



珍惜土地 用心铸造

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 2014

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			The Group 9-month period ended 30 September		Incr / (Decr) %
	2014 S\$'000	2013 S\$'000	Incr / (Decr) %	2014 S\$'000	2013 S\$'000	
Revenue	54,722	87,757	(37.6)	68,750	149,142	(53.9)
Cost of sales	(36,522)	(55,083)	(33.7)	(41,313)	(105,403)	(60.8)
Gross profit	18,200	32,674	(44.3)	27,437	43,739	(37.3)
Administrative expenses	(4,125)	(2,113)	95.2	(13,726)	(5,004)	174.3
Selling expenses	(1,153)	(906)	27.3	(3,484)	(2,616)	33.2
Other income/(expenses)	1,132	(2,454)	(146.1)	(9,087)	12,690	(171.6)
Other gains	896	-	n.m.	896	81	1006.2
Results from operating activities	14,950	27,201	(45.0)	2,036	48,890	(95.8)
Finance income	4,306	591	628.6	9,597	1,379	595.9
Finance costs	(510)	-	n.m.	(1,338)	-	n.m.
Net finance income	3,796	591	542.3	8,259	1,379	498.9
Profit before income tax	18,746	27,792	(32.5)	10,295	50,269	(79.5)
Income tax expense	(3,877)	(8,954)	(56.7)	(7,848)	(11,726)	(33.1)
Profit for the period	14,869	18,838	(21.1)	2,447	38,543	(93.7)
Attributable to:						
Equity holders of the Company	14,869	18,929	(21.4)	2,447	38,795	(93.7)
Non-controlling interests	-	(91)	(100.0)	-	(252)	(100.0)
Profit for the period	14,869	18,838	(21.1)	2,447	38,543	(93.7)
Earnings per share (cents)						
- basic	2.56	6.52	(60.7)	0.52	13.37	(96.1)
- diluted	2.56	6.52	(60.7)	0.52	13.37	(96.1)

n.m.: not meaningful

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

Consolidated Statement of Comprehensive Income

	The Group Third quarter ended 30 September		The Group 9-month period ended 30 September	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Profit for the period	14,869	18,838	2,447	38,543
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Translation differences on financial statements of foreign subsidiaries, net of tax	28,505	1,933	2,618	12,144
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	1,901	1,327	(430)	830
Other comprehensive income for the period, net of tax	30,406	3,260	2,188	12,974
Total comprehensive income for the period	45,275	22,098	4,635	51,517
Total comprehensive income attributable to:				
Equity holders of the Company	45,275	22,158	4,635	51,653
Non-controlling interests	-	(60)	-	(136)
Total comprehensive income for the period	45,275	22,098	4,635	51,517

Notes to the Group's Income Statement:

Profit before income tax includes the following:

	The Group		The Group	
	Third quarter ended		9-month period ended	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Other gains comprise:				
Gain/(loss) on disposal of:				
- lease prepayments	1,132	-	1,132	-
- property, plant and equipment (net)	(236)	(1)	(236)	55
- subsidiaries	-	1	-	36
Loss on dissolution of subsidiaries	-	-	-	(10)
	<u>896</u>	<u>-</u>	<u>896</u>	<u>81</u>
Profit before income tax includes the following expenses/(income):				
Amortisation of intangible assets	-	-	-	13
Amortisation of lease prepayments	4	130	25	627
Depreciation of property, plant and equipment	335	60	926	264
Exchange (gain)/loss (net)	(571)	(306)	35	603
Fair value (gain)/loss on investment properties	(719)	(418)	(1,122)	(394)
Hotel base stocks written off	46	715	46	715
Hotel pre-opening expenses	-	479	-	821
Impairment losses recognised/(reversed) on property, plant and equipment	15	-	(20)	-
Impairment losses reversed on trade and other receivables	-	(73)	-	(21,390)
IPO expenses	-	-	3,500	-
Operating lease expense	80	313	231	954
Share-based charge	-	-	4,705	-
Write-down of development properties	-	251	-	251

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 2014 S\$'000	As at 31 December 2013 S\$'000	As at 30 September 2014 S\$'000	As at 31 December 2013 S\$'000
Non-current assets				
Property, plant and equipment	100,497	81,023	-	-
Investment properties	79,600	80,137	-	-
Lease prepayments	-	3,009	-	-
Interest in subsidiaries	-	-	852,227	535,757
Other receivables	110,691	8,038	-	-
Deferred tax assets	10,175	10,303	-	-
	<u>300,963</u>	<u>182,510</u>	<u>852,227</u>	<u>535,757</u>
Current assets				
Lease prepayments	-	44	-	-
Development properties	540,691	333,839	-	-
Inventories	532	32	-	-
Trade and other receivables	225,814	128,103	23,271	39,975
Cash and cash equivalents	179,125	311,154	2,107	6,868
	<u>946,162</u>	<u>773,172</u>	<u>25,378</u>	<u>46,843</u>
Total assets	<u>1,247,125</u>	<u>955,682</u>	<u>877,605</u>	<u>582,600</u>
Equity attributable to equity holders of the Company				
Share capital	736,404	363,317	736,404	363,317
Reserves	115,256	92,563	(20,825)	(45,119)
Total equity	<u>851,660</u>	<u>455,880</u>	<u>715,579</u>	<u>318,198</u>
Non-current liabilities				
Loans and borrowings	77,484	-	77,484	-
Deferred tax liabilities	11,844	12,165	-	-
	<u>89,328</u>	<u>12,165</u>	<u>77,484</u>	<u>-</u>
Current liabilities				
Trade and other payables	288,194	460,302	84,542	264,402
Current tax payables	17,943	27,335	-	-
	<u>306,137</u>	<u>487,637</u>	<u>84,542</u>	<u>264,402</u>
Total liabilities	<u>395,465</u>	<u>499,802</u>	<u>162,026</u>	<u>264,402</u>
Total equity and liabilities	<u>1,247,125</u>	<u>955,682</u>	<u>877,605</u>	<u>582,600</u>

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

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

	The Group	
	As at 30 September 2014 S\$'000	As at 31 December 2013 S\$'000
Unsecured		
- repayable within one year	-	-
- repayable after one year	77,484	-
Loans and borrowings	<u>77,484</u>	<u>-</u>
Gross borrowings	80,600	-
Less: cash and cash equivalents as shown in the statement of financial position	<u>(179,125)</u>	<u>(311,154)</u>
(Net cash and cash equivalents)/Net borrowings	<u>(98,525)</u>	<u>(311,154)</u>

The Group has no secured borrowings as at 30 September 2014 and 31 December 2013.

Details of any collateral

Not 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.

	Third quarter ended 30 September		9-month period ended 30 September	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Cash flows from operating activities				
Profit for the period	14,869	18,838	2,447	38,543
Adjustments for:				
Amortisation of intangible assets	-	-	-	13
Amortisation of lease prepayments	4	130	25	627
Depreciation of property, plant and equipment	335	60	926	264
Fair value gain on investment properties	(719)	(418)	(1,122)	(394)
Finance income	(4,306)	(591)	(9,597)	(1,379)
Finance expenses	510	-	1,338	-
Loss/(gain) on disposal of:				
- property, plant and equipment	236	1	236	(55)
- lease prepayments	(1,132)	-	(1,132)	-
- subsidiaries	-	(1)	-	(36)
Loss on dissolution of subsidiaries	-	-	-	10
Reversal of impairment loss on trade and other receivables	-	(73)	-	(21,390)
Recognition/(reversal) of impairment loss on property, plant and equipment	15	-	(20)	-
Share-based charge	-	-	4,705	-
Income tax expense	3,877	8,954	7,848	11,726
	<u>13,689</u>	<u>26,900</u>	<u>5,654</u>	<u>27,929</u>
Change in working capital:				
Development properties	10,440	30,944	(205,870)	42,605
Inventories	(20)	-	(493)	-
Trade and other receivables	(16,743)	(39,102)	(116,804)	(61,252)
Trade and other payables	<u>2,858</u>	<u>50,242</u>	<u>79,257</u>	<u>57,619</u>
Cash generated from/ (used in) operations	<u>10,224</u>	<u>68,984</u>	<u>(238,256)</u>	<u>66,901</u>
Interest received	5,669	2,977	13,365	5,965
Income tax paid	<u>(3,779)</u>	<u>(2,614)</u>	<u>(16,547)</u>	<u>(8,817)</u>
Net cash generated from/ (used in) operating activities	<u>12,114</u>	<u>69,347</u>	<u>(241,438)</u>	<u>64,049</u>

	Third quarter ended 30 September		9-month period ended 30 September	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Cash flows from investing activities				
Repayment of advances/loans by third parties	(28)	109	28,943	32,176
Advances/loans to third parties	(14,617)	-	(116,917)	-
Acquisition of a subsidiary	(212)	-	(212)	-
Interest received	2,734	1,334	12,521	6,566
Proceeds from disposal of:				
- lease prepayments	4,115	-	4,115	-
- property, plant and equipment	-	7	-	415
- subsidiaries	(10)	88	9,563	16,868
Payment for additions to:				
- intangible assets	-	1	-	(28)
- investment properties	-	(11,009)	-	(20,006)
- lease prepayments	-	(79)	-	(22,680)
- property, plant and equipment	(8,631)	(829)	(19,218)	(1,486)
Receipt of remaining consideration on the disposal of a subsidiary in prior years from a former director of the Company	-	80	-	23,693
Refund of deposit for acquisition of an investee company	-	9	-	2,418
Net cash (used in)/ generated from investing activities	(16,649)	(10,289)	(81,205)	37,936

	Third quarter ended		9-month period ended	
	30 September		30 September	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Advances from non-controlling interests	-	46	-	121
Contribution from non-controlling interests	-	12	-	3,012
Issue of ordinary share capital	59,700	-	119,350	-
Dividend paid to non-controlling interests of a subsidiary	-	(8)	-	(1,988)
Decrease in amount due to a shareholder	-	142,817	1,562	167,911
Interest paid	(758)	(1,069)	(7,075)	(3,334)
Proceeds from bank borrowings	7,600	-	330,100	-
Repayment of:				
- loans to a shareholder of the immediate holding company	-	(57,613)	-	(57,613)
- loans to an affiliated corporation	-	(58,233)	-	(58,233)
- bank borrowings	(150,200)	-	(249,500)	-
Net cash (used in)/generated from financing activities	(83,658)	25,952	194,437	49,876
Net increase/(decrease) in cash and cash equivalents	(88,193)	85,010	(128,206)	151,861
Cash and cash equivalents at beginning of the period	261,599	166,038	311,154	97,415
Effect of exchange rate changes on balances held in foreign currencies	5,719	1,164	(3,823)	2,936
Cash and cash equivalents at end of the period	179,125	252,212	179,125	252,212

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	Reserve for own shares S\$'000	Statutory reserve S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
The Group								
At 1 January 2014	363,317	-	(3,717)	10,190	(1,563)	58,146	29,507	455,880
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	2,447	2,447
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	2,618	-	2,618
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	(430)	-	(430)
Total comprehensive income for the period	-	-	-	-	-	2,188	2,447	4,635
Transaction with owners, recognised directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares	373,087	11,370	-	-	-	-	-	384,457
Share issue expenses	-	(1,800)	-	-	-	-	-	(1,800)
Issue of treasury shares	-	-	3,717	-	66	-	-	3,783
Share based payment transaction	-	-	-	-	-	-	4,705	4,705
Transfer to statutory reserves	-	-	-	1,165	-	-	(1,165)	-
Total contributions by and distributions to owners	373,087	9,570	3,717	1,165	66	-	3,540	391,145
Total transactions with owners of the Company	373,087	9,570	3,717	1,165	66	-	3,540	391,145
At 30 September 2014	736,404	9,570	-	11,355	(1,497)	60,334	35,494	851,660

	Share capital S\$'000	Reserve for own shares S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
The Group								
At 1 January 2013	363,317	(3,717)	(1,563)	26,578	(8,294)	376,321	5,903	382,224
Total comprehensive income for the period								
Profit/(loss) for the period	-	-	-	-	38,795	38,795	(252)	38,543
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	12,028	-	12,028	116	12,144
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	830	-	830	-	830
Total comprehensive income for the period	-	-	-	12,858	38,795	51,653	(136)	51,517
Transaction with owners, recognised directly in equity								
Contributions by and distributions to owners								
Contribution by non-controlling interests	-	-	-	-	-	-	3,012	3,012
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	(1,988)	(1,988)
Total contributions by and distributions to owners	-	-	-	-	-	-	1,024	1,024
Changes in ownership interests in subsidiaries								
Disposal of subsidiaries	-	-	-	-	-	-	(7,397)	(7,397)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	(7,397)	(7,397)
Total transactions with owners of the Company	-	-	-	-	-	-	(6,373)	(6,373)
At 30 September 2013	363,317	(3,717)	(1,563)	39,436	30,501	427,974	(606)	427,368

	Share capital S\$'000	Share premium S\$'000	Reserve for own shares S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
The Company						
At 1 January 2014	363,317	-	(3,717)	179	(41,581)	318,198
Total comprehensive income for the period						
Profit for the period	-	-	-	-	6,236	6,236
Total comprehensive income for the period	-	-	-	-	6,236	6,236
Transaction with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of ordinary shares	373,087	11,370	-	-	-	384,457
Share issue expenses	-	(1,800)	-	-	-	(1,800)
Issue of treasury shares	-	-	3,717	66	-	3,783
Share based payment transaction	-	-	-	-	4,705	4,705
Total contributions by and distributions to owners	373,087	9,570	3,717	66	4,705	391,145
Total transactions with owners of the Company	373,087	9,570	3,717	66	4,705	391,145
At 30 September 2014	736,404	9,570	-	245	(30,640)	715,579
At 1 January 2013	363,317	-	(3,717)	179	(50,077)	309,702
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(6,005)	(6,005)
Total comprehensive income for the period	-	-	-	-	(6,005)	(6,005)
At 30 September 2013	363,317	-	(3,717)	179	(56,082)	303,697

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.

As at 30 September 2014, the issued and fully paid up share capital of the Company was US\$589,814,949 comprising 589,814,949 ordinary shares of US\$1 each (31 December 2013: US\$293,234,231 comprising 293,234,231 ordinary shares of US\$1 each). The details of the Company's issued and paid up share capital at the end of the relevant financial periods are as follows:

	Number of ordinary shares	S\$'000 ⁽²⁾
Shares issued and fully paid as at 31 December 2013	290,234,231	359,600
Shares issued and fully paid up and held as treasury shares	3,000,000	3,717
As at 31 December 2013	<u>293,234,231</u>	<u>363,317</u>
As at 1 January 2014	293,234,231	363,317
Shares issued pursuant to the capitalisation of shareholder loans ⁽¹⁾	205,477,157	259,107
Shares issued and fully paid in cash	47,303,561	59,650
Shares issued pursuant to initial public offering on 22 July 2014	43,800,000	54,330
As at 30 September 2014	<u>589,814,949</u>	<u>736,404</u>

⁽¹⁾ This excludes the transfer of 3,000,000 treasury shares.

⁽²⁾ The shares were issued with a par value of US\$1.00 each. The functional currency of the Company is S\$, hence, for the purposes of the table above these figures are reported in S\$.

There were no shares held as treasury shares as at 30 September 2014 (30 September 2013: 3,000,000 treasury shares).

There were also no outstanding convertible instruments as at 30 September 2014 and 30 September 2013.

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 2014 is 589,814,949 (31 December 2013: 290,234,231).

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.

The Company had reissued 3,000,000 treasury shares which were held as treasury shares previously. As at 30 September 2014, the Company does not hold any treasury shares (31 December 2013: 3,000,000).

- 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.**

Change in Functional Currency and Presentation Currency

With effect from 31 October 2013, as a result of a change in underlying transactions, events and conditions relevant to the Company, the functional currency of the Company was changed from the United States dollar (US\$) to the Singapore dollar (S\$).

In line with the change in functional currency, the presentation currency of the Company and Group was also changed from the US\$ to the S\$. The comparative information as disclosed in this announcement has been translated from the US\$ to the S\$ based on the exchange rate of US1: S\$1.239.

Except as disclosed above and under item 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 2013.

- 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 2014. The adoption of these IFRSs did not result in any significant impact on the financial statements of the Group.

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

	Third quarter ended 30 September		9-month period ended 30 September	
	2014	2013	2014	2013
Basic and diluted earnings per share (cents)	2.56	6.52	0.52	13.37
a) Profit attributable to equity holders of the Company (S\$'000)	14,869	18,929	2,447	38,795
b) Weighted average number of ordinary shares in issue: - basic and diluted	579,817,123	290,234,231	472,145,918	290,234,231

The computation of the earnings per ordinary share above for the third quarter and 9-month period ended 30 September 2014 has taken into account the 43,800,000 ordinary shares issued by the Company pursuant to its initial public offering on 22 July 2014.

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 2014	As at 31 December 2013	As at 30 September 2014	As at 31 December 2013
Net asset value per ordinary share (cents) based on 589,814,949 issued ordinary shares (excluding treasury shares) as at 30 September 2014 (31 December 2013: 290,234,231 shares)	144.39	157.07	121.32	109.63

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

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

Group performance

Revenue and cost of sales

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

	Third quarter ended 30 September		9-month period ended 30 September	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Revenue from sale of properties	48,035	84,504	52,545	142,488
Rental income from investment properties	428	130	1,223	417
Hotel operations	591	-	1,371	-
Revenue from property financing	5,668	3,121	13,611	6,110
Others	-	2	-	127
Total	54,722	87,757	68,750	149,142

3Q 2014 vs 3Q 2013

Revenue of the Group in 3Q 2014, decreased by 37.6% or S\$33.0 million, from S\$87.7 million in 3Q 2013 to S\$54.7 million in 3Q 2014. The decrease is mainly due to a decrease in revenue from sale of properties of S\$36.5 million, from S\$84.5 million in 3Q 2013 to S\$48.0 million in 3Q 2014, partially offset by the increase in revenue from property financing by S\$2.6 million, from S\$3.1 million in 3Q 2013 to S\$5.7 million in 3Q 2014.

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 Group has not yet recognised any revenue from the Millennium Waterfront project in the Wenjiang district of Chengdu which we first launched for pre-sale in November 2012. Barring any unforeseen circumstances, the Group expects to recognise revenue from this project in several phases commencing from December 2014.

In August 2013, the Group disposed of its mixed-use development site under construction in Humen Town, Dongguan, Guangdong Province (the "Humen Zhenbiao Project") in the People's Republic of China ("PRC") for a consideration of S\$81.3 million (RMB404.5 million) before business tax of S\$2.0 million. This has mainly led to the significant reduction in revenue from sale of properties in 3Q 2014 as compared to 3Q 2013.

In March 2014, the Group entered into an agreement to relinquish its land use right to a parcel of land in Wenjiang District, Chengdu, Sichuan Province, PRC, (“the Chengdu Wenjiang Factory Land”), the building thereon, (“Chengdu Wenjiang Factory”), and the related assets on site (collectively, the “Chengdu Wenjiang Interest”) to Chengdu Wenjiang Land Reserve Centre in the PRC for an aggregate consideration of S\$49.3 million (RMB241.1million). This agreement became effective on 18 July 2014, pursuant to the termination of lease of the Chengdu Wenjiang Factory Land and Chengdu Wenjiang Factory with the third-party lessee on the same date, with no financial compensation payable by the Group. The Group recognised S\$45.2 million (RMB220.9 million) revenue from the relinquishment. The balance of the relinquishment consideration of S\$4.1 million (RMB20.2 million) is recognised as part of other gains from the disposal of the lease prepayments and property, plant and equipment associated with the Chengdu Wenjiang Factory Land relinquished.

Revenue from property financing increased by 81.6% or S\$2.6 million, from S\$3.1 million in 3Q 2013 to S\$5.7 million in 3Q 2014. This is mainly due to the \$3.3 million increase in interest income generated on secured entrusted loans to third parties due to a larger loan portfolio in 3Q 2014 as compared to 3Q 2013. This is partially offset by the decrease in interest income of S\$0.6 million from entrusted loans to a subsidiary of a controlling shareholder which was fully repaid in December 2013.

Cost of sales mainly comprises land costs, development expenditure, borrowing costs, hotel-related depreciation charge, and other related expenditure. Cost of sales decreased by 33.7% or S\$18.6 million, from S\$55.1 million in 3Q 2013 to S\$36.5 million in 3Q 2014. The decrease in cost of sales is in line with the decrease in revenue from sale of properties in 3Q 2014.

Our gross profit decreased by 44.3% or S\$14.5 million, from S\$32.7 million in 3Q 2013 to S\$18.2 million in 3Q 2014. The decrease was mainly due to the lower gross profit of S\$12.2 million generated from the relinquishment of the Chengdu Wenjiang Interest compared to S\$28.8 million gross profit from the disposal of Humen Zhenbiao Project in 3Q 2013. This decline is partially offset by the increase in gross profit generated from property financing.

The Group’s gross profit margin has decreased from 37.2% for 3Q 2013 to 33.3% 3Q 2014. This is mainly due to the higher gross profit margin of 36.3% from the disposal of Humen Zhenbiao Project in 3Q 2013 compared to the 27.0% margin on the disposal of Chengdu Wenjiang Interest in 3Q 2014.

Administrative expenses

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

These expenses increased by 95.2% or S\$2.0 million, from S\$2.1 million in 3Q 2013 to S\$4.1 million in 3Q 2014, mainly attributable to higher staff costs incurred due to the increase in headcount for M Hotel Chengdu and the property development operations in Chengdu and Dongguan. The M Hotel Chengdu had its soft opening in September 2013.

Selling expenses

Our selling expenses mainly comprise staff costs of our sales and marketing staff, advertising and promotion expenses, sales commissions paid to external sales agents and other expenses. These expenses increased by 27.3% or S\$0.3 million, from S\$0.9 million in 3Q 2013 to S\$1.2 million in 3Q 2014, which was in line with the increase in sales activities of the Group including higher sales commissions paid based on the higher sales collections achieved for the period.

Other income/(expenses)

In 3Q 2014, the Group recorded S\$1.1 million of other income mainly comprising a \$0.7 million fair value gain in respect of the cost adjustments relating to M Hotel Chengdu and net foreign exchange gain of \$0.6 million. The other expenses of S\$2.5 million recorded in 3Q 2013 mainly comprised services fee charged by a controlling shareholder of S\$2.1 million for 3Q 2013 to reimburse the controlling shareholder for expenses incurred (including director's fees, interest expenses on the bank borrowings drawn by the controlling shareholder to fund our Group as well as operating expenses) plus a 10.0% markup which has since ceased in April 2014, and S\$0.7 million of hotel base stock costs. This expense was partially offset by a S\$0.4 million fair value gain on M Hotel Chengdu upon its reclassification from investment properties to property, plant and equipment at the commencement of the hotel operations in 3Q 2013.

Other gains

In 3Q 2014, the Group recorded S\$0.9 million of other gains mainly from the disposal of lease prepayments and property, plant and equipment associated with the Chengdu Wenjiang Interest relinquished.

The overall pre-tax profit arising from the relinquishment of the Chengdu Wenjiang Interest amounted to \$13.1 million.

Income tax expense

The Group recorded total income tax expense of S\$3.9 million on S\$18.7 million of profit before tax in 3Q 2014. Adjusting for net tax credit of S\$0.3 million on expenses which were previously deemed not deductible and reversal of overprovision in respect of prior year of S\$0.6 million in 3Q 2014, the effective tax rate of the Group would be approximately 25.5% for 3Q 2014.

YTD September 2014 vs YTD September 2013

Revenue of the Group for the 9 months ended 30 September 2014 ("YTD September 2014"), decreased by 53.9% or S\$80.3 million, from S\$149.1 million in the 9 months ended 30 September 2013 ("YTD September 2013") to S\$68.8 million in YTD September 2014. The decrease is mainly due to lower revenue from sale of properties of S\$90.0 million from S\$142.5 million in YTD September 2013 to S\$52.5 million in YTD September 2014, partially offset by increased revenue from property financing by S\$7.5 million, from S\$6.1 million in YTD September 2013 to S\$13.6 million in YTD September 2014.

The decrease in revenue from sale of properties is due to lower revenue contributed from the relinquishment of the Chengdu Wenjiang Interest of S\$45.2 million in YTD September 2014, compared to the revenue recognised from the sale of Humen Zhenbiao Project of S\$79.3 million in YTD September 2013. In addition, Chengdu Cityspring project recognised lower revenue of S\$7.0 million on 44 commercial units and 57 car park lots in YTD September 2014, compared to S\$61.0 million on 548 commercial units and 290 car park lots in YTD September 2013.

Revenue from property financing increased by 122.8% or S\$7.5 million, from S\$6.1 million in YTD September 2013 to S\$13.6 million in YTD September 2014. This is contributed by a S\$9.3 million increase in interest income from secured entrusted loans to third parties, partially offset by a S\$1.9 million decline in interest income from entrusted loans to a subsidiary of a controlling shareholder which was fully repaid in December 2013. The third party entrusted loan portfolio amounted to S\$119.3 million (RMB575.0 million) as at 30 September 2014 compared to S\$54.2 million (RMB267.5 million) as at 30 September 2013.

Cost of sales decreased by 60.8% or S\$64.1 million, from S\$105.4 million in YTD September 2013 to S\$41.3 million in YTD September 2014. The decrease in cost of sales is in line with the decrease in revenue from sale of properties in YTD September 2014.

Our gross profit decreased by 37.3% or S\$16.3 million, from S\$43.7 million in YTD September 2013 to S\$27.4 million in YTD September 2014. The decrease in our gross profit in YTD September 2014 is mainly due to the lower gross profit of S\$12.2 million generated from the relinquishment of the Chengdu Wenjiang Interest compared to S\$28.8 million gross profit from the disposal of Humen Zhenbiao Project in YTD September 2013. This decline is partially offset by the increase in gross profit generated from property financing.

The Group's higher gross profit margin of 39.9% for YTD September 2014, as compared to 29.3% for YTD September 2013 is mainly due to the increased contribution from the higher yielding property financing business. The gross profit margin in YTD September 2013 was also affected by the fair value gain of S\$11.7 million recognised in prior years on the commercial units of Chengdu Cityspring delivered in YTD September 2013.

Administrative expenses

Administrative expenses grew by 174.3% or S\$8.7 million, from S\$5.0 million in YTD September 2013 to S\$13.7 million in YTD September 2014, mainly attributable to a share-based charge of S\$4.7 million in connection with the Company's issuance of 25,850,000 ordinary shares to certain management staff and employees of the Group at par value in March 2014. The charge represented the difference between the fair value and the par value of the new shares issued. The accounting for the share-based charge does not have an impact on the total equity of the Group. In addition, higher staff costs of S\$3.0 million were incurred due to the increase in headcount for M Hotel Chengdu and the property development operations in Chengdu and Dongguan. The M Hotel Chengdu had its soft opening in September 2013.

Selling expenses

Selling expenses increased by 33.2% or S\$0.9 million to S\$3.5 million in YTD September 2014. This was in line with the increase in sales activities of the Group including higher sales commissions paid based on the higher sales collections achieved for the period.

Other (expenses)/income

In YTD September 2014, we recorded other expenses of S\$9.1 million which mainly comprised IPO expenses of S\$3.5 million and service fees charged by a controlling shareholder of S\$5.7 million prior to the IPO. In YTD September 2013, other income of S\$12.7 million was recorded which mainly arose from the S\$21.1 million reversal of impairment loss on consideration receivable from a nominee of a former director of the Company, Mr Cheung Ping Kwong, for the disposal of a subsidiary in prior years and fair value gain on M Hotel Chengdu upon its reclassification from investment properties to property, plant and equipment of \$0.4 million upon commencement of the hotel operations. This was partially offset by the service fees charged by the controlling shareholder of S\$5.8 million in YTD September 2013, net foreign exchange loss of S\$0.6 million, amortisation of lease prepayment of S\$0.6 million, and pre-opening expenses of S\$0.8 million and hotel base stocks written off of S\$0.7 million in relation to M Hotel Chengdu.

Other gains

In YTD September 2014, the Group recorded S\$0.9 million of other gains mainly from the disposal of lease prepayments and property, plant and equipment associated with the Chengdu Wenjiang Interest relinquished.

The overall pre-tax profit arising from the relinquishment of the Chengdu Wenjiang Interest amounted to S\$13.1 million.

Income tax expense

The Group recorded total income tax expense of S\$7.8 million on profit before tax of S\$10.3 million in YTD September 2014, which included a deferred tax charge of S\$2.7 million on the reversal of deferred tax assets in relation to development properties and investment properties as we foresee that it is no longer probable for the related tax benefits to be realised. After adjusting for this charge, the tax effect of non-deductible expenses of S\$3.1 million and reversal of overprovision in respect of prior year of S\$0.6 million in YTD September 2014, the effective tax rate of the Group would be approximately 25.2% for the current period.

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

Non-current assets

Other receivables increased by S\$102.7 million, from S\$8.0 million as at 31 December 2013 to S\$110.7 million as at 30 September 2014. The increase is mainly due to the disbursement of loans for an aggregate amount of S\$102.2 million (RMB500.0 million) to the Chengdu Wenjiang government, to fund, among others, the compensation for resettlement of occupants on land which includes those that the Group intends to bid for. The loans are unsecured, bear interest at 13.0% per annum and are for a tenure of three years.

Current assets

Development properties increased by S\$206.9 million, from S\$333.8 million as at 31 December 2013 to S\$540.7 million as at 30 September 2014, mainly due to the capitalisation of land grant premium and related acquisition taxes amounting to S\$192.7 million (RMB928.9 million) for East River Plot One of the Star of East River project in Dongguan, and construction costs incurred for the Millennium Waterfront project offset by profit recognition for the Chengdu Cityspring project and the relinquishment of the Chengdu Wenjiang Interest.

Trade and other receivables increased by S\$97.7 million, from S\$128.1 million as at 31 December 2013 to S\$225.8 million as at 30 September 2014. The increase is mainly due to the increase of prepaid taxes of S\$6.8 million, the net disbursement of short term entrusted loans to third parties amounting to S\$88.1 million (RMB425.0 million), bringing the total property financing loan portfolio as at 30 September 2014 to S\$119.3 million (RMB575.0 million) and outstanding proceeds due from the Chengdu Wenjiang government on the relinquishment of the Chengdu Wenjiang Interest of S\$34.3 million (RMB168.7 million), plus a loan to Chengdu Wenjiang government of S\$14.9 million (RMB72.0 million) and outstanding interest on loans to Wenjiang government of S\$3.1 million (RMB15.1 million).

This is partially offset by the repayment of loan principal and related interest accrued thereon of S\$33.7 million (RMB165.9 million) by the Chengdu Wenjiang government, receipt of outstanding proceeds of S\$9.7 million (RMB 46.8 million) from the disposal of a subsidiary in FY2013 and full repayment of an entrusted loan of S\$8.2 million (RMB39.7 million) by a former subsidiary, Dongguan Junxuan Enterprise Limited.

Current liabilities

Trade and other payables decreased by S\$172.1 million, from S\$460.3 million as at 31 December 2013 to S\$288.2 million as at 30 September 2014, mainly due to the capitalisation of loan from a controlling shareholder amounting to S\$262.9 million in YTD September 2014 and decrease in trade payables of S\$12.3 million. This is partially offset by the increase in receipts in advance from the Millennium Waterfront project of S\$105.3 million. Receipts in advance of the Group as at 30 September 2014 amounted to S\$243.8 million (31 December 2013: S\$139.3 million).

Loans and borrowings

The Group had gross bank borrowings amounting to S\$80.6 million outstanding as at 30 September 2014, mainly to fund the acquisition of East River Plot One and development costs of the Millennium Waterfront project.

Statement of cash flows of the Group

3Q 2014

Net cash generated from operating activities of S\$12.1 million in 3Q 2014 was mainly due to the partial receipt of proceeds from the relinquishment of the Chengdu Wenjiang Interest of S\$10.6 million (RMB51.9 million) and full repayment of an entrusted loan of S\$8.2 million (RMB39.7 million) by a former subsidiary, Dongguan Junxuan Enterprise Limited and interest received of S\$5.7 million primarily from the property financing business. This had been offset by the payment of construction costs for the Millennium Waterfront project and Chengdu Cityspring project in the current quarter.

Net cash used in investing activities of S\$16.6 million in 3Q 2014 was mainly due to the disbursement of an unsecured loan of S\$14.7 million (RMB72.0 million) to the Chengdu Wenjiang government and development costs of S\$8.6 million paid for the construction of the Millennium Waterfront Chengdu Hotel. This was partially offset by interest received from the Chengdu Wenjiang government of S\$2.7 million and proceeds received on the relinquishment of the lease prepayments associated with the Chengdu Wenjiang Interest of S\$4.1 million (RMB20.1 million).

Net cash used in financing activities amounted to S\$83.7 million in 3Q 2014 mainly due to the net repayment of bank borrowings of S\$142.6 million, partially offset by the net proceeds received from the issue of ordinary share of S\$59.7 million.

YTD September 2014

Net cash used in operating activities amounting to S\$241.4 million in YTD September 2014 was mainly due to the payment of land grant premium and related acquisition taxes amounting to S\$193.1 million (RMB930.9 million) for East River Plot One of the Star of East River project in Dongguan in June 2014, the net disbursement of S\$86.9 million (RMB425.0 million) short term loans to third parties for the 9 months ended 30 September 2014, payment of income tax of S\$16.5 million and the payment of construction costs for the Millennium Waterfront project and Chengdu Cityspring project. This had been partially offset by the receipts in advance attributable to the Millennium Waterfront project of S\$105.3 million, interest received of S\$13.4 million in YTD September 2014 and the partial receipt of the Chengdu Wenjiang Interest relinquishment proceeds of S\$10.6 million (RMB51.9 million).

Net cash used in investing activities amounting to S\$81.2 million in YTD September 2014 was mainly due to the disbursement of unsecured loans for an aggregate amount of S\$116.9 million (RMB572.0 million) to the Chengdu Wenjiang government and development costs of S\$19.2 million paid for the construction of the Millennium Waterfront Chengdu Hotel. This was partially offset by the repayment of loan principal and related interest accrued thereon of S\$37.6 million (RMB184.1 million) by the Chengdu Wenjiang government, receipt of interest income from banks of S\$3.8 million and receipt of outstanding proceeds of S\$9.6 million in YTD September 2014 from the disposal of a subsidiary during FY2013 as well as proceeds received on the relinquishment of the lease prepayments associated with the Chengdu Wenjiang Interest relinquished of S\$4.1 million (RMB20.1 million).

Net cash generated from financing activities amounted to S\$194.4 million in YTD September 2014 mainly due to the net proceeds received from the issue of ordinary shares of S\$119.4 million and net draw down of bank borrowings of S\$80.6 million, partially offset by the payment of the related interest expenses of S\$7.1 million.

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

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

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

Industry Outlook

Home Purchase Control Policies

The recent spate of relaxation on home purchase controls by the central and local governments in certain cities of the PRC reinforces the Group's positive view on the medium to long-term outlook of the PRC property market.

Nation-wide, the People's Bank of China (PBOC) revised the minimal mortgage interest rates for first home buyers, from 110% to 70% of the benchmark mortgage rate. In addition, second home buyers who have fully paid off their first housing loan are now entitled to enjoy the same benefits as a first home owner for their second housing loan.

In Chengdu, the Group noted that the Chengdu local government recently issued an amendment to its existing policy on housing provident fund loans. The amended policy allows local residents with low housing provident funds to apply for a higher mortgage loan amount of up to RMB300,000 which effectively increases housing affordability.

Urbanisation Drive

Recently, the Housing Bureau of the Guangdong Province released its draft plan to urbanise at least 13 million Guangdong residents by 2020. Concurrently at the national level, the central bank announced the expanded use of municipal bonds to increase funding for urbanisation. These initiatives further illustrate the PRC government's commitment to reach its target of 60% urbanisation rate by 2020, and exhibit the alignment between the Group's current focus on mass market housing and the macroeconomic trends.

Company Outlook

Barring any unforeseen circumstances, the Group expects to commence recognition of property development revenue from its sales in the Millennium Waterfront project from December 2014 onwards in various phases. It is also anticipated that the relaxation of the various home purchase control policies (as mentioned above) is likely to contribute positively to the sales performance of the Millennium Waterfront project. Management remains committed to further expand its property financing business.

In addition, with its strong balance sheet backed by net cash of S\$98 million and committed unutilised credit facilities of S\$222 million as at 30 September 2014, the Group is well positioned to act on any attractive expansion opportunity including those outside of the PRC by leveraging on the extensive business networks of its controlling shareholders.

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 dividend has been declared for the current financial period reported on.

(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. Use of IPO proceeds

Pursuant to the initial public offering on 22 July 2014, the Company received net proceeds from the placement of new ordinary shares of S\$59.7 million ("Net Proceeds"). As reported in the Company's SGX announcement on 25 July 2014, the Company had disbursed the entire Net Proceeds to repay an existing revolving credit facility pending the deployment of such funds for their intended use. On 10 September 2014, the Company drew down S\$3.0 million from its revolving credit facilities for working capital purposes in the People's Republic of China.

BY ORDER OF THE BOARD

Neo Teck Pheng

Chief Executive Officer

24 October 2014

FIRST SPONSOR GROUP LIMITED

(Registration No. AT-195714)

CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results for the third quarter and the 9-month period ended 30 September 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors

Wong Hong Ren
Chairman

Neo Teck Pheng
Chief Executive Officer

24 October 2014