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 2018

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

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

	The Group Third quarter ended 30 September		Incr / (Decr)	The Group 9-month period ended 30 September		Incr / (Decr)
	2018	2017		2018	2017	
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	53,493	64,822	(17.5)	145,409	204,113	(28.8)
Cost of sales	(20,519)	(35,796)	(42.7)	(53,901)	(126,279)	(57.3)
Gross profit	32,974	29,026	13.6	91,508	77,834	17.6
Administrative expenses	(5,697)	(5,087)	12.0	(19,410)	(15,555)	24.8
Selling expenses	(1,790)	(997)	79.5	(5,897)	(5,120)	15.2
Other income/ (expenses) (net)	3,820	2,590	47.5	941	(2,582)	n.m.
Other gains/(losses) (net)	1,683	6	n.m.	1,683	(40)	n.m.
Results from operating activities	30,990	25,538	21.3	68,825	54,537	26.2
Finance income	3,761	4,851	(22.5)	12,555	13,678	(8.2)
Finance costs	(2,504)	(2,565)	(2.4)	(7,297)	(7,687)	(5.1)
Net finance income	1,257	2,286	(45.0)	5,258	5,991	(12.2)
Share of after-tax results of associates and joint ventures	1,115	90	n.m.	(3,165)	1,008	n.m.
Profit before tax	33,362	27,914	19.5	70,918	61,536	15.2
Tax expense	(7,711)	(5,772)	33.6	(15,878)	(15,794)	0.5
Profit for the period	25,651	22,142	15.8	55,040	45,742	20.3
Attributable to:						
Equity holders of the Company	25,575	22,020	16.1	54,770	45,623	20.0
Non-controlling interests	76	122	(37.7)	270	119	126.9
Profit for the period	25,651	22,142	15.8	55,040	45,742	20.3
Earnings per share (cents)						
- **basic**	3.69	3.39	8.8	7.99	7.03	13.7
- **diluted**	3.21	3.39	(5.3)	7.42	7.03	5.5

n.m.: not meaningful

Consolidated Statement of Comprehensive Income

	The Group Third quarter ended 30 September		The Group 9-month period ended 30 September	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Profit for the period	25,651	22,142	55,040	45,742
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	(341)	814	(937)	913
Translation differences on financial statements of foreign subsidiaries, net of tax	(43,608)	5,186	(21,812)	(14,382)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	(1,586)	567	(178)	(631)
Other comprehensive income for the period, net of tax	(45,535)	6,567	(22,927)	(14,100)
Total comprehensive income for the period	(19,884)	28,709	32,113	31,642
Total comprehensive income attributable to:				
Equity holders of the Company	(20,016)	28,399	31,886	31,785
Non-controlling interests	132	310	227	(143)
Total comprehensive income for the period	(19,884)	28,709	32,113	31,642

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	
	2018	**2017**	**2018**	**2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Other gains/(losses) comprise:				
Gain/(loss) on disposal of:				
- assets held-for-sale	5,349	-	5,349	-
- investment properties	41	-	41	(46)
- property, plant and equipment	-*	6	-*	6
Impairment loss on assets held-for-sale	(3,707)	-	(3,707)	-
Profit before income tax includes the following (expenses)/income:				
Depreciation of property, plant and equipment	(1,477)	(1,275)	(5,344)	(3,823)
Exchange gain/(loss) (net)	3,950	9,560	(12,616)	11,373
Fair value gain/(loss) on derivative assets/ liabilities (net)	881	(6,610)	16,393	(13,261)
Hotel and hotspring pre-opening expenses	-	(182)	-	(182)
Impairment loss on investment properties	-	-	-	(602)
Operating lease expenses	(117)	(120)	(395)	(320)
Trade receivables written off	-	-	-	(13)
Net investment return from a PRC government linked entity	-	-	-	403

* 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 2018 S$'000	As at 31 December 2017 S$'000	As at 30 September 2018 S$'000	As at 31 December 2017 S$'000
Non-current assets				
Property, plant and equipment	184,895	230,844	330	389
Investment properties	253,109	282,634	-	-
Interests in subsidiaries	-	-	653,581	653,581
Interests in associates and joint ventures	57,758	64,361	-*	-*
Derivative assets	8,301	350	8,301	350
Other investments	22,782	23,380	-	-
Deferred tax assets	30,177	25,905	-	-
Trade and other receivables	648,396	284,455	819,907	370,608
	1,205,418	911,929	1,482,119	1,024,928
Current assets				
Development properties	400,405	390,704	-	-
Inventories	210	175	-	-
Trade and other receivables	426,079	445,534	374,441	570,997
Assets held-for-sale	52,022	-	-	-
Other investments	85,107	38,863	-	-
Cash and cash equivalents	206,371	319,298	1,641	4,527
	1,170,194	1,194,574	376,082	575,524
Total assets	2,375,612	2,106,503	1,858,201	1,600,452
Equity				
Share capital	81,388	73,640	81,388	73,640
Reserves	1,016,487	1,006,514	826,593	807,067
Equity attributable to owners of the Company	1,097,875	1,080,154	907,981	880,707
Perpetual convertible capital securities	161,421	-	161,421	-
Non-controlling interests	6,954	6,727	-	-
Total equity	1,266,250	1,086,881	1,069,402	880,707
Non-current liabilities				
Loans and borrowings	624,571	609,988	587,306	574,171
Derivative liabilities	8,849	13,122	8,849	13,122
Other payable	12,735	12,811	-	-
Deferred tax liabilities	4,255	3,870	-	-
	650,410	639,791	596,155	587,293
Current liabilities				
Loans and borrowings	49,211	-	49,211	-
Current tax payables	30,833	30,306	147	145
Trade and other payables	129,666	166,093	143,286	128,139
Receipts in advance	249,242	179,264	-	-
Derivative liability	-	4,168	-	4,168
	458,952	379,831	192,644	132,452
Total liabilities	1,109,362	1,019,622	788,799	719,745
Total equity and liabilities	2,375,612	2,106,503	1,858,201	1,600,452

* Amount less than S$1,000

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 2018 S$'000	**As at 31 December 2017 S$'000**
Unsecured		
- repayable within one year	49,211	-
- repayable after one year	587,306	572,513
Total	636,517	572,513
Secured		
- repayable within one year	-	-
- repayable after one year	37,265	37,475
Total	37,265	37,475
Grand total	**673,782**	**609,988**
Gross borrowings	683,329	619,869
Less:		
(i) cash and cash equivalents	(206,371)	(319,298)
(ii) other investments (current) [Note 1]	(85,107)	(38,863)
Net borrowings	391,851	261,708

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

Details of any collateral

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

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

	The Group Third quarter ended 30 September		The Group 9-month period ended 30 September	
	2018 S$'000	**2017 S$'000**	**2018 S$'000**	**2017 S$'000**
Cash flows from operating activities				
Profit for the period	25,651	22,142	55,040	45,742
Adjustments for:				
Depreciation of property, plant and equipment	1,477	1,275	5,344	3,823
Fair value (gain)/loss on derivative assets/ liabilities (net)	(881)	6,610	(16,393)	13,261
Finance income	(3,761)	(4,851)	(12,555)	(13,678)
Finance costs	2,504	2,565	7,297	7,687
Impairment loss on:				
- assets held-for-sale	3,707	-	3,707	-
- investment properties	-	-	-	602
(Gain)/loss on disposal of:				
- assets held-for-sale	(5,349)	-	(5,349)	-
- investment properties	(41)	-	(41)	46
- property, plant and equipment	-*	(6)	-*	(6)
Trade receivables written off	-	-	-	13
Share of after-tax results of associates and joint ventures	(1,115)	(90)	3,165	(1,008)
Tax expense	7,711	5,772	15,878	15,794
	29,903	33,417	56,093	72,276
Changes in:				
Development properties	2,912	15,195	(14,305)	64,990
Inventories	69	29	(36)	(86)
Trade and other receivables	(71,835)	(260,792)	(370,647)	(280,436)
Trade and other payables	(28,184)	(2,492)	(42,046)	(51,536)
Loans and borrowings	12,231	282,888	123,464	297,727
Receipts in advance	(3,966)	10,842	74,409	84,665
Cash (used in)/generated from operations	(58,870)	79,087	(173,068)	187,600
Interest received	20,520	12,101	58,354	23,506
Interest paid	(1,550)	(2,136)	(8,541)	(4,898)
Tax paid	(3,342)	(5,429)	(18,597)	(16,380)
Net cash (used in)/from operating activities	(43,242)	83,623	(141,852)	189,828

* Amount less than S$1,000

	The Group Third quarter ended 30 September		The Group 9-month period ended 30 September	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Cash flows from investing activities				
Repayment by/(advances to) associate	84,443	-	(19,501)	-
Deposits received in respect of sale of a subsidiary	-	1,014	-	2,200
Decrease in/(placement of) other investments	62,110	-	(48,775)	-
Dividends received from associates	- Note 2	-	18,372	-
Interest received	1,143	4,346	10,452	19,437
(Loans to)/repayment from third parties	(1,235)	4,277	(1,235)	85,369
Payment for acquisition of available-for-sale financial asset	-	(2,752)	-	(23,690)
Payment for additions to:				
- investment properties	(4,874)	(41,185)	(11,292)	(41,196)
- property, plant and equipment	(121)	(2,451)	(145)	(3,334)
Payment for investments in associate and joint venture	-	-	(21,140)	-
Proceeds from disposal of:				
- investment properties	1,750	-	1,750	351
- property, plant and equipment	34	18	34	18
- assets held-for-sale	29,301	-	30,340	-
Return of capital from associate	2,974	-	5,369	1,006
Receipt of deferred consideration from dilution of interest in subsidiaries	-	-	-	41,000
Receipt of investment principal and returns from a PRC government linked entity	-	-	-	9,663
Net cash from/(used in) investing activities	175,525	(36,733)	(35,771)	90,824

	The Group Third quarter ended 30 September		The Group 9-month period ended 30 September	
	2018	**2017**	**2018**	**2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Cash flows from financing activities				
(Repayment of advances)/advances from associates	(63,661)	-	(10,303)	12,490
Decrease in restricted cash	-	-	-	263
Dividends paid to the owners of the Company	(6,485)	(5,898)	(14,271)	(11,796)
Interest paid	(1,112)	(2,395)	(3,473)	(3,893)
Payment of transaction costs related to:				
- borrowings	(409)	(2,395)	(2,625)	(4,895)
- perpetual convertible capital securities ("PCCS")	-	-	(710)	-
Proceeds from issuance of PCCS	-	-	162,199	-
Proceeds from bank borrowings	25,197	236,414	274,577	609,984
Repayment of bank borrowings	(9,409)	(250,244)	(336,779)	(706,284)
Redemption of medium term notes	-	-	-	(50,000)
Net cash (used in)/from financing activities	(55,879)	(24,518)	68,615	(154,131)
Net increase/(decrease) in cash and cash equivalents	76,404	22,372	(109,008)	126,521
Cash and cash equivalents at beginning of the period	139,290	379,663	319,298	280,304
Effect of exchange rate changes on balances held in foreign currencies	(9,323)	3,132	(3,919)	(1,658)
Cash and cash equivalents at end of the period	206,371	405,167	206,371	405,167

Note 2 A dividend from an associate of S$18,372,000 was offset against an advance of S$18,372,000 from the associate in 3Q 2018.

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

	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'000	Distributable reserve S$'000	Fair value reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
The Group												
At 1 January 2018, as previously stated	73,640	9,609	33,447	225	662,764	(3,949)	36,950	267,468	1,080,154	-	6,727	1,086,881
Impact of adoption of IFRS 9	-	-	-	-	-	3,949	-	(3,949)	-	-	-	-
At 1 January 2018, as restated	73,640	9,609	33,447	225	662,764	-	36,950	263,519	1,080,154	-	6,727	1,086,881
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	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 perpetual convertible capital securities ("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	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	Non-controlling interests S$'000	Total equity S$'000
The Group										
At 1 January 2017	736,404	9,609	27,445	225	-	53,923	196,983	1,024,589	5,108	1,029,697
Capital reduction	(662,764)	-	-	-	662,764	-	-	-	-	-
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	45,623	45,623	119	45,742
Other comprehensive income										
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	913	-	913	-	913
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	(14,120)	-	(14,120)	(262)	(14,382)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	(631)	-	(631)	-	(631)
Total other comprehensive income	-	-	-	-	-	(13,838)	-	(13,838)	(262)	(14,100)
Total comprehensive income for the period	-	-	-	-	-	(13,838)	45,623	31,785	(143)	31,642
Transaction with owners, recognised directly in equity										
Distributions to owners										
Dividends paid to the owners of the Company	-	-	-	-	-	-	(11,796)	(11,796)	-	(11,796)
Total distributions to owners	-	-	-	-	-	-	(11,796)	(11,796)	-	(11,796)
Total transactions with owners of the Company	-	-	-	-	-	-	(11,796)	(11,796)	-	(11,796)
At 30 September 2017	73,640	9,609	27,445	225	662,764	40,085	230,810	1,044,578	4,965	1,049,543

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
At 1 January 2017	736,404	9,821	(5,988)	-	78,678	818,915	-	818,915
Capital reduction	(662,764)	-	-	662.764	-	-	-	-
Total comprehensive income for the period								
Profit for the period	-	-	-	-	54,918	54,918	-	54,918
Total comprehensive income for the period	-	-	-	-	54,918	54,918	-	54,918
Transaction with owners, recognised directly in equity								
Distributions to owners								
Dividends paid to the owners of the Company	-	-	-	-	(11,796)	(11,796)	-	(11,796)
Total distributions to owners	-	-	-	-	(11,796)	(11,796)	-	(11,796)
Total transactions with owners of the Company	-	-	-	-	(11,796)	(11,796)	-	(11,796)
At 30 September 2017	73,640	9,821	(5,988)	662,764	121,800	862,037	-	862,037

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 2018	648,795,981	81,375
Issuance of new shares pursuant to conversion of PCCS during the period	96,500	13
Balance at 30 September 2018	648,892,481	81,388

The total number of issued ordinary shares (excluding treasury shares) as at 30 September 2018 and 30 September 2017 was 648,892,481 and 589,814,949 respectively.

As at 30 September 2018, 147,357,237 PCCS (30 September 2017: Nil) were outstanding. Each PCCS shall entitle the PCCS holder to convert such PCCS into one new ordinary share of the Company, subject to adjustments under certain conditions.

The Company did not hold any treasury shares as at 30 September 2018 and 30 September 2017.

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

The total number of issued ordinary shares (excluding treasury shares) as at 30 September 2018 and 31 December 2017 was 648,892,481 and 589,814,949 respectively.

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

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

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

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

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

Not applicable.

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2017.

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

The Group adopted various new standards, amendments to standards and interpretations that are effective for the financial period beginning on 1 January 2018.

IFRS 9 Financial Instruments

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

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

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**	
	2018	**2017**	**2018**	**2017**
Earnings per share (cents)				
- basic	3.69	3.39	7.99	7.03
- diluted	3.21	3.39	7.42	7.03
Profit attributable to ordinary shareholders (S$'000)	23,949	22,020	51,854	45,623
Profit attributable to ordinary shareholders and PCCS holders (S$'000)	25,575	22,020	54,770	45,623
Weighted average number of ordinary shares in issue:				
- basic	648,641,273 [1]	648,795,981 [2]	648,743,845 [1]	648,795,981 [2]
- diluted	795,998,510 [1]	648,795,981 [2]	737,805,911 [1]	648,795,981 [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 2018	**As at 31 December 2017**	**As at 30 September 2018**	**As at 31 December 2017**
Net asset value per ordinary share (cents)	194.16	183.13	164.80	149.32
Number of issued ordinary shares (excluding treasury shares)	648,584,799 [1]	589,814,949	648,892,481	589,814,949

[1] 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*.

[2] For comparative purposes, the number of ordinary shares as at and for the period ended 30 September 2017 has been adjusted to include the effect of the issue of one bonus share for every ten (10) existing ordinary shares in April 2018.

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	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Revenue from sale of properties	20,686	46,154	42,631	167,145
Rental income from investment properties	3,140	3,105	9,938	9,111
Hotel operations	9,682	4,224	30,735	10,730
Revenue from property financing	19,985	11,339	62,105	17,127
Total	53,493	64,822	145,409	204,113

3Q 2018 vs 3Q 2017

Revenue decreased by S$11.3 million or 17.5%, from S$64.8 million in 3Q 2017 to S$53.5 million in 3Q 2018. This was due mainly to a S$25.5 million decline in revenue from sale of properties. The decrease was partially offset by the increase in revenue from property financing and hotel operations of S$8.7 million and S$5.5 million respectively.

Revenue from sale of properties is recognised when the construction of the properties has been completed and ready for delivery to the purchasers pursuant to the sale and purchase agreements and collectability of related receivables is reasonably assured. The significant decrease in revenue from sale of properties in 3Q 2018 compared to 3Q 2017 was due mainly to the recognition of revenue from fewer units in the Millennium Waterfront project (3Q 2018: 83 residential units, 12 commercial units and 124 car park lots, 3Q 2017: 354 residential units, 4 commercial units and 33 car park lots).

Revenue from property financing increased by S$8.7 million or 76.3%, from S$11.3 million in 3Q 2017 to S$20.0 million in 3Q 2018. Revenue from PRC property financing increased by S$5.5 million, which included a full quarter's contribution of S$3.7 million from a loan to a 30%-owned associate. The European loan portfolio contributed an increase in interest income of S$3.2 million. This was mainly driven by the acquisitions of the Bilderberg Portfolio in August 2017, as well as the Hilton Rotterdam hotel and Le Méridien Frankfurt hotel in January 2018.

Revenue from hotel operations increased by S$5.5 million or 129.2%, from S$4.2 million in 3Q 2017 to S$9.7 million in 3Q 2018. The significant increase was due mainly to a full quarter's contribution from the 24.7%-owned Hilton Rotterdam hotel which was leased by the Group since February 2018, as well as the Wenjiang hotspring which commenced operations in October 2017. The positive performance of the two Wenjiang hotels further boosted the revenue growth for the quarter.

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$15.3 million or 42.7%, from S$35.8 million in 3Q 2017 to S$20.5 million in 3Q 2018. The decrease in revenue recognised from sale of properties had led to a quarter-on-quarter decrease in related cost of sales of S$19.7 million. The decrease was partially offset by the higher cost of sales incurred in respect of the hotel operations and property financing business amounting to S$3.5 million and S$0.7 million respectively.

The Group's gross profit increased by S$4.0 million or 13.6%, from S$29.0 million in 3Q 2017 to S$33.0 million in 3Q 2018. The increase was due mainly to the higher gross profit generated from property financing and hotel operations of S$7.9 million and S$1.9 million respectively. This was partially offset by lower gross profit from sale of properties of S$5.8 million in 3Q 2018.

The Group's gross profit margin increased from 44.8% in 3Q 2017 to 61.6% in 3Q 2018. This reflected the change in the sales mix as the higher yielding property financing segment constituted approximately 54.5% of the Group's gross profit for 3Q 2018 compared to 34.6% in 3Q 2017.

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 marginally by S$0.6 million or 12.0%, from S$5.1 million to S$5.7 million. The increase was due mainly to the full quarter's operations of the Hilton Rotterdam hotel. This was partially offset by the cessation of M Hotel Chengdu operations in July 2018.

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.

Selling expenses increased by S$0.8 million or 79.5%, from S$1.0 million to S$1.8 million. The increase was largely attributable to the full quarter's operations of the Hilton Rotterdam hotel.

Other income/(expenses) (net)

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.

In 3Q 2017, the Group recorded other income of S$2.6 million which comprised mainly net foreign exchange gain of S$9.6 million which was partially offset by fair value loss on derivative instruments of S$6.6 million.

Other gains/(losses) (net)

In 3Q 2018, the Group recorded other gains of S$1.7 million which comprised a 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

Net finance income decreased by S$1.0 million or 45.0%, from S$2.3 million in 3Q 2017 to S$1.3 million in 3Q 2018. This was due mainly to the absence of interest income from the Chengdu Wenjiang government as the underlying loans were fully repaid by the end of 2017.

Share of after-tax results of associates and joint ventures

Share of after-tax results of associates and joint ventures increased from S$0.1 million in 3Q 2017 to S$1.1 million in 3Q 2018. The increase was boosted by the Group's attributable share of gain from disposal of Bilderberg Langoed Lauswolt hotel amounting to approximately S$2.0 million. The increase was partially offset by the financing costs incurred by the associates and a joint venture in relation to the loans obtained from the Group.

Tax expense

The Group recorded tax expense of S$7.7 million on profit before tax of S$33.4 million in 3Q 2018, which included land appreciation tax of S$2.4 million. After adjusting for the share of after-tax results of associates and joint ventures, and the tax effect of non-taxable income of S$3.7 million, the effective tax rate of the Group would be approximately 24.5%.

YTD September 2018 vs YTD September 2017

Revenue of the Group decreased by S$58.7 million or 28.8%, from S$204.1 million in YTD September 2017 to S$145.4 million in YTD September 2018. The decrease in YTD September 2018 was due mainly to the decrease in revenue from sale of properties by S$124.5 million. The decrease was partially offset by the increase in revenue from property financing, hotel operations and rental income from investment properties of S$45.0 million, S$20.0 million and S$0.8 million respectively.

The significant decrease in revenue from sale of properties in YTD September 2018 compared to YTD September 2017 was due mainly to the recognition of revenue from fewer residential and commercial units in the Millennium Waterfront project (YTD September 2018: 145 residential units, 15 commercial units and 279 car park lots, YTD September 2017: 1,273 residential units, 48 commercial units and 113 car park lots).

Revenue from property financing increased by S$45.0 million or 262.6%, from S$17.1 million in YTD September 2017 to S$62.1 million in YTD September 2018. Net penalty interest income of S$13.1 million (RMB63.5 million) was recognised in YTD September 2018 arising from the further successful enforcement on the defaulted PRC loans under Case 2. This is S$8.7 million or 197.6% higher than the penalty interest income recognised in YTD September 2017. Interest income from loans to the associates and joint ventures in Europe also increased significantly by S$16.2 million or 162.9% to S$26.1 million in YTD September 2018 as the loan portfolio expanded with the various acquisitions in Europe. Revenue from PRC property financing also grew by S$20.1 million, S$11.3 million of which was due to interest on a loan to a 30%-owned associate disbursed in late 2017. The rest of the increase was attributable to a higher average PRC loan portfolio held for the period.

Revenue from hotel operations increased by S$20.0 million or 186.4%, from S$10.7 million in YTD September 2017 to S$30.7 million in YTD September 2018. Revenue from the 24.7%-owned Hilton Rotterdam hotel leased by the Group contributed S$14.3 million since February 2018. The two Wenjiang hotels and the adjoining hotspring operations contributed the rest of the revenue growth.

Cost of sales decreased by S$72.4 million or 57.3%, from S$126.3 million in YTD September 2017 to S$53.9 million in YTD September 2018. S$89.5 million of the decrease was attributable to the decrease in revenue from sale of properties in YTD September 2018. This was partially offset by the increase in cost of sales of the hotel operations and property financing business amounting to S$12.6 million and S$3.8 million respectively.

The Group's gross profit increased by S$13.7 million or 17.6%, from S$77.8 million in YTD September 2017 to S$91.5 million in YTD September 2018. The increase was due mainly to the higher gross profit generated from property financing and hotel operations of S$41.1 million and S$7.4 million respectively. This was partially offset by lower gross profit from sale of properties of S$35.0 million in YTD September 2018.

The Group's gross profit margin increased from 38.1% in YTD September 2017 to 62.9% in YTD September 2018. The reason for this is consistent with what has driven the same quarter on quarter gross profit margin growth.

Administrative expenses

Administrative expenses increased by S$3.8 million or 24.8%, from S$15.6 million to S$19.4 million. The increase during the period was due mainly to the inclusion of operating expenses in relation to the Hilton Rotterdam hotel leased by the Group since February 2018. Professional fees were also incurred in respect of the Le Méridien Frankfurt hotel acquisition.

Selling expenses

Selling expenses increased by S$0.8 million or 15.2%, from S$5.1 million to S$5.9 million. The increase was largely attributable to the inclusion of the operations of the Hilton Rotterdam hotel in YTD September 2018.

Other income/(expenses) (net)

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.

In YTD September 2017, the Group recorded other expenses of S$2.6 million which comprised mainly S$0.6 million impairment on investment properties in Dongguan which were disposed in July 2017 and fair value loss on derivative instruments of S$13.3 million, partially offset by net foreign exchange gain of S$11.4 million.

Net finance income

Net finance income decreased by S$0.7 million or 12.2%, from S$6.0 million in YTD September 2017 to S$5.3 million in YTD September 2018. This was due mainly to the effect of the full repayment of the interest bearing loans to the Chengdu Wenjiang government by the end of 2017.

Share of after-tax results of associates and joint ventures

Share of after-tax results of associates and joint ventures decreased by S$4.2 million from a profit of S$1.0 million in YTD September 2017 to a loss of S$3.2 million in YTD September 2018. The Group's associates contributed a share of loss of S$3.6 million for the period partially offset by a share of profit of S$0.4 million from the 50% owned joint venture holding the Le Méridien Frankfurt hotel. The associates' net loss reflected the effect of the full nine months of depreciation charge on the Bilderberg Portfolio acquired by the Group in August 2017, as well as financing costs incurred by the associates on the borrowings granted by the Group.

Tax expense

The Group recorded tax expense of S$15.9 million on profit before tax of S$70.9 million in YTD September 2018, which included land appreciation tax of S$2.8 million. After adjusting for the share of after-tax results of associates and joint ventures, and the tax effect of non-deductible expenses of S$4.7 million and non-taxable income of S$10.6 million, the effective tax rate of the Group would be approximately 24.5%.

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

Non-current assets

Property, plant and equipment decreased by S$45.9 million or 19.9%, from S$230.8 million as at 31 December 2017 to S$184.9 million as at 30 September 2018. Investment properties had also decreased by S$29.5 million or 10.4%, from S$282.6 million as at 31 December 2017 to S$253.1 million as at 30 September 2018. This was due mainly to the reclassification of M Hotel Chengdu (including 174 car park lots) and bare shell commercial spaces in Chengdu Cityspring to assets held-for-sale under current assets. This reclassification was pursuant to the Group entering into a sale and purchase agreement in May 2018 as supplemented by two supplemental agreements entered in July 2018 and September 2018 to dispose of the aforementioned assets, as well as another 144 car park lots classified as part of development properties. The sale will be completed in tranches, with the last tranche expected to be completed in May 2019. The sale of part one of the first tranche had been completed in July 2018.

Interests in associates and joint ventures decreased by S$6.6 million or 10.3%, from S$64.4 million as at 31 December 2017 to S$57.8 million as at 30 September 2018. The decrease was due mainly to the share of loss from associates and return of capital from an associate, partially offset by the investment in an associate and a joint venture during the period.

Trade and other receivables increased by S$363.9 million or 127.9%, from S$284.5 million as at 31 December 2017 to S$648.4 million as at 30 September 2018. The increase was due mainly to the refinancing of certain loans to associates amounting to S$265.1 million (€166.9 million) from current loans to non-current loans, net disbursement of loans to associates and joint ventures in Europe of S$155.0 million (€97.6 million) and disbursement of third party PRC property financing loan of S$68.4 million (RMB350.0 million). This was partially offset by the reclassification of a property financing loan to a PRC associate of S$123.8 million (RMB600.0 million) due on 19 March 2019 to current assets.

Current assets

Assets held-for-sale of S$52.0 million as at 30 September 2018 relate to the M Hotel Chengdu (including 174 car park lots) and certain bare shell commercial spaces within Chengdu Cityspring reclassified from non-current assets as mentioned above.

Other investments of S$85.1 million relate to principal-guaranteed structured deposits placed with financial institutions.

Current liabilities

Trade and other payables decreased by S$36.4 million or 21.9%, from S$166.1 million as at 31 December 2018 to S$129.7 million as at 30 September 2018, due mainly to the payment of construction costs for the Millennium Waterfront project during the period.

Receipts in advance increased by S$69.9 million or 39.0%, from S$179.3 million as at 31 December 2017 to S$249.2 million as at 30 September 2018, due mainly to sale proceeds received in advance from the pre-sale of Plot D of the Millennium Waterfront project during the period.

Loans and borrowings

Gross bank borrowings increased by S$63.4 million or 10.2%, from S$619.9 million as at 31 December 2017 to S$683.3 million as at 30 September 2018. This was due mainly to the net drawdown of the Group's borrowings to fund the Group's European property financing activity as well as the redevelopment of the Oliphant in Amsterdam and the construction of the leased hotels in Poortgebeouw, Utrecht. The increase was partially offset by repayment of loans and borrowings using the net proceeds received from the issuance of PCCS of S$161.5 million, pending deployment of such funds for their intended use.

The Group maintained a net gearing ratio of 0.31 as at 30 September 2018.

Foreign currency risk management

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

Since the Group's entry to the Dutch and German property market 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/or financial derivatives involving CCSs and foreign currency swaps whereby the end result is also to achieve a corresponding Euro liability. The Group takes an economic hedge rather than an accounting hedge approach with regard to the management of its Euro asset exposure.

As at 30 September 2018, the Group had 13 CCSs and one (1) foreign currency swap with an aggregate notional amount of €477.5 million. The CCSs and foreign currency swap are measured at fair value with changes in fair value recognised in the profit and loss account. The fair values of the CCSs and foreign currency swap are mainly dependent on the forward foreign exchange rates, discount rates and yield curves of the notional amounts, as applicable. On the other hand, the changes in fair value of the CCSs and foreign currency swaps will be largely offset by the corresponding changes in fair values of the underlying Euro-denominated assets when the respective CCSs approach their maturity dates and Euro-denominated borrowings are taken up to close out the CCSs, thereby resulting in a minimal cumulative impact to the profit or loss. The cumulative positive impact to the retained earnings arising from the CCSs and foreign currency swap and underlying Euro-denominated assets as at 30 September 2018 was approximately S$2.2 million.

As at 30 September 2018, the Group had a cumulative translation gain of S$14.1 million recorded as part of reserves in its shareholders' equity. This mainly arose from the translation of the net assets and income and expenses of the Group's foreign operations in the PRC to S$ at the exchange rates prevailing at the end of each reporting period.

We do not currently have a formal hedging policy with respect to our RMB foreign exchange exposure and have not used any financial hedging instruments to actively 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. We will continue to monitor our foreign exchange exposure and take appropriate actions when necessary. There is no assurance as to the effectiveness and success of any hedging action that we might or might not take.

Statement of cash flows of the Group

3Q 2018

Net cash used in operating activities of S$43.2 million in 3Q 2018 was due mainly to net disbursement of PRC property financing loans and loans to associate of S$74.2 million, payment of interest and income tax of S$1.6 million and S$3.3 million respectively, partially offset by net penalty interest received from the defaulted loans under Case 2 and interest received from property financing loans of S$20.5 million in aggregate.

Net cash from investing activities of S$175.5 million in 3Q 2018 was due mainly to maturity of structured deposits of S$62.1 million and net repayment of advances by an associate of S$84.4 million as well as the various cash proceeds received from the disposal of certain commercial spaces of Chengdu Cityspring project classified as assets held-for-sale (including liquidated damages) amounting to S$29.3 million in aggregate.

Net cash used in financing activities of S$55.9 million in 3Q 2018 was due mainly to payment of dividends to the owners of the Company of S$6.5 million and net repayment of advances from associates of S$63.7 million, partially offset by net drawdown of borrowings of S$15.8 million.

YTD September 2018

Net cash used in operating activities of S$141.9 million in YTD September 2018 was mainly attributable to net disbursement of PRC property financing loans and loans to associates and joint ventures of S$291.5 million, payment of interest and income tax of S$8.5 million and S$18.6 million respectively, as well as payment of construction costs for the Millennium Waterfront project, partially offset by net penalty interest received from the defaulted loans under Case 2 and interest from property financing loans of S$58.4 million in aggregate.

Net cash used in investing activities of S$35.8 million in YTD September 2018 was mainly attributable to net placement of structured deposits of S$48.8 million, net advances to associates of S$19.5 million, capital expenditure for investment properties of S$11.3 million and investments in an associate and a joint venture amounting to S$21.1 million in aggregate. This was partially offset by the interest received of S$10.5 million, dividends received from an associate of S$18.4 million and proceeds from the disposal of assets held-for-sale (including liquidated damages) of S$30.3 million in aggregate.

Net cash from financing activities amounted to S$68.6 million in YTD September 2018 and was due mainly to net proceeds of S$161.5 million from the issuance of PCCS, partially offset by the net repayment of borrowings of S$62.2 million, payment of dividends to the owners of the Company of S$14.3 million and net repayment of advances from associates of S$10.3 million.

Note:

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

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

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

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

Industry Outlook

People's Republic of China

Since July 2018, the United States ("US") has imposed tariffs on US$250 billion of Chinese products and Beijing has responded with retaliatory taxes on US$110 billion of US products. The Chinese Renminbi ("RMB") has had a rather pressurizing year as it faced strong selling pressure between March and August 2018, losing over 8% on the back of heightened uncertainty and the intensifying trade war. Analysts from Nomura foresee China's real GDP growth slowing from 6.7% in 2Q 2018 to 6.4% in 3Q 2018. Similarly, UBS has cut its forecast for China's GDP growth forecast from 6.2% to 6.0% for next year after the US pledged an additional US$267 billion of tariffs on Chinese products. In response, the People's Bank of China recently announced a steep cut in bank reserve requirement ratio by 100 basis points which will inject an estimated RMB750 billion into the banking system. This is the fourth reduction in reserve ratio during the year. The extent of the Chinese government's management of the RMB during this uncertain period raises a real concern over the further depreciation of RMB as the Sino-US trade war progresses.

The Netherlands

Analysts and reports from the Dutch Central Planning Bureau ("CPB") have warned that the exceptional growth observed in 2017 is expected to cease and they expect the economy to decelerate to more sustainable levels of growth. The CPB estimates GDP growth for 2018 and 2019 to slow down to 2.8% and 2.6% respectively which are still respectable growth rates given the expected Eurozone's average growth of 2.1% and 1.9% over the same periods respectively.

Home prices in the Netherlands continue to trend upwards hitting a historical high in August 2018 since the home price index was tracked in 1995. Compared to the low in June 2013, home prices were up by 32% on average in August 2018. In Amsterdam, demand for houses has increased tremendously with the city adding about 10,000 new inhabitants every year since 2008. In response, Amsterdam's new government has presented its ambitious plans to add an additional 7,500 homes a year through to 2025. At the same time, the city mandates that a significant portion of the newly built homes is to be earmarked for social housing and mid-rental segment with capped rental levels. This decreases attractiveness for both residential investors and developers.

On the Dutch office real estate investment front, investment options have become scarcer with the shortage of supply in the market and transactions are expected to be limited for the remainder of 2018. Rental demand for prime office space continues to soar in the absence of new high quality office developments and Savills forecasts that office rental growth for Amsterdam in the next 2 years to be in the region of 4% to 6%.

Company Outlook

Property Financing

The uncertainty over the economic outlook of the People's Republic of China ("PRC") has further intensified the tight credit situation in the PRC, which has fueled the growth of the Group's property financing business. The property financing business took the forefront for this quarter's profit contribution as the PRC property financing loan book grew by more than 20% to approximately RMB2.0 billion as at 30 September 2018.

With regard to the Case 2 defaulted loans, an additional RMB49.4 million in auction proceeds were collected this quarter with a remaining RMB1.7 million pending disbursement by the court from the surplus auction proceeds. Hence, the Group has successfully resolved the Case 2 defaulted loans of RB470.0 million and received RMB216.1 million in associated default interest. For the Case 1 defaulted loan, the court recently sentenced the legal representative of the borrower to life imprisonment and imposed fines on both the borrower and its legal representative. The legal representative has appealed against the sentence in late September 2018. The Group expects that the auction of the mortgaged properties in relation to Case 1 will be ultimately concluded within FY2019.

Property Development

The good sales response to the launch of the SOHO units in the Star of East River project in late September 2018 is testament to the appeal of this development. Discussions with various potential tenants for the lease of the retail mall component, which is slated to commence business operations in late 2019, look promising. With regard to the new development land in Nancheng District of Dongguan secured in 2Q 2018, the consortium has commenced construction work on the primarily residential project with a saleable GFA of approximately 146,700 sqm. Construction has also commenced on Plot E and Plot F in the Millennium Waterfront project. The Group will place its primary focus initially on the smaller Plot F which is expected to comprise approximately 770 elderly care units and approximately 25,000 sqm of retail and commercial spaces.

In the Netherlands, the Group has signed a 10-year lease agreement with Novartis in respect of its Oliphant office property in Amsterdam Southeast. Novartis will be leasing approximately 4,318 sqm or 20% of the new office's lettable floor area. Advanced discussions are ongoing with other potential tenants and the Group is optimistic that the Oliphant office property will be substantially leased out before its expected completion in 1Q 2019. Further, the redevelopment of the 1969-built Munthof office property in Amsterdam is progressing well. The redevelopment is expected to increase the property's lettable floor area by 95% to 3,355 sqm through the conversion of certain car park spaces into additional office space as well as the addition of an office loft at the top of the building.

Property Holding

The Group's property holding business progressively improved during 3Q 2018, with gross profit in the segment growing by approximately 58% over 3Q 2017. The improvement stemmed mainly from the full quarter income contribution from the Hilton Rotterdam hotel which was leased by the Group with effect from 1 February 2018 and higher gross profit contributions from the Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels.

The Group entered into a second supplemental agreement in September 2018 in relation to the disposal of certain parts of Chengdu Cityspring, including the 196-room M Hotel Chengdu, bare shell commercial spaces and basement carpark lots. The total cash consideration for the disposal is approximately RMB465.0 million. To-date, the Group has collected RMB165.0 million cash in sale proceeds and RMB4.0 million cash in liquidated damages. The disposal is to be completed in tranches, with the last tranche expected to be completed in May 2019.

In October 2018, the Group's indirect 31.4%-owned associated company, Queens Bilderberg (Nederland) B.V. ("QBN"), entered into a conditional sale and purchase agreement to sell four hotels as well as their inventory and stocks for a total consideration of €16.7 million. To-date, QBN has received a deposit of €1.7 million in relation to this disposal. The sale price represents a premium of more than 140% over their allocated cost and the disposal is expected to be completed by early January 2019.

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.

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
26 October 2018

CONFIRMATION BY THE BOARD

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

On behalf of the Board of Directors

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

26 October 2018