront project (YTD September 2019: 121 units, YTD September 2018: 15 units).

Revenue from hotel operations increased by S$11.7 million or 37.9%, from S$30.7 million in YTD September 2018 to S$42.4 million in YTD September 2019. The increase was due to the additional contribution from Westin Bellevue Dresden Hotel and Hampton by Hilton in Utrecht.

The Group’s gross profit increased by S$23.3 million or 25.5%, from S$91.5 million in YTD September 2018 to S$114.8 million in YTD September 2019. The increase was due mainly to the higher gross profit generated from sale of properties and hotel operations of S$18.4 million and S$7.6 million respectively. This was partially offset by lower gross profit from rental income from investment properties and property financing of S$1.8 million and S$0.9 million in YTD September 2019 respectively.

The Group’s gross profit margin increased from 62.9% in YTD September 2018 to 67.8% in YTD September 2019.

Administrative expenses

Administrative expenses increased by S$9.1 million or 46.9%, from S$19.4 million to S$28.5 million in YTD September 2019. The increase during the period was due mainly to the inclusion of operating expenses of Westin Bellevue Dresden Hotel and Hampton by Hilton as well as S$1.3 million professional fees incurred by the Group in relation to the acquisition of the entities owning and operating the Westin Bellevue Dresden Hotel.

Other income/ (expenses) (net)

In YTD September 2019, the Group recorded other expenses of S$8.0 million which comprised mainly net foreign exchange loss of S$30.3 million, hotel management fees of S$2.1 million, bank charges of S$0.9 million, hotel pre-opening expenses of S$0.8 million and hotel base stocks written off of S$0.5 million, partially offset by net fair value gain on financial derivatives of S$27.1 million.

In YTD September 2018, the Group recorded other income of S$1.0 million which comprised mainly net fair value gain on financial derivatives of S$16.4 million. This was partially offset by net foreign exchange loss, hotel management fees and maintenance expenses of S$12.6 million, S$1.3 million and S$0.7 million respectively.

Net finance income

Net finance income for YTD September 2019 of S$0.5 million is net of amortisation of lease liabilities recorded under IFRS 16, amounting to S$2.5 million.

Share of after-tax results of associates and joint ventures

The Group recorded a share of after-tax profit of associates and joint ventures of S$19.9 million in YTD September 2019 compared to a share of after-tax loss of S$3.2 million in YTD September 2018. This is led by the first time profit recognition from the handover of six residential blocks of the Star of East River project in Dongguan since January 2019. The completion of the disposal of three hotels by the 31.4%-owned Queens Bilderberg (Nederland) B.V. in January 2019 further boosted the Group’s share of results in YTD September 2019.

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

Non-current assets

Property, plant and equipment increased by S$80.1 million or 47.0%, from S$170.4 million as at 31 December 2018 to S$250.5 million as at 30 September 2019. The increase was due mainly to the Group's acquisition of the Westin Bellevue Dresden Hotel in late March 2019 and a bare-shell vacant former hotel in Milan in January 2019.

In particular, a provisional value of S$71.0 million (EUR47.0 million) was ascribed by the Group to the Westin Bellevue Dresden Hotel as part of the accounting of the acquisition of its 94.9% equity interest in the entities that own and operate the hotel. Under the relevant Business Combination accounting standard, the Group has up to 12 months to finalise the financial effects of its acquisition. The property in Milan was acquired at a cost of approximately S$16.5 million (EUR 10.7 million) including acquisition costs in January 2019. The Group intends to completely refurbish the property into a hostel to tap on the youth hospitality market.

Investment properties decreased by S$164.7 million or 63.6%, from S$259.1 million as at 31 December 2018 to S$94.4 million as at 30 September 2019. S$99.6 million of the decrease was due to the de-recognition of Zuiderhof I, an office building in Amsterdam, in June 2019. Zuiderhof I is held by NL Property 1 B.V. ("NLP1"), a 33%-owned entity of the Group which was deconsolidated as a subsidiary on 28 June 2019 when the Group forfeited its unilateral right to exercise a call option entered with the other three co-investors of NLP1 which would have entitled the Group to hold majority voting rights in NLP1. Accordingly, NLP1 is accounted for by the Group as an associated company with effect from 28 June 2019.

In addition, the reclassification of the two hotels located within the Hoog Catharijne shopping mall in Utrecht to assets held-for-sale under current assets in the current period has contributed a decrease of S$53.4 million to the investment properties balance. In February 2019, the Borealis Hotel Group B.V. ("Borealis") transferred the hotel operations to a subsidiary of the Group and accordingly the previous lease agreement and pre-development agreements entered with Borealis for the two hotels were terminated. Development works for the 193-room Hampton by Hilton hotel has since been completed and commenced operations in June 2019 whilst the development works of the Crowne Plaza hotel on the same site is expected to be completed in late 2019/ early 2020. The Group will explore the sale of its shareholding in the two subsidiaries that own and operate the hotels respectively, to its 33%-owned associate, FSMC in due course.

Further to that, the Group has disposed investment properties of Chengdu Cityspring of S$8.2 million during the current financial period.

Interests in associates and joint ventures increased by S$101.3 million or 125.4%, from S$80.8 million as at 31 December 2018 to S$182.1 million as at 30 September 2019. S$78.3 million of the increase is attributable to the Group's co-investment with China Poly Group in June 2019 via a 27%-owned project company that would develop a mixed development site in Wanjiang, Dongguan ("Wanjiang Victory Project"). China Poly Group owns 70% equity interest in the project company. Further to that, the share of the profit from the Star of East River project also boosted the Group's interest in the 30%-owned associated company by S$19.9 million.

The increase was also partly due to the Group accounting for its 33% equity interest in NLP1 amounting to S$5.8 million as at 30 September 2019, as an associate with effect from 28 June 2019 arising from the afore-mentioned deconsolidation of the entity as a subsidiary.

Non-current trade and other receivables increased by S$147.3 million or 22.3%, from S$660.9 million as at 31 December 2018 to S$808.2 million as at 30 September 2019. The increase was due mainly to the net disbursement of property financing loans of $108.4 million (RMB560.0 million) and an interest bearing loan to a non-controlling interest of S$31.3 million (RMB161.6 million) during the current financial period.

Current assets

Development properties increased by S$156.8 million or 43.9%, from S$356.9 million as at 31 December 2018 to S$513.7 million as at 30 September 2019. The increase was due mainly to the Group's acquisition of three land parcels at Chang'an Town in Dongguan, Guangdong province, in May 2019 via a share deal ("Concord Acquisition").

Trade and other receivables decreased by S$149.8 million or 29.6%, from S$505.9 million as at 31 December 2018 to S$356.1 million as at 30 September 2019. The decrease was due mainly to the repayment of loan from an associate of S$116.2 million (RMB600.0 million) and net repayment of third party PRC property financing loans of S$133.8 million (RMB691.0 million). This is partially offset by the disbursement of a pro-rata shareholder's loan amounting to S$85.2 million (RMB440.2 million) to fund the Wanjiang Victory Project.

Assets held-for-sale increased by S$36.6 million or 70.9%, from S$51.6 million as at 31 December 2018 to S$88.2 million as at 30 September 2019. S$65.8 million of the balance as at 30 September 2019 relates to the assets of the two subsidiaries that own and operate the Utrecht hotels earmarked for disposal as mentioned above. The increase was partially offset by S$29.2 million reduction in assets held-for-sale upon the recognition of gain on disposal of M Hotel Chengdu and certain bare shell commercial spaces of the Chengdu Cityspring project in the current period.

Other investments of S$235.5 million relate to principal-guaranteed structured deposits placed with the financial institutions.

Current liabilities

Trade and other payables increased by S$142.7 million or 103.1%, from S$138.4 million as at 31 December 2018 to S$281.1 million as at 30 September 2019. This was due mainly to increase in interest-free advances from a 30%-owned PRC associate of S$102.6 million (RMB531.8 million) and a third party shareholder of the 30%-owned PRC associate of S$28.4 million (RMB146.9 million) during the period.

Loans and borrowings

Gross bank borrowings increased by S$52.8 million of 7.6%, from S$695.7 million as at 31 December 2018 to S$748.5 million as at 30 September 2019. This was due mainly to the drawdown of the Group's borrowings to fund the acquisition of a bare-shell vacant former hotel in Milan, redevelopment of Oliphant in Amsterdam and construction of the two Utrecht hotels and a disbursement of S$-denominated property financing loan, which is partially offset by the de-recognition of bank borrowing of S$36.7 million, arising from the deconsolidation of NLP1.

The Group maintained a net gearing ratio of 0.28 as at 30 September 2019.

Foreign currency risk management

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

Since the Group's entry to the Dutch and German property markets in February 2015 and January 2018 respectively, the Group has hedged its currency exposure to Euro by financing all its Dutch and German acquisitions with a combination of Euro-denominated borrowings and financial derivatives such as cross currency swaps ("CCSs") and foreign currency swaps ("FCSs") whereby the end result is also to achieve a corresponding Euro liability. The Group takes an economic hedge rather than an accounting hedge approach with regard to the management of its Euro asset exposure.

In November 2018, the Group entered into the property financing market in Australia via a 50-50 owned joint venture with Tai Tak. The Group has also adopted the same approach as its European assets, which is to fully hedge its Australian dollar loan asset base.

As at 30 September 2019, the Group had 16 CCSs and one FCS outstanding with an aggregate notional amount of €492.1 million, A$10.0 million and RMB490.6 million. These financial instruments are measured at fair value with changes in fair value recognised in the profit and loss account. The fair value of these instruments is mainly dependent on the forward foreign exchange rates, discount rates and yield curves of the notional amounts, as applicable. On the other hand, the changes in fair value of the instruments will be largely offset by the corresponding changes in fair value of the underlying foreign currency-denominated assets when the respective instruments approach their maturity dates and foreign currency-denominated borrowings are taken up to close out the instruments, thereby resulting in a minimal cumulative impact to the profit or loss. The cumulative negative impact to the retained earnings arising from the financial derivatives and underlying foreign currency-denominated assets as at 30 September 2019 amounted to approximately S$3.2 million.

As at 30 September 2019, the Group recorded a cumulative translation loss of S$17.4 million as part of reserves in its shareholders' equity. This mainly arose from the translation of the net assets and income and expenses of the Group's foreign operations in the PRC to S$ at the exchange rates prevailing at the end of each reporting period.

We do not currently have a formal hedging policy with respect to our RMB foreign exchange exposure and have not actively used financial hedging instruments to manage our RMB foreign exchange risk. The cost of entering into such hedging instruments to manage the Group's exposure to RMB remains fairly expensive. However, the Group has started to hedge its new exposure to the PRC property development and property financing operations to the extent that these are not funded by onshore RMB assets by drawing CNH-denominated borrowings and/or executing CNH CCS.

We will continue to monitor our foreign exchange exposure vis-à-vis the associated hedging costs and take appropriate actions when necessary. There is no assurance as to the effectiveness and success of any hedging action that we might or might not take.

Statement of cash flows of the Group

3Q 2019

Net cash generated from operating activities amounted to S$19.3 million in 3Q 2019 which included the effect of advance receipts collected from the pre-sale of Plot F of the Millennium Waterfront project which was launched in August 2019.

Net cash used in investing activities of S$38.8 million in 3Q 2019 was due mainly to placement of structured deposits of S$73.3 million. This was partially offset by net repayment from associates of S$19.9 million, interest received of S$3.9 million, proceeds from disposal of investment properties and other investments of S$7.2 million and S$3.2 million respectively and collection of sale proceeds amounting to S$3.4 million from the disposal of certain parts of the Chengdu Cityspring project classified as assets held for sale.

Net cash generated from financing activities amounted to S$22.3 million in 3Q 2019 due mainly to the net advances from associates of S$37.1 million, which is partially offset by payments of dividends to the shareholders of the Company of S$8.7 million and payment of interest expense, transaction costs related to borrowings and lease liabilities of S$4.2 million, S$1.9 million and S$1.3 million respectively.

YTD September 2019

Net cash generated from operating activities of S$173.7 million in YTD September 2019 was due mainly to the net repayment of PRC property financing loans of S$71.8 million, repayment of loan from a PRC associate of S$119.9 million (RMB600.0 million) and net interest received of S$16.6 million, partially offset by tax paid of S$6.9 million and payment of construction costs incurred for the Millennium Waterfront project.

Net cash used in investing activities of S$523.1 million in YTD September 2019 was due mainly to (i) payment of S$157.6 million for the acquisition of subsidiaries comprising S$87.6 million relating to the Concord Acquisition and S$70.0 million relating to the Westin Bellevue Dresden Hotel (subject to completion adjustments), (ii) placement of structured deposits of S$202.6 million, (iii) the investment in and net advances to the 27%-owned project company for the Wanjiang Victory Project amounting to S$80.9 million and S$87.5 million, (iv) the acquisition of a vacant property in Milan amounting to S$16.5 million, and (v) a loan to a non-controlling interest of S$32.1 million. This was partially offset by proceeds from the disposal of M Hotel Chengdu and bare commercial space of the Chengdu Cityspring project, sale of investment properties and other investments of S$37.7 million, S$9.0 million and S$3.2 million respectively.

Net cash generated from financing activities amounted to S$319.4 million in YTD September 2019 and was due mainly to the net proceeds of S$146.4 million from the issuance of PCCS Series 2, net drawdown of bank borrowings of S$52.8 million, advances from associates of S$108.6 million for the period, and a loan from a third party of S$47.0 million. This was partially offset by payment of dividends to the shareholders of the Company of S$19.1 million, distributions to PCCS holders of S$0.5 million, redemption of remaining PCCS Series 1 of S$1.0 million, and the payment of interest expense, transaction costs related to borrowings and lease liabilities of S$7.9 million, S$2.8 million and S$4.1 million respectively.

Note:

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

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

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

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

Industry Outlook

People's Republic of China ("PRC")

The PRC saw a drop in GDP growth rate to 6.0% in the third quarter of 2019, according to the National Bureau of Statistics China. This shows that the ongoing trade tensions between the PRC and the United States have begun to adversely impact the PRC economy. A report by Deloitte suggests that there will likely be a mild deceleration in GDP growth in the second half of 2019 although the growth target of approximately 6.2% will likely be met. Despite GDP growth, the South China Morning Post reported in October 2019 that the RMB was the second-worst performing currency in Asia, having weakened by 3.7% to the US$ this year.

Based on data from NBS, the new residential real estate market saw price increases in 55 out of the 70 tracked PRC cities in August 2019, with new home prices rising by an average of 0.58%. Moody's reported that residential property sales increased by 11% in August 2019 as compared to a year ago. However, Moody's expects a slow down for the rest of 2019 citing challenging financing conditions and policy restrictions.

The Netherlands

The Dutch Centraal Planbureau announced in August 2019 that it had revised its GDP growth forecast for 2020 downwards to 1.4% from an earlier estimate of 1.5%, attributing the negative impact on the Dutch economy to the United States trade policies and its consequences, the growing risk of Brexit, political developments in Italy and tensions in the Middle East as the key reasons for the downward revision.

Despite the gloomy economic outlook, demand for Amsterdam's office spaces remains high with a significantly lower office space availability vis-à-vis other comparable cities according to a report released by Colliers in September 2019. The same report showed that office vacancy rate has hovered between 5% and 7% and only one-tenth of the total supply offers more than 3,000 sqm of floor space which made it difficult for large and medium-sized corporations attempting to establish a base within the Amsterdam region to find an appropriate location.

According to Statistics Netherlands ("CBS"), the average sales price of existing owner-occupied homes in August 2019 was 5.7% higher than in the same month last year. House prices have been on an upward trend since about 6 years ago with the average purchase price reaching its highest point of €316,000 in August 2019. However, while the increase in home prices appeared to slow down with August's increase being the lowest in nearly three years, the Dutch capital was identified by Swiss bank UBS in its 30 September 2019 report as the third most likely city to be experiencing a housing market bubble. The study showed that Amsterdam recorded the strongest price increase among all cities since 2015 with price increases of close to 10% a year, outpacing income growth significantly. Such price increases were attributed to a strong regional economy, rapidly easing financing conditions and speculative buying.

In an August report released by CBS, business confidence in the accommodation and food service sectors stood at 7.4%, over 1 percentage point lower than a quarter ago. CBS attributed the poor business sentiment to manpower shortage citing nearly 26,000 vacancies as at the end of the second quarter of 2019. In September 2019, Horwath HTL forecasted a less positive outlook for the coming years, projecting growth in average room rates but modest RevPAR growth due to economic uncertainties such as Brexit and the ongoing trade wars.

Company Outlook

Property Development

In Dongguan, the Star of East River and Emerald of the Orient projects continue to generate good cash flows through strong pre-sales performance. The residential units of The Pinnacle and Wanjiang Victory Land projects are expected to be launched for pre-sale in late 2019/early 2020 and late 2020 respectively. The Group's various Dongguan projects are expected to be handed over in phases over the next few years.

In Chengdu, the Group's Millennium Waterfront project has launched 781 out of a total of 807 loft SOHO units at Plot F for pre-sales in August 2019 and sales performance for these launched units has been satisfactory. The development at Plot F is expected to be completed around early 2021. The Group is considering its development options for Plot E, the last development plot of the Chengdu Millennium Waterfront project.

The Group has received the conditional building permits to (i) redevelop the Dreeftoren Amsterdam office building by increasing its net lettable area by approximately 74% to 15,272 sqm; and (ii) develop a new 312-unit residential tower next to the office building. The Group expects both building permits to be irrevocable by late 2019. As construction costs in the Netherlands remain high, the Group will monitor the construction market and will only commence construction if it is able to secure a construction contract for the developments at a reasonable contract price.

Property Holding

The 193-room Hampton by Hilton hotel in Utrecht, the Netherlands has traded well with an average occupancy rate of 72.7% since its opening on 17 June 2019 to 30 September 2019. The hotel achieved an EBITDA of €1.0 million in its first 3.5 months of operation. Encouraged by the stellar performance of its first owner managed hotel in the Netherlands, the Group looks forward to the completion of the 144-room Crowne Plaza hotel in April 2020 which will also be owner managed and is within the same building.

Property Financing

The PRC property financing ("PRC PF") loan book stood at approximately RMB2.0 billion as at 30 September 2019. The Group is working towards the disbursement of additional PRC PF loans before the end of 2019. The Group expects 2019 to be a record year for the PRC PF business.

The Group has successfully recovered the entire RMB170.0 million loan principal in respect of the Case 1 defaulted loan in October 2019. After working with the Shanghai court and due to the public interest arising from the criminal cases involving the legal representative of the borrower, the Group has accepted a lower interest of RMB24.2 million, being interest accrued at 4.75% per annum, with the remaining auction proceeds to be distributed to the victims of the criminal cases. This marks the conclusion of the litigation in relation to the Case 1 defaulted loan. Since the commencement of the Group's property financing ("PF") business in 2012, the Group has experienced defaults on only two PF loans and has not suffered any bad debt loss.

Following the Group's maiden entry into Australia in late 2018, the Group is keen to increase its business footprint in the key cities of Australia which may be by way of equity participation in, and financing of, property development projects. Given the ongoing tightening of the credit market in Australia, the Group is upbeat that it will be able to expand its Australia property financing portfolio and/or participate in property holding opportunities for prime real estate properties or developments under the current favourable macro-economic conditions.

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

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable.

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

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

14. Confirmation that the issuer has procured undertakings from all of its directors and executive officers (in the format set out in appendix 7.7) under rule 720(1)

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

BY ORDER OF THE BOARD

Neo Teck Pheng
Group Chief Executive Officer and Executive Director
25 October 2019

CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of their knowledge, that nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results for the third quarter and the nine-month period ended 30 September 2019 to be false or misleading in any material respect.

On behalf of the Board of Directors

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

25 October 2019

FIRST SPONSOR GROUP LIMITED

Co Reg. No: AT-195714 | Business Address: 63 Market Street, #06-03 Bank of Singapore Centre, Singapore 048942

Press Release

FIRST SPONSOR ACHIEVED A NET PROFIT OF S$33.3 MILLION, A 30.3% QUARTER ON QUARTER GROWTH

THE GROUP HAS SUCCESSFULLY RECOVERED THE ENTIRE RMB170.0 MILLION DEFAULTED LOAN PRINCIPAL

Singapore, 25 October 2019 – Singapore Exchange ("**SGX**") Main Board-listed First Sponsor Group Limited ("**First Sponsor**" or the "**Company**", and together with its subsidiaries, associated companies and joint ventures, the "**Group**"), a mixed property developer in the Netherlands and the People's Republic of China (the "**PRC**"), an owner of commercial properties (including hotels) and a provider of property financing services mainly in the Netherlands, Germany, and the PRC, today announced the Group's unaudited financial results for the third quarter ended 30 September 2019 ("**3Q2019**").

Financial Highlights

In S$'000	3Q2019	3Q2018	Change %	YTD Sep 2019	YTD Sep 2018	Change %
Revenue	44,596	53,493	(16.6)%	169,371	145,409	16.5%
Profit attributable to equity holders of the Company	33,321	25,575	30.3%	72,178	54,770	31.8%

- The PRC property financing ("**PRC PF**") loan book stood at approximately RMB2.0 billion as at 30 September 2019. The Group has successfully recovered the entire RMB170 million defaulted loan principal and is working towards the disbursement of additional PRC PF loans before the end of 2019. The Group expects 2019 to be a record year for the PRC PF business.

- The Group's Star of East River and Emerald of the Orient projects in Dongguan continue to generate good cash flows through strong pre-sales performance. The residential units of The Pinnacle and Wanjiang Victory Land projects in Dongguan are expected to be launched for pre-sales in late 2019/early 2020 and late 2020 respectively.

- The Group's Dutch property holding portfolio is boosted by the addition of the 193-room Hampton by Hilton hotel in Utrecht, the Netherlands. The 144-room Crowne Plaza hotel within the same building is expected to commence trading in April 2020.

Mr Neo Teck Pheng, Group Chief Executive Officer, said

"Emerging from a good second quarter, the Group continued the strong momentum with a 30.3% quarter on quarter growth to achieve a net profit of S$33.3 million in 3Q2019. This is the 19th quarterly growth out of 22 quarters of results reporting since the Group's IPO in July 2014.

In Dongguan, the Group's Star of East River and Emerald of the Orient projects continue to generate good cash flows through strong pre-sales performance. The residential units of The Pinnacle and Wanjiang Victory Land projects are expected to be launched for pre-sale in late 2019/early 2020 and late 2020 respectively. The Group's various Dongguan projects are expected to be handed over in phases over the next few years.

In Chengdu, the Group has launched 781 out of a total of 807 loft SOHO units at Plot F of the Chengdu Millennium Waterfront project for pre-sales in August 2019 and sales performance for these launched units has been satisfactory. Plot F is expected to be completed around early 2021. The Group is considering its development options for Plot E, the last development plot of the Chengdu Millennium Waterfront project.

In the Netherlands, the Group is pleased that the 193-room Hampton by Hilton hotel in Utrecht has traded well with an average occupancy rate of 72.7% since its opening on 17 June 2019 to 30 September 2019. The hotel achieved an EBITDA of €1.0 million in its first 3.5 months of operation. Encouraged by the stellar performance of its first owner managed hotel in the Netherlands, the Group looks forward to the completion of the 144-room Crowne Plaza hotel in April 2020 which will also be owner managed and is within the same building.

The Group has received the conditional building permits to (i) redevelop the Dreeftoren Amsterdam office building by increasing its net lettable area by approximately 74% to 15,272 sqm; and (ii) develop a new 312-unit residential tower next to the office building. The Group expects both building permits to be irrevocable by late 2019. As construction costs in the Netherlands remain high, the Group will monitor the construction market and will only commence construction if it is able to secure a construction contract for the developments at a reasonable contract price.

The PRC property financing loan book stood at approximately RMB2.0 billion as at 30 September 2019. The Group is working towards the disbursement of additional PRC PF loans before the end of 2019 and expects 2019 to be a record year for the PRC PF business. The Group has successfully recovered the entire RMB170.0 million loan principal in respect of the Case 1 defaulted loan in October 2019. After working with the Shanghai court and due to the public interest arising from the criminal cases involving the legal representative of the borrower, the Group has accepted a lower interest of RMB24.2 million, being interest accrued at 4.75% per annum, with the remaining auction proceeds to be distributed to the victims of the criminal cases. This marks the conclusion of the litigation in relation to the Case 1 defaulted loan. Since the commencement of the Group's property financing ("**PF**") business in 2012, the Group has experienced defaults on only two PF loans and has not suffered any bad debt loss.

Following the Group's maiden entry into Australia in late 2018, the Group is keen to increase its business footprint in the key cities of Australia which may be by way of equity participation in, and financing of, property development projects. Given the ongoing tightening of the credit market in Australia, the Group is upbeat that it will be able to expand its Australia property financing portfolio and/or participate in property holding opportunities for prime real estate properties or developments under the current favourable macro-economic conditions.

Armed with a strong balance sheet, the Group is ready to capitalise on good business opportunities in the Netherlands, Germany, the PRC and Australia for further growth and expansion."

- End -

Please refer to the Group's unaudited financial results announcement for 3Q2019 and the investor presentation slides dated 25 October 2019 for a detailed review of the Group's performance and prospects. For media enquiries, please contact:

Mr Zhang Jiarong
Senior Vice President – Financial Planning & Analysis
First Sponsor Group Limited
Email: ir@1st-sponsor.com.sg
Tel: (65) 6436 4920 Fax: (65) 6438 3170

About First Sponsor Group Limited

First Sponsor Group Limited ("**First Sponsor**", and together with its subsidiaries, associated companies and joint ventures, the "**Group**"), a mixed property developer in the Netherlands and the People's Republic of China (the "**PRC**"), an owner of commercial properties (including hotels) and a provider of property financing services mainly in the Netherlands, Germany, and the PRC, was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 22 July 2014. The Group is supported by both its established key controlling shareholders, the Hong Leong group of companies, through its shareholding interests in Millennium & Copthorne Hotels plc, and Tai Tak Estates Sendirian Berhad, a private company with a long operating history, which was incorporated in Singapore in 1954.

First Sponsor Group Limited
Investor Presentation
25 October 2019

Poortgebouw Hoog Catharijne at Utrecht, the Netherlands
which houses the Group's Hampton by Hilton Hotel (in operation) and Crowne Plaza Hotel (under development)

Contents

Section 1 Key Message

Key Message

1. The Group achieved a net profit of S$33.3 million in 3Q2019, a 30.3% quarter on quarter growth. This is the 19th quarterly growth out of 22 quarters of results reporting since the Group's IPO in July 2014.

2. In Dongguan, the Star of East River and Emerald of the Orient projects continue to generate good cash flows through strong pre-sales performance. The residential units of The Pinnacle and Wanjiang Victory Land projects are expected to be launched for pre-sale in late 2019/early 2020 and late 2020 respectively. The Group's various Dongguan projects are expected to be handed over in phases over the next few years.

3. The Group has launched 781 out of a total of 807 loft SOHO units at Plot F of the Chengdu Millennium Waterfront project for pre-sales in August 2019 and sales performance for these launched units has been satisfactory. The development at Plot F is expected to be completed around early 2021. The Group is considering its development options for Plot E, the last development plot of the Chengdu Millennium Waterfront project.

Key Message

4. The 193-room Hampton by Hilton hotel in Utrecht, the Netherlands has traded well Encouraged by the stellar performance of its first owner managed hotel in the Netherlands, the Group looks forward to the completion of the 144-room Crowne Plaza hotel in April 2020 which will also be owner managed and is within the same building.

5. The Group has received the conditional building permits to (i) redevelop the Dreeftoren Amsterdam office building by increasing its net lettable area by approximately 74% to 15,272 sqm; and (ii) develop a new 312-unit residential tower next to the office building. The Group expects both building permits to be irrevocable by late 2019. As construction costs in the Netherlands remain high, the Group will monitor the construction market and will only commence construction if it is able to secure a construction contract for the developments at a reasonable contract price.

6. The Group has successfully recovered the entire RMB170.0 million loan principal in respect of the Case 1 defaulted loan in October 2019. After working with the Shanghai court and due to the public interest arising from the criminal cases involving the legal representative of the borrower, the Group has accepted a lower interest of RMB24.2 million, being interest accrued at 4.75% per annum, with the remaining auction proceeds to be distributed to the victims of the criminal cases. This marks the conclusion of the litigation in relation to the Case 1 defaulted loan. Since the commencement of the Group's property financing ("PF") business in 2012, the Group has experienced defaults on only two PF loans and has not suffered any bad debt loss.

Key Message

7. The PRC PF loan book stood at approximately RMB2.0 billion as at 30 September 2019. The Group is working towards the disbursement of additional PRC PF loans before the end of 2019. The Group expects 2019 to be a record year for the PRC PF business.

8. Following the Group's maiden entry into Australia in late 2018, the Group is keen to increase its business footprint in the key cities of Australia which may be by way of equity participation in, and financing of, property development projects. Given the ongoing tightening of the credit market in Australia, the Group is upbeat that it will be able to expand its Australia property financing portfolio and/or participate in property holding opportunities for prime real estate properties or developments under the current favourable macro-economic conditions.

9. Armed with a strong balance sheet, the Group is ready to capitalise on good business opportunities in the Netherlands, Germany, the PRC and Australia for further growth and expansion.

Section 2 Financial Highlights

2.1 Statement of Profit or Loss - Highlights

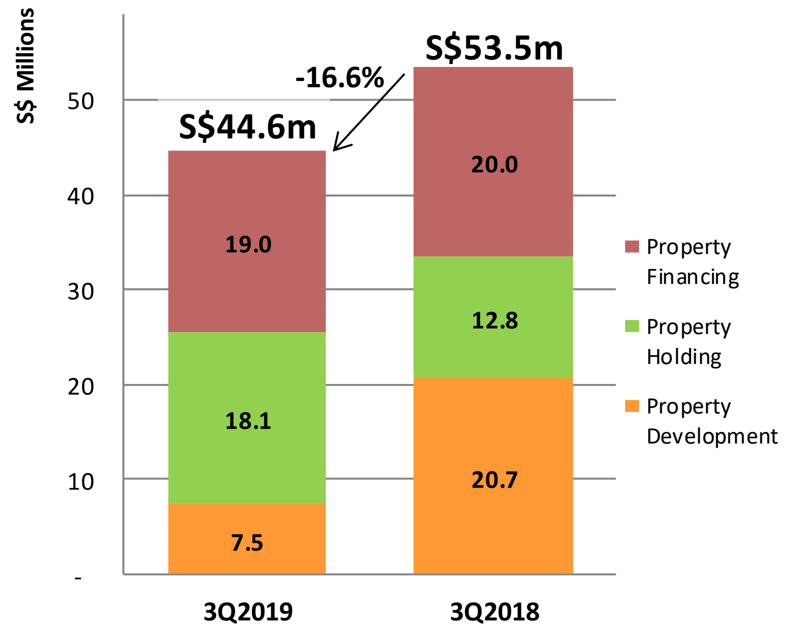
Statement of Profit or Loss - Highlights

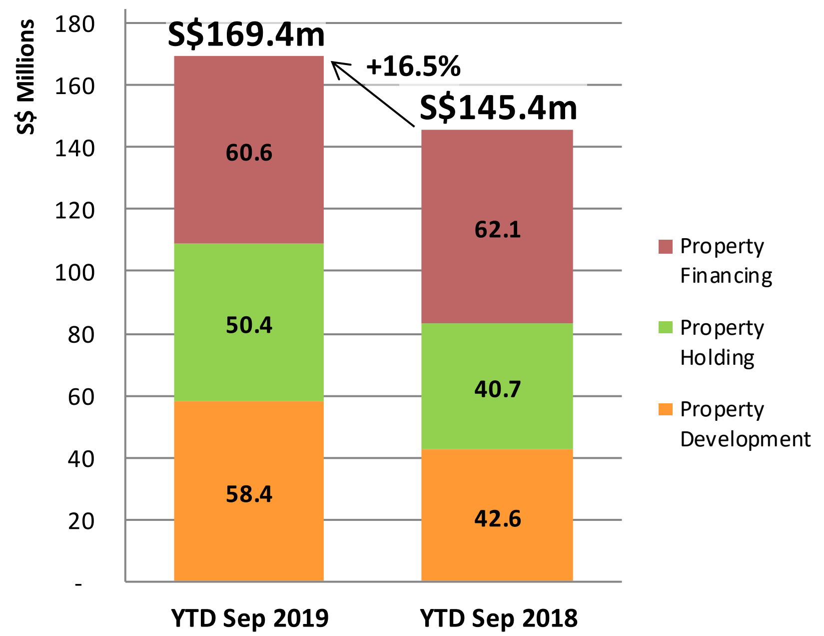
In S$'000	3Q2019	3Q2018	Change %	YTD Sep 2019	YTD Sep 2018	Change %
Revenue	44,596	53,493	(16.6%)	169,371	145,409	16.5%
Gross profit	28,448	32,974	(13.7%)	114,807	91,508	25.5%
Profit before tax	37,321	33,362	11.9%	99,164	70,918	39.8%
Attributable profit (1)	33,321	25,575	30.3%	72,178	54,770	31.8%
Basic EPS (cents)	4.00	3.69	8.4%	9.45	7.99	18.3%
Diluted EPS (cents) (2)	3.03	3.21	(5.6%)	7.73	7.42	4.2%
Interest cover (3)	43.9x	70.6x	n.a.	49.0x	n.m (4)	n.a.

(1) "Attributable profit" refers to profit attributable to equity holders of the Company.
(2) Dilutive effect arising from assumed conversion of all perpetual convertible capital securities and exercise of all warrants.
(3) Interest cover = PBT (excluding accounting interest due to or from financial institutions) ÷ net accounting interest expense due to or from financial institutions.
(4) The Group has net interest income from financial institutions.

2.2 Statement of Profit or Loss – Revenue

Revenue





Property Development

The decrease was due mainly to lower number of residential units of the Millennium Waterfront project being handed over (3Q2019: 1 unit vs 3Q2018: 83 units).

Property Holding

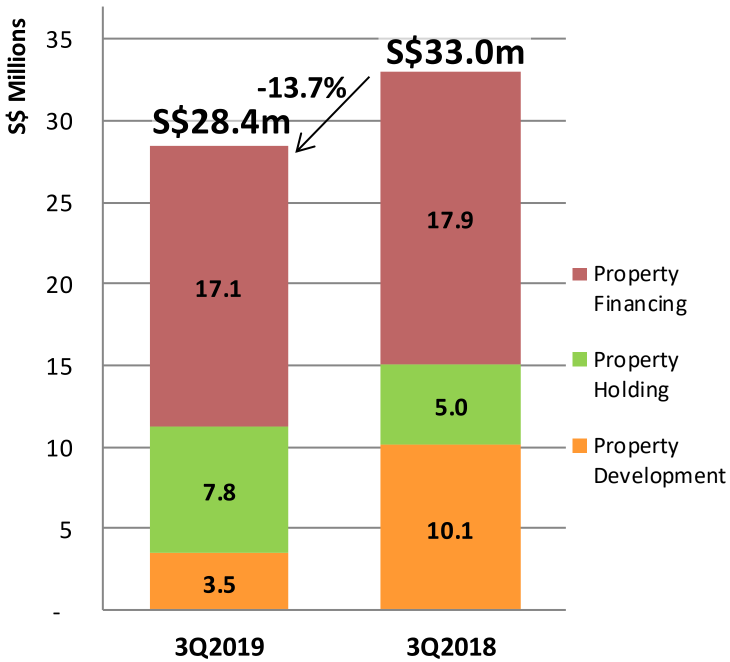
The increase in 3Q2019 was due mainly to full quarter's revenue contribution from the newly acquired Westin Bellevue Dresden Hotel.

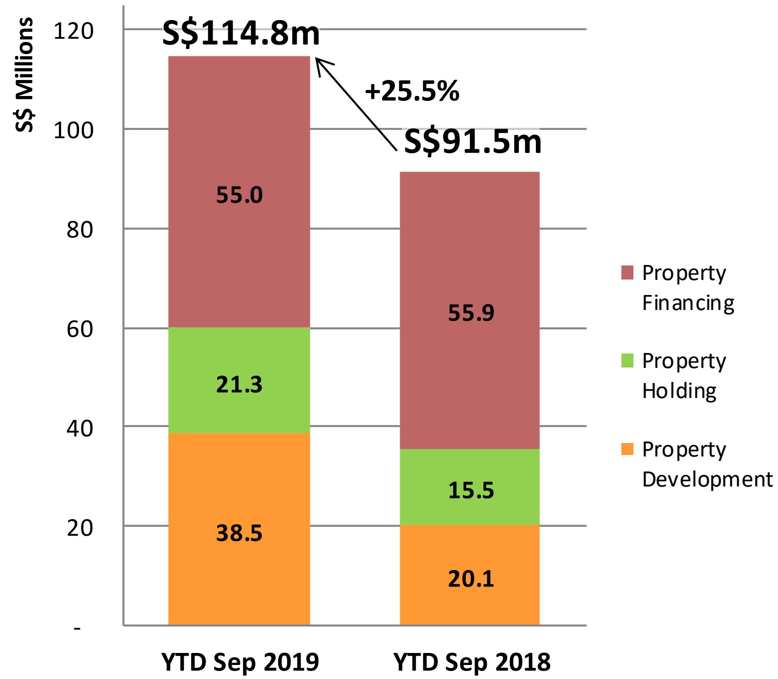
Property Financing

The decrease in 3Q2019 was due to the absence of one-off penalty and consultancy revenue of S$1.4m which were recognised in 3Q2018 and partially offset by income from a higher average loan portfolio in 3Q2019.

2.3 Statement of Profit or Loss – Gross Profit

Gross Profit





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Property Holding

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Property Financing

The decrease in 3Q2019 was due to the absence of one-off penalty and consultancy revenue of S$1.4m which were recognised in 3Q2018 and partially offset by income from a higher average loan portfolio in 3Q2019.

2.4 European Property Portfolio Performance

In S$'000	3Q2019	3Q2018	Change %	YTD Sep 2019	YTD Sep 2018	Change %
Dutch office income	**6,674**	**4,692**	**42.2%** (3)	**17,184**	**15,546**	**10.5%**
European hotel income	**12,994**	**11,640**	**11.6%**	**29,555**	**28,856**	**2.4%**
- Operating hotels (1)	10,191	8,695	17.2% (4)	21,031	20,067	4.8%
- Leased hotels (2)	2,803	2,945	(4.8%) (5)	8,525	8,789	(3.0%)
Total	**19,668**	**16,332**	**20.4%**	**46,739**	**44,402**	**5.3%**

(1) Includes the Bilderberg Portfolio, Hilton Rotterdam hotel, Westin Bellevue Dresden hotel and Hampton by Hilton Utrecht hotel.

(2) Includes the Le Méridien Frankfurt hotel and Arena Towers Amsterdam (Holiday Inn/Holiday Inn Express).

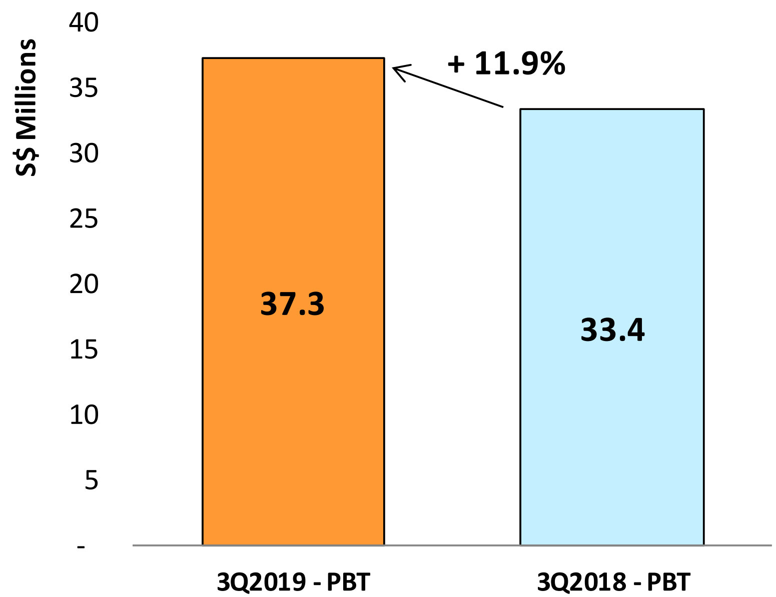
(3) Due mainly to the income contribution from the Munthof Amsterdam and Oliphant Amsterdam which have completed their redevelopment in 2019, and higher rent contribution arising from higher occupancy of the Mondriaan Tower Amsterdam.

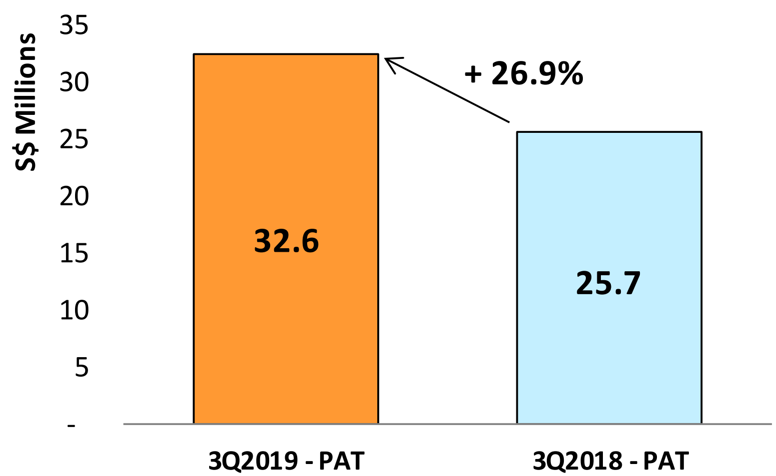
(4) Due mainly to the additional income contribution from (i) Westin Bellevue Dresden Hotel which was acquired in late March 2019; and (ii) the owner managed Hampton by Hilton Utrecht hotel which commenced its operations in mid-June 2019, offset by disposal of 5 hotels in the Bilderberg hotel portfolio.

(5) Due to the weakening of EUR against S$.

Excluding Dreeftoren Amsterdam, the Dutch office portfolio and European leased hotels (LFA: 147,000 sqm, occupancy of 90%) have a WALT of approximately 9.5 years.

2.5 Statement of Profit or Loss – 3Q2019 vs 3Q2018





The increase in profit before tax was due mainly to:

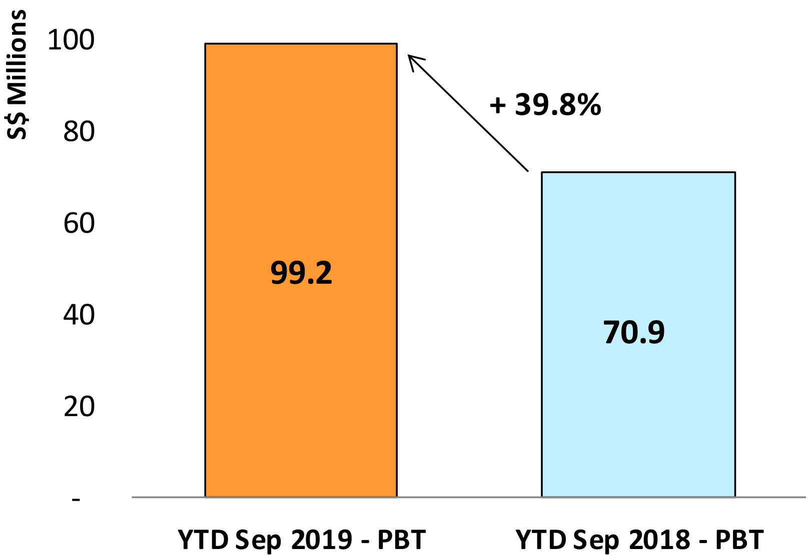
- Higher gross profit contribution from the property holding business segment [S$2.8m increase]
- Higher share of after-tax profit from associates and joint ventures [S$14.0m increase]

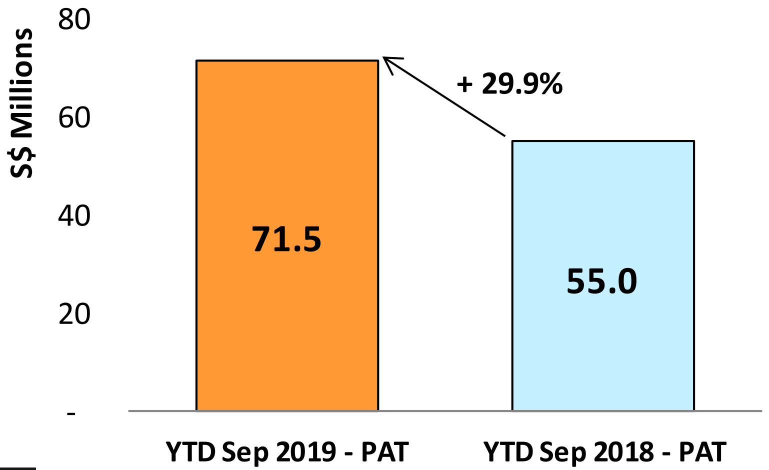
The increase was partially offset by:

- Lower gross profit contribution from the property development and property financing business segments [S$7.4m decrease]
- Higher administrative and selling expenses [S$3.0m increase]
- Lower net finance income [S$1.0m decrease]
- Lower fair value gain on cross currency swaps net of foreign exchange loss [S$0.7m increase]

The adjusted effective tax rate was 23.6% for 3Q2019.

2.6 Statement of Profit or Loss – YTD Sep 2019 vs YTD Sep 2018





The increase in profit before tax was due mainly to:

- Higher gross profit contribution from the property development and property holding business segments [S$24.2m increase]
- Higher share of after-tax profit from associates and joint ventures [S$23.0m increase]
- Higher fair value gain on cross-currency swaps [S$10.7m increase]
- Gain on disposal of certain commercial spaces of the Chengdu Cityspring project [S$4.5m increase]

The increase was partially offset by:

- Higher foreign exchange loss [S$17.7m increase]
- Lower gross profit contribution from the property financing business segment [S$0.8m decrease]
- One-off professional fees in relation to the acquisition of Westin Bellevue Dresden Hotel [S$1.3m increase]
- Higher operating costs due to the newly acquired Westin Bellevue Dresden Hotel and newly opened Hampton by Hilton Hotel [S$3.3m increase]
- One-off hotel pre-opening expenses and hotel base stock costs written off [S$1.3m increase]
- Lower net finance income [S$4.8m decrease]

The adjusted effective tax rate was 24.2% for YTD Sep 2019.

2.7 Statement of Financial Position – Highlights

Statement of Financial Position - Highlights			
In S$'000	**30-Sep-19**	**30-Jun-19**	**Change %**
Total assets	2,845,006	2,780,108	2.3%
Cash and structured deposits [(1)]	328,856	257,875	27.5%
Contract liabilities	124,217	115,647	7.4%
Total debt [(2)]	740,097	737,935	0.3%
Net asset value (NAV)[(3)]	1,477,705	1,471,230	0.4%
NAV per share (cents)	185.86	185.04	0.4%
Adjusted NAV per share (cents)[(4)]	156.92	156.33	0.4%
Gearing ratio [(5)]	0.28x	0.32x	n.a.

(1) Relates to principal-guaranteed structured deposits placed with financial institutions classified as other investments (current).

(2) Comprises gross borrowings of S$748.5m net of unamortised upfront fee of S$8.4m and S$745.5m net of unamortised upfront fee of S$7.6m as at 30 September 2019 and 30 June 2019 respectively.

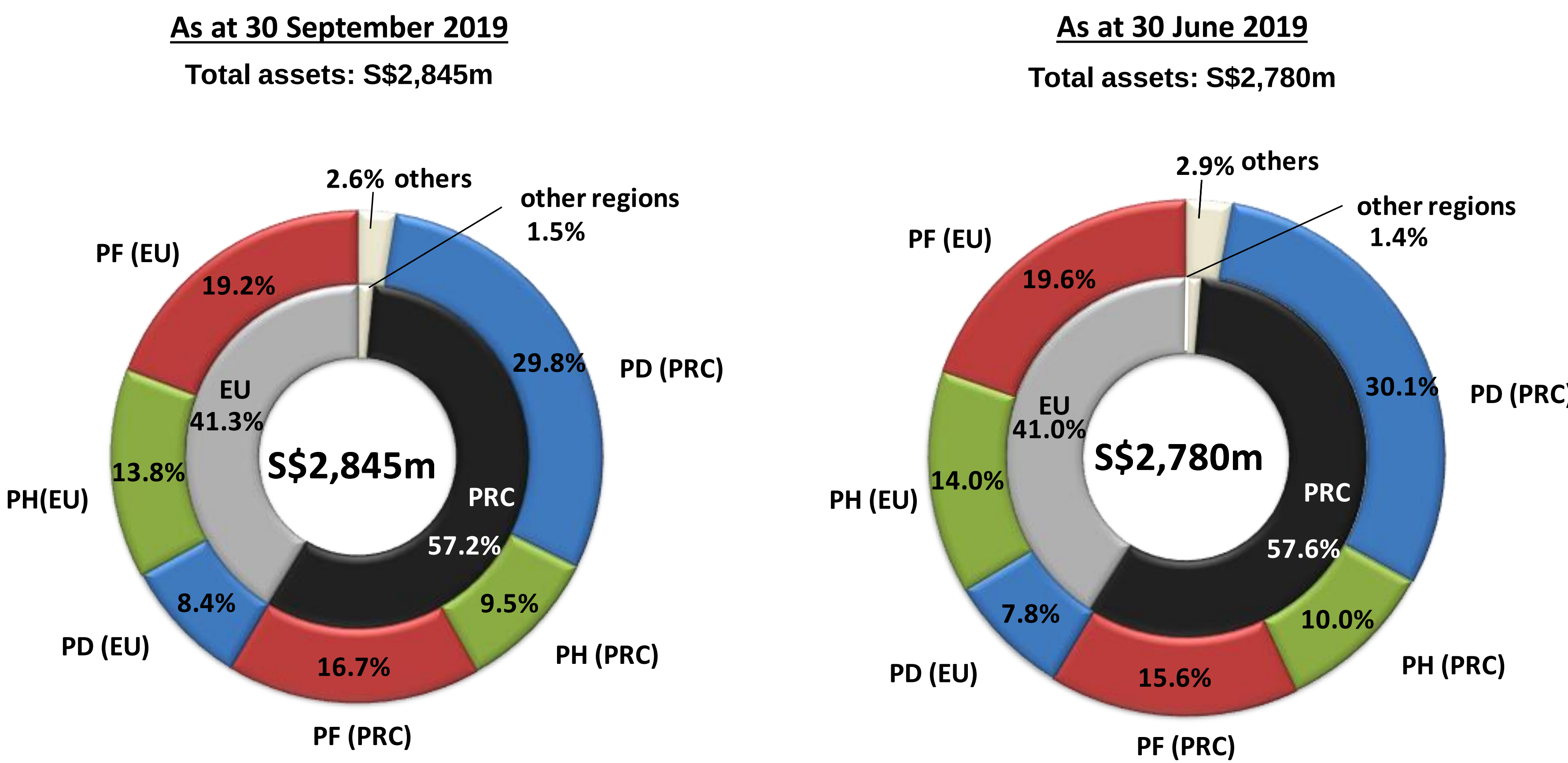
(3) NAV includes Series-2 perpetual convertible capital securities ("Series-2 PCCS") of S$146.5m and translation loss of S$17.4m (Jun 2019: translation gain of S$0.7m), and excludes non-controlling interests.

(4) Represents NAV per share adjusted for the full conversion of Series-2 PCCS and exercise of all warrants to ordinary shares.

(5) Computed as net debt ÷ total equity including non-controlling interests.
Net debt = gross borrowings – cash and structured deposits.

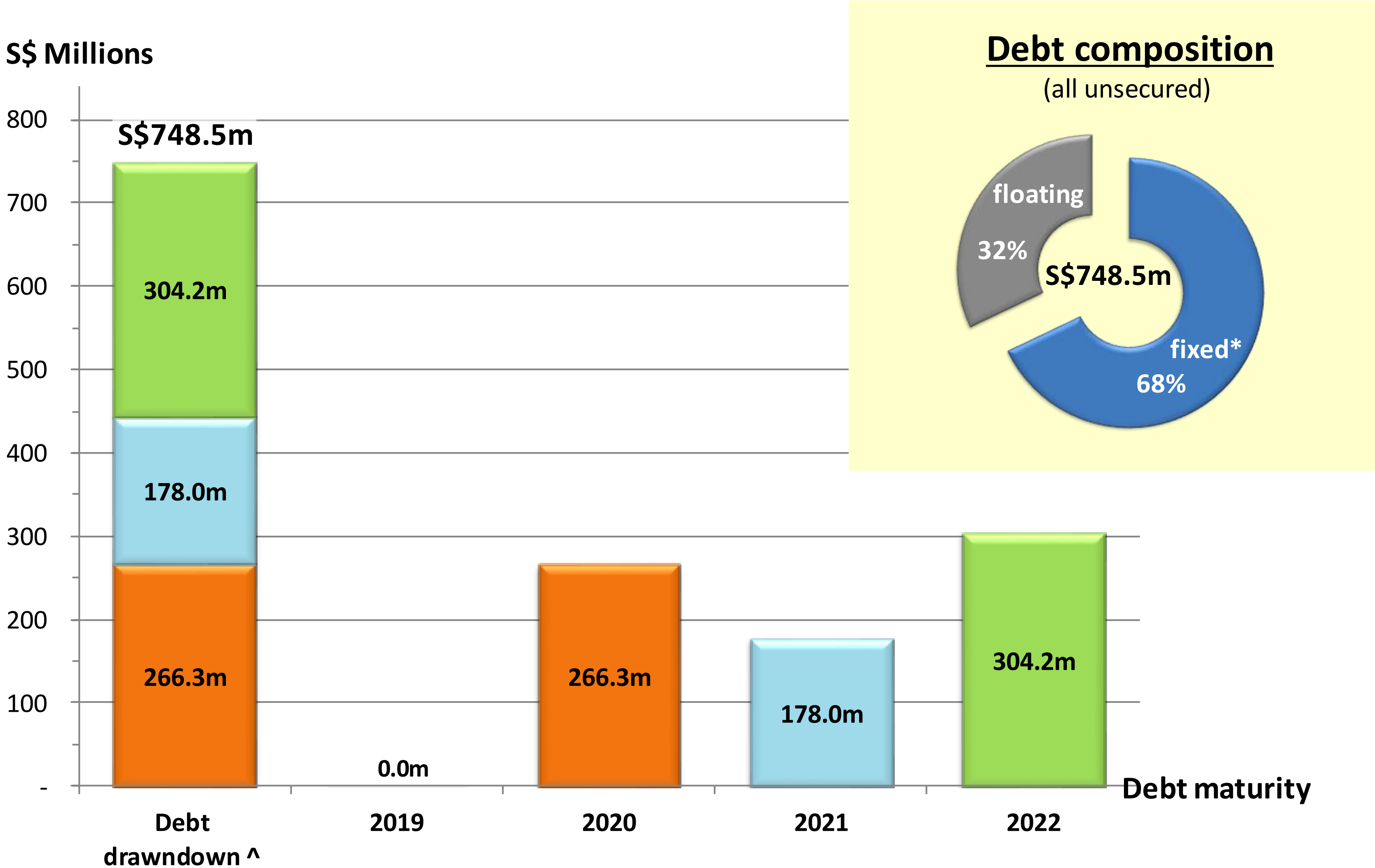
2.8 Statement of Financial Position - Total Assets

Total Assets – by business and geographic segments



EU = The Netherlands + Germany + Italy
PRC = The People's Republic of China
PD = Property Development
PH = Property Holding
PF = Property Financing

2.9 Debt Maturity and Composition as at 30 September 2019



* Done via cross currency swaps.

^ Remaining headroom of S$244.1m comprises mainly committed credit facilities.

Section 3

Key Business Review 3Q2019 – Property Development

3.1 Property Development – Plot F, Millennium Waterfront Project, Chengdu

- The Group has launched 781 out of a total of 807 loft SOHO units for pre-sales in August 2019 and sales performance for these launched units has been satisfactory.

- The development is expected to be completed around early 2021.

SOHO units

- Comprises 15 floors of 807 loft SOHO units (49,350 sqm)
- % of 46,547 sqm saleable GFA launched for sale sold[3]: 36.9%

Retail and commercial space

- 5 floors of over 25,000 sqm of saleable retail and commercial space including F&B/restaurants, cinema and supermarket, as well as 806 car park lots

Notes:
1. This diagram is not drawn to scale.
2. Based on artist's impression which may not be fully representative of the actual development.
3. As at 30 September 2019 and includes sales under option agreements or sale and purchase agreements, as the case may be.

3.1 Property Development – Plot E, Millennium Waterfront Project, Chengdu

- The Group is considering its development options for Plot E, the last development plot of the Chengdu Millennium Waterfront project.

Expected to comprise:

- Three blocks of approx. 2,900 SOHO units and an elder care centre of total 304,300 sqm including a hospital building (69,500 sqm)
- 91,800 sqm of commercial/retail space
- 3,200 car park lots

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

3.2 Property Development – Star of East River Project, Dongguan

Residential Blocks

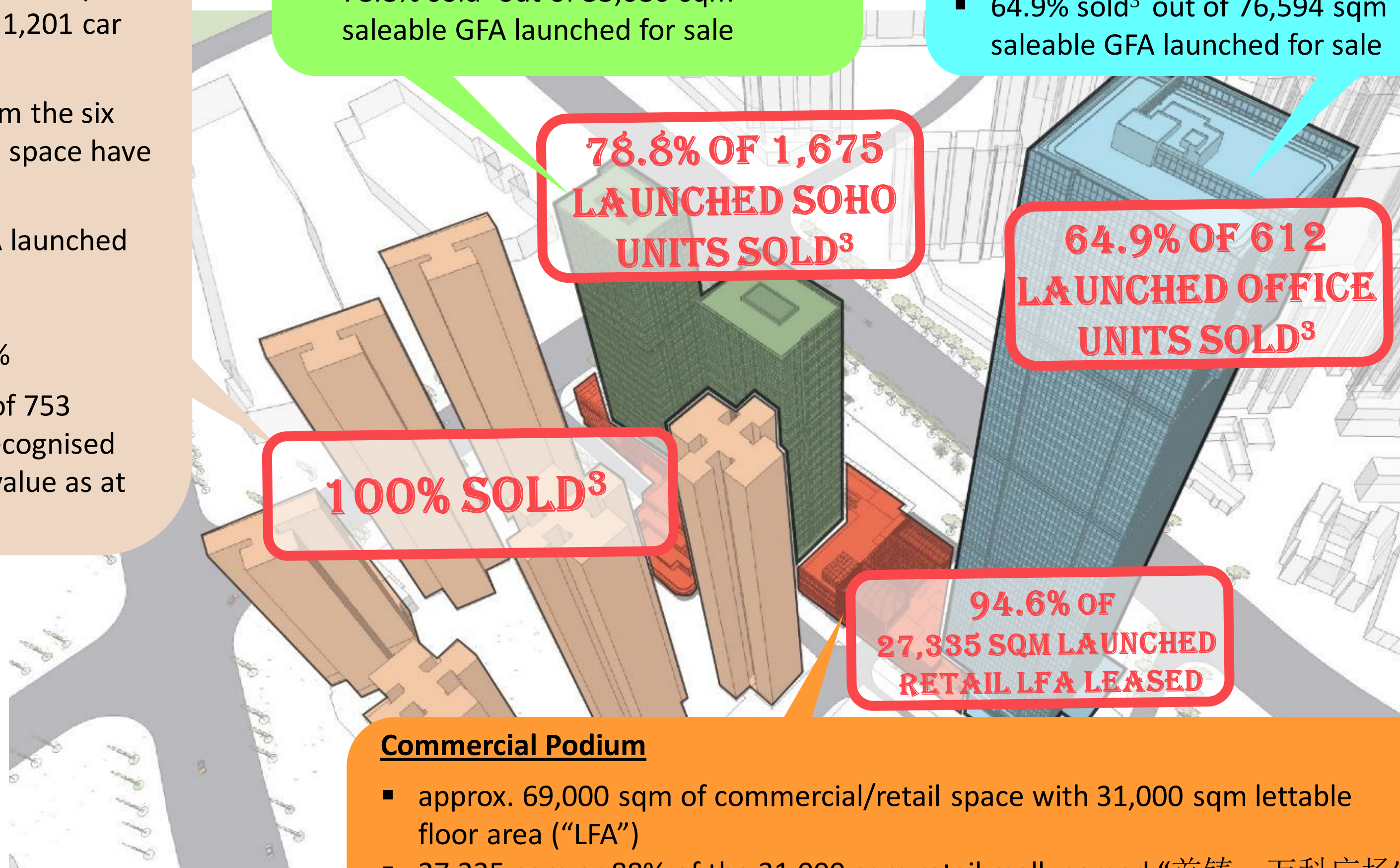
- Six blocks of 1,221 residential units (132,000 sqm), 1,961 sqm of commercial space and 1,201 car park lots
- All residential units from the six blocks and commercial space have been launched for sale
- % of total saleable GFA launched for sale sold[3]:
  - Residential : 100%
  - Commercial : 100%
- Cumulative handover of 753 residential units and recognised S$388.3m gross sales value as at 30 September 2019

SOHO Blocks

- Two blocks of 2,328 SOHO units (75,000 sqm)
- 78.8% sold[3] out of 55,086 sqm saleable GFA launched for sale

Office Block

- 250m high office tower block with 778 office units (102,000 sqm)
- 64.9% sold[3] out of 76,594 sqm saleable GFA launched for sale



Commercial Podium

- approx. 69,000 sqm of commercial/retail space with 31,000 sqm lettable floor area ("LFA")
- 27,335 sqm or 88% of the 31,000 sqm retail mall, named "首铸。万科广场", has commenced operations in late September 2019, of which 94.6% of these spaces are leased out
- 35.4% of leased LFA is from 3 anchor tenants with WALT of >12 years

Notes:

1. This diagram is not drawn to scale.
2. Based on artist's impression which may not be fully representative of the actual development.
3. As at 30 September 2019 and includes sales under option agreements or sale and purchase agreements, as the case may be.

3.3 Property Development – Emerald of the Orient, Dongguan

High-rise Residential Blocks

- Six blocks of 1,076 residential units (120,300 sqm), including 222 units to be kept for a minimum holding period of 5 years as per land tender conditions, and 973 car park lots
- The fourth residential block which was launched for pre-sale in the last week of September 2019 achieved 49.1% sales for its launched units
- The saleable units for the remaining two blocks will be launched for pre-sale upon obtaining the pre-sale permits in 4Q2019
- Sold apartments are expected to be handed over from late 2020/early 2021

Others

- Approx. 89,500 sqm to be built for the municipal comprising office, residential, kindergarten and other general amenities as per the land tender conditions

Residential Villa Cluster

- 168 residential villas (24,700 sqm), including 31 villas to be kept for a minimum holding period of 5 years as per land tender conditions
- All 137 saleable villas are fully sold, and expected to be handed over from late 2020

1. This diagram is not drawn to scale.
2. Based on artist's impression which may not be fully representative of the actual development.
3. As at 30 September 2019 and includes sales under option agreements or sale and purchase agreements, as the case may be. % sold excludes units to be kept for minimum holding period of 5 years after the housing title certificates have been obtained.

3.4 Property Development – The Pinnacle, Dongguan

- The Group is working towards obtaining pre-sale permits for the residential blocks by late 2019 / early 2020 and the development project is expected to be self funding thereafter through pre-sale proceeds.

High-rise Residential Blocks

- Eight blocks of 607 residential units (63,500 sqm) and approx. 412 car park lots
- Expected to launch for pre-sale in phases from late 2019 / early 2020

SOHO Cluster

- Comprises 226 SOHO units (8,900 sqm)
- Expected to launch for pre-sale in 2Q2020

Ground Level Retail:

- Approx. 3,000 sqm of retail space located at ground level of residential and SOHO blocks

Based on artist's impression which may not be fully representative of the actual development.
This diagram is not drawn to scale.

3.5 Property Development – Wanjiang Victory Land, Dongguan

- In June 2019, the Group acquired a 27% equity stake in the Wanjiang Victory Land which has a total GFA of approximately 214,700 sqm comprising approximately 134,000 sqm of residential GFA and 80,700 sqm of commercial GFA.

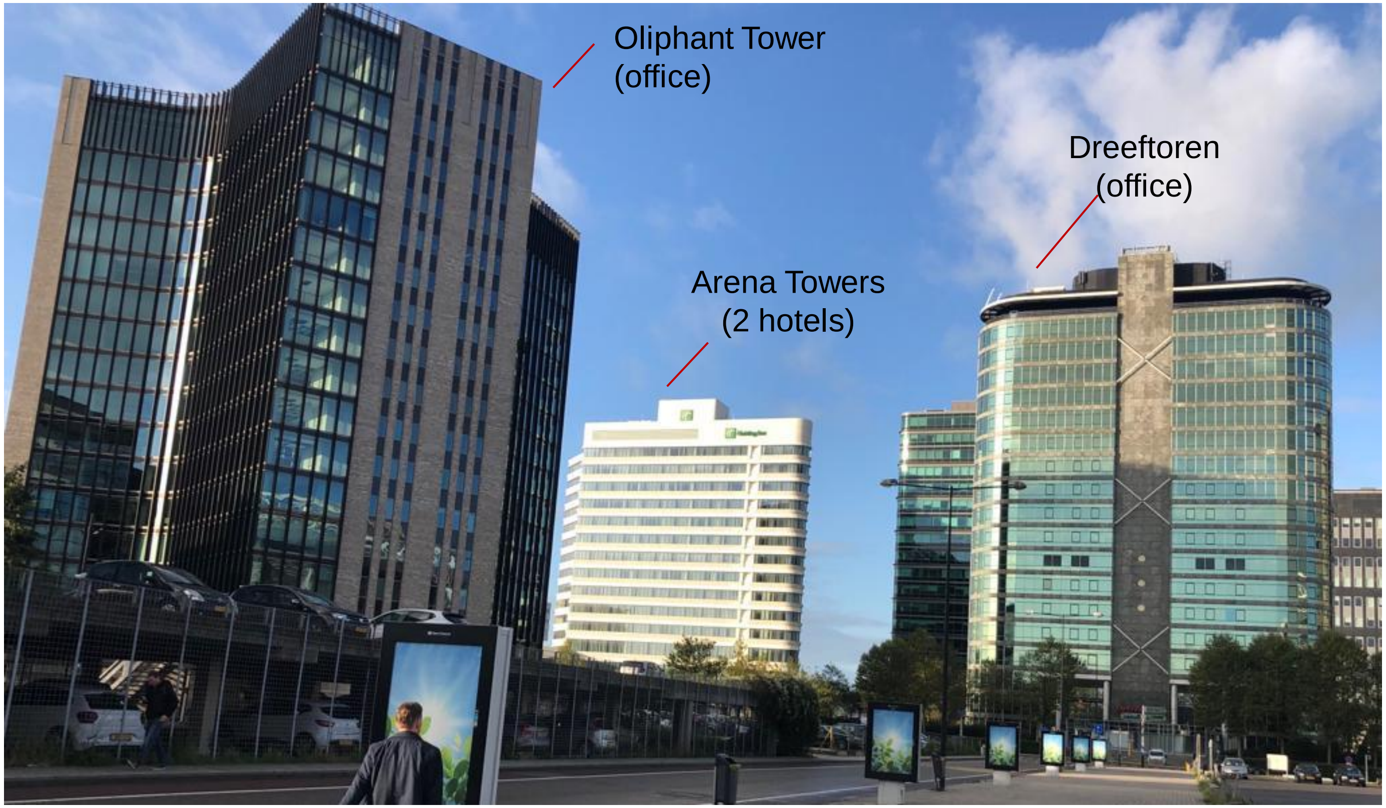
Preliminary design based on artist's impression which may not be fully representative of the actual development.

- Development of the project is on track and pre-sale of the residential component is expected to commence from late 2020.

- A mixed used development site adjacent to the Wanjiang Victory Land was recently sold via a public tender at a land cost of approximately RMB1.1 billion which translates into approximately RMB18,500 psm, a premium of more than 28% over Wanjiang Victory Land cost of approximately RMB14,400 psm. In addition to the higher land cost, the winning bidder has to build and return 5% of the residential GFA to the Dongguan municipal as part of the competitive bid terms.

3.6 Property Development – Dreeftoren, Amsterdam Southeast

- The Group has received the following conditional building permits:
  - to redevelop the office building by increasing its net lettable area by approximately 74% to 15,272 sqm; and
  - to develop a new 312-unit residential tower next to the office building.



The Group's 3 properties at Amsterdam Southeast, the Netherlands

3.6 Property Development – Dreeftoren, Amsterdam Southeast

- The Group expects both building permits to be irrevocable by late 2019. As construction costs in the Netherlands remain high, the Group will monitor the construction market and will only commence construction if it is able to secure a construction contract for the developments at a reasonable contract price.

- While the current housing regulations require new residential developments to be built based on the development composition of 40% social housing, 40% mid rent residential and 20% free market residential, the Dreeftoren residential tower had obtained the approval to build a higher volume of free market residential component (40%) and corresponding lower volume of social housing component (20%).

- The social housing and mid rent residential components are subject to rental control thereby restricting capital value appreciation. However, such limitation will be lifted after 15 years and 25 years from completion of construction respectively. As such, other than the free market residential apartments which will be developed for sale, the Group is considering holding the remaining social housing and mid rent residential apartments for recurring rental yield with a good capital gain potential in the future.

Section 4 Key Business Review 3Q2019 – Property Holding

4.1 Property Holding – Chengdu Wenjiang hotels and Utrecht hotel

Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring Hotels, PRC

- The Wenjiang hotels continue to display strong performance with a 28% increase in GOP for 3Q2019 over 3Q2018 underpinned by profitability growth in both rooms and F&B business segment.

Hampton by Hilton Utrecht Central Station, the Netherlands

- The 193-room Hampton by Hilton hotel has traded well with an average occupancy rate of 72.7% since its opening on 17 June 2019 to 30 September 2019. The hotel achieved an EBITDA of €1.0 million in its first 3.5 months of operation.

- Encouraged by the stellar performance of its first owner managed hotel in the Netherlands, the Group looks forward to the completion of the 144-room Crowne Plaza hotel in April 2020 which will also be owner managed and is within the same building.

4.2 Property Holding – Hilton Rotterdam and Westin Bellevue Dresden hotels

Hilton Rotterdam, the Netherlands

- The hotel achieved an increase in occupancy and average daily rate that resulted in 10% growth in room revenue and an overall 16.3% GOP growth for 3Q2019.

Westin Bellevue Dresden, Germany

- An extensive capital expenditure program for the 340-room Westin Bellevue Dresden Hotel which was acquired in March 2019 has begun. Phase 1 which entails the renovation of 113 rooms has been completed. Phase 2 which covers the renovation of an additional 111 rooms will be completed before the end of 2019. Another 102 rooms will also be renovated in early 2020. New conference rooms may be added in due course.

- While ongoing capital expenditure works are expected to cause a short term negative impact on hotel trading, the Group is confident that the substantial makeover of the hotel will have a long term positive impact on performance.

4.3 Property Holding – Bilderberg Hotel Portfolio in The Netherlands

Bilderberg Hotel Portfolio (1)	3Q2019	3Q2018 (restated)	Change	YTD Sep 2019	YTD Sep 2018 (restated)	Change
Occupancy	77.8%	79.3%	(1.5%)	70.1%	72.0%	(1.8%)
ADR	€ 110	€ 104	5.6%	€ 108	€ 106	2.4%
RevPAR	€ 86	€ 83	3.6%	€ 76	€ 76	(0.2%)
TRevPAR	€ 153	€ 149	2.5%	€ 139	€ 140	(0.6%)

(1) The trading results of Bilderberg Hotel Portfolio comprises 11 owned hotels and one leased hotel. The prior period comparatives have been restated to conform with such presentation.

- The Bilderberg Portfolio managed to achieved a modest revenue growth in 3Q2019 which is a turnaround from the first two quarters where it recorded a decrease in revenue due mainly to an overall softening of the Dutch hospitality market partly attributable to the increase in VAT rate from 6% to 9% for hotel rooms and F&B business since 1 January 2019.

- EBITDA of the portfolio further increased by 18.3% for 3Q2019 due mainly to significant saving resulting from the absorption of part of the head office operations by the Event hotel management platform.

4.4 Property Holding – Update on Sale of Certain Parts of Chengdu Cityspring

- The Group had entered into a sale and purchase agreement on 30 May 2018 and subsequent various supplemental agreements[1] in relation to the disposal of certain parts of Chengdu Cityspring, including the 196-room M Hotel Chengdu, bare shell commercial spaces and basement car park lots, for a total cash consideration of approximately RMB465.0 million (approx. S$93.3 million).

Liquidated Damages

1. RMB 18.1m collected to date
2. Ongoing liquidated damages to be paid based on 1% per month of outstanding amount
3. Refund (part of) the related liquidated damage collected for the period between 1/10/2019 to 31/3/2020 if all outstanding purchase consideration are collected before 31/8/2020

Total Purchase Consideration RMB 465m

RMB 361.4m (78%) collected to-date

- **Property title relating to consideration of RMB 294.2m transferred**
- **Deposit of RMB 54.3m**
- **Advance Receipt of RMB 12.9m**

Outstanding Purchase Consideration of RMB 103.6m

- **Monthly instalment of at least RMB 10m**

[1] *Reference is made to the announcements dated 30-May-18,12-Jul-18, 25-Sept-18, 23-Nov-18, 28-Jan-19 , 22-May-19 and 26-Aug-19.*

Section 5 Key Business Review 3Q2019 – Property Financing

5.1 Property Financing - Overview of Financial Performance

In S$'000	3Q2019	3Q2018	Change %	YTD Sep 2019	YTD Sep 2018	Change %
Secured PRC PF loans to third parties						
- interest	9,720	5,092	90.9%	29,893	8,827	238.7%
- penalty interest	-	338	n.m.	-	13,067	n.m.
Unsecured PF loans to the Group's members						
- European associates and JV (1)	9,137	9,131	0.1%	25,864	26,130	(1.0%)
- Star of East River Project Co (2)	-	3,725	n.m.	3,096	11,279	(72.6%)
- Dongguan East Sun Limited (3)	-	379	n.m.	-	1,148	n.m.
Others	102	1,320	n.m.	1,777	1,654	7.4%
Total Revenue from PF	**18,959**	**19,985**	**(5.1%)**	**60,630**	**62,105**	**(2.4%)**
Share of interest income from secured Australian PF loan to 3rd parties (1),(4)	297	-	n.m.	892	-	n.m.

(1) Relates to non-PRC property financing business
(2) Repaid in March 2019
(3) Repaid in October 2018
(4) Income recognised through share of joint venture's profit

5.2 Property Financing - PRC PF Loan Book

	Average PRC PF loan book [1] for the quarter ended	Average PRC PF loan book [1] for the year to date ended	PRC PF loan book [1] as at
30 September 2019	RMB2,059.6m (S$409.4m)	RMB2,245.8m (S$446.5m)	RMB2,030.0m (S$393.0m)
30 June 2019	RMB1,880.4m (S$376.6m)	RMB2,340.4m (S$468.8m)	RMB2,052.5m (S$403.9m)

(1) Includes the Case 1 RMB170.0 million defaulted loan which was subsequently recovered on 14 October 2019.

- The PRC PF loan book stood at approximately RMB2.0 billion as at 30 September 2019. The Group is working towards the disbursement of additional PRC PF loans before the end of 2019. The Group expects 2019 to be a record year for the PRC PF business.

5.3 Status of Case 1 Problematic Loan

- The Group has successfully recovered the entire RMB170.0 million loan principal in respect of the Case 1 defaulted loan in October 2019.

- After working with the Shanghai court and due to the public interest arising from the criminal cases involving the legal representative of the borrower, the Group has accepted a lower interest of RMB24.2 million, being interest accrued at 4.75% per annum, with the remaining auction proceeds to be distributed to the victims of the criminal cases.

- The Group has not recognized any interest income in its books up to 30 September 2019 since the borrower's default in December 2015.

- This marks the conclusion of the litigation in relation to the Case 1 defaulted loan. Since the commencement of the Group's PF business in 2012, the Group has experienced defaults on only two PF loans and has not suffered any bad debt loss.

Thank You

Disclaimer

This document may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, customers and partners, expected levels of occupancy rate, property rental income, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

ASSET ACQUISITIONS AND DISPOSALS::INCORPORATION OF SUBSIDIARIES AND JOINT VENTURE COMPANIES

Issuer & Securities

Issuer/ Manager
FIRST SPONSOR GROUP LIMITED

Securities
FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN

Stapled Security
No

Announcement Details

Announcement Title
Asset Acquisitions and Disposals

Date &Time of Broadcast
25-Oct-2019 06:55:23

Status
New

Announcement Sub Title
INCORPORATION OF SUBSIDIARIES AND JOINT VENTURE COMPANIES

Announcement Reference
SG191025OTHRS2CD

Submitted By (Co./ Ind. Name)
Neo Teck Pheng

Designation
Group Chief Executive Officer and Executive Director

Description (Please provide a detailed description of the event in the box below)
Please see attached.

Attachments

FSGL - Incorporation of Subsidiaries and JVs.pdf

Total size =140K MB

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

INCORPORATION OF SUBSIDIARIES AND JOINT VENTURE COMPANIES

The Board of Directors of First Sponsor Group Limited ("**Company**", and collectively with its subsidiaries, "**Group**") wishes to announce the following:

A. Incorporation of subsidiaries

1. FS Dongguan No. 5 Ltd, a wholly-owned subsidiary of the Company, has incorporated the following company:

Name of company	: FS Australia Property 3 Pte. Ltd.
Date of incorporation	: 6 August 2019
Country of incorporation	: Singapore
Issued share capital	: AUD 1.00
Principal activity	: Investment holding

2. First Sponsor (Guangdong) Group Limited ("**FSGD**"), an indirect wholly-owned subsidiary of the Company, has incorporated the following company:

Name of company	: FS Dongguan No. 6 Investment Consultancy Co., Ltd. (东莞市首铸六号投资咨询有限公司) ("**FSDG 6**")
Date of incorporation	: 12 August 2019
Country of incorporation	: People's Republic of China
Registered share capital	: RMB 10,080,000
Principal activity	: Investment holding, property development, property investment and property management services

As at the date of this announcement, FSGD has not made any capital contribution to FSDG 6.

B. Incorporation of joint venture companies

1. The Company has incorporated two joint venture companies in Singapore, details of which are set out below:

Name of company	: FS Nieuw Holland 2 Pte. Ltd. ("**FSNH 2**")
Date of incorporation	: 16 September 2019
Country of incorporation	: Singapore
Issued share capital	: AUD 2.00
Principal activity	: Investment holding

Name of company	: FS Nieuw Holland Holdco 2 Pte. Ltd. ("**FSNHHC 2**")
Date of incorporation	: 17 September 2019
Country of incorporation	: Singapore
Issued share capital	: AUD 2.00
Principal activity	: Investment holding

2. FS Nieuw Holland Pte. Ltd. ("**FSNH**"), a joint venture company of the Company has incorporated the following company:

Name of company	: FS Australia Property 2 Pte. Ltd. ("**FSAP 2**")
Date of incorporation	: 20 August 2019
Country of incorporation	: Singapore
Issued share capital	: AUD 1.00
Principal activity	: Investment holding

FSNH 2 has acquired FSAP 2 from FSNH on 16 September 2019.

FSNH, FSNH 2 and FSNHHC 2 are 50:50 joint venture companies of the Company and Tai Tak Industries Pte. Ltd., a wholly-owned subsidiary of Tai Tak Estates Sendirian Berhad which, as at 25 October 2019, has a deemed interest of approximately 45.38% in the issued shares of the Company. The participation by the Company in the joint ventures and the acquisition of FSAP 2 by FSNH 2 from FSNH constitute interested person transactions, which aggregate amount at risk (taken together with that of other transactions entered with the Tai Tak Estates Sendirian Berhad group in the current financial year, if any) is less than 3% of the latest audited net tangible assets of the Group.

None of the transactions above is expected to have any material impact on the consolidated earnings per share and the consolidated net tangible assets per share of the Group for the current financial year.

BY ORDER OF THE BOARD
Neo Teck Pheng
Group Chief Executive Officer and Executive Director

25 October 2019