



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 2016

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) %
	2016 S\$'000	2015 S\$'000		2016 S\$'000	2015 S\$'000	
Revenue	80,350	72,038	11.5	168,119	114,666	46.6
Cost of sales	(57,495)	(45,051)	27.6	(116,861)	(61,222)	90.9
Gross profit	22,855	26,987	(15.3)	51,258	53,444	(4.1)
Administrative expenses	(4,310)	(4,728)	(8.8)	(16,137)	(13,380)	20.6
Selling expenses	(602)	(1,668)	(63.9)	(5,110)	(5,968)	(14.4)
Other income/(expenses)	1,420	(2,286)	n.m.	750	2,040	(63.2)
Other (losses)/gains	(453)	(1)	n.m.	(507)	276	n.m.
Results from operating activities	18,910	18,304	3.3	30,254	36,412	(16.9)
Finance income	6,418	5,509	16.5	20,979	16,631	26.1
Finance costs	(1,931)	(1,184)	63.1	(5,863)	(3,010)	94.8
Net finance income	4,487	4,325	3.7	15,116	13,621	11.0
Share of after-tax profit of associates	187	-	n.m.	7,205	-	n.m.
Profit before tax	23,584	22,629	4.2	52,575	50,033	5.1
Tax expense	(3,958)	(5,434)	(27.2)	(11,345)	(13,984)	(18.9)
Profit for the period	19,626	17,195	14.1	41,230	36,049	14.4
Attributable to:						
Equity holders of the Company	19,333	17,094	13.1	40,174	35,448	13.3
Non-controlling interests	293	101	190.1	1,056	601	75.7
Profit for the period	19,626	17,195	14.1	41,230	36,049	14.4
Earnings per share (cents)						
- basic	3.28	2.90	13.1	6.81	6.01	13.3
- diluted	3.28	2.90	13.1	6.81	6.01	13.3

n.m.: not meaningful

Consolidated Statement of Comprehensive Income

	The Group		The Group	
	Third quarter ended		9-month period ended	
	30 September		30 September	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Profit for the period	19,626	17,195	41,230	36,049
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Realisation of foreign currency translation differences arising from liquidation of a subsidiary, net of tax	-	(121)	-	(465)
Share of translation differences on financial statements of associates, net of tax	347	-	(261)	-
Translation differences on financial statements of foreign subsidiaries, net of tax	1,214	33,164	(64,993)	48,291
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	86	2,012	(3,824)	2,929
Other comprehensive income for the period, net of tax	1,647	35,055	(69,078)	50,755
Total comprehensive income for the period	<u>21,273</u>	<u>52,250</u>	<u>(27,848)</u>	<u>86,804</u>
Total comprehensive income attributable to:				
Equity holders of the Company	20,915	51,847	(28,847)	86,084
Non-controlling interests	358	403	999	720
Total comprehensive income for the period	<u>21,273</u>	<u>52,250</u>	<u>(27,848)</u>	<u>86,804</u>

Notes to the Group's Income Statement:

Profit before income tax includes the following:

	The Group Third quarter ended 30 September		The Group 9-month period ended 30 September	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Other (losses)/gains comprise:				
Gain on liquidation of a subsidiary	-	1	-	286
Loss on disposal of investment properties	(204)	-	(254)	-
Loss on disposal of property, plant and equipment (net)	-	(2)	-	(2)
Others	(249)	-	(249)	-
Property, plant and equipment written off	-	-	(4)	(8)
	<u>(453)</u>	<u>(1)</u>	<u>(507)</u>	<u>276</u>
Profit before income tax includes the following expenses/(income):				
Depreciation of property, plant and equipment	367	401	1,081	1,229
Exchange gain (net)	(266)	(2,438)	(483)	(3,907)
Hotel pre-opening expenses	521	-	521	-
IPO expenses	-	-	-	(562)
Operating lease expense	104	101	314	299
Net investment return from a PRC government linked entity	(459)	(545)	(1,402)	(5,125)

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 2016 S\$'000	As at 31 December 2015 S\$'000	As at 30 September 2016 S\$'000	As at 31 December 2015 S\$'000
Non-current assets				
Property, plant and equipment	202,842	151,110	377	-
Investment properties	240,472	245,624	-	-
Interests in subsidiaries	-	-	881,329	881,329
Interests in associates	21,370	14,426	-	-
Amounts due from subsidiaries	-	-	215,520	287,222
Other receivables	114,387	310,327	-	-
Deferred tax assets	6,917	7,368	-	-
	<u>585,988</u>	<u>728,855</u>	<u>1,097,226</u>	<u>1,168,551</u>
Current assets				
Development properties	589,797	660,187	-	-
Inventories	86	148	-	-
Amounts due from subsidiaries	-	-	119,873	133,696
Trade and other receivables	331,593	299,560	782	1,653
Cash and cash equivalents	130,045	112,044	26,904	1,257
	<u>1,051,521</u>	<u>1,071,939</u>	<u>147,559</u>	<u>136,606</u>
Total assets	<u>1,637,509</u>	<u>1,800,794</u>	<u>1,244,785</u>	<u>1,305,157</u>
Equity				
Share capital	736,404	736,404	736,404	736,404
Reserves	197,691	238,334	71,297	37,637
Equity attributable to owners of the Company	<u>934,095</u>	<u>974,738</u>	<u>807,701</u>	<u>774,041</u>
Non-controlling interests	4,358	3,359	-	-
Total equity	<u>938,453</u>	<u>978,097</u>	<u>807,701</u>	<u>774,041</u>
Non-current liabilities				
Loans and borrowings	333,573	260,824	302,425	229,181
Derivative liability	1,765	3,327	1,765	3,327
Deferred tax liabilities	11,041	11,963	-	-
	<u>346,379</u>	<u>276,114</u>	<u>304,190</u>	<u>232,508</u>
Current liabilities				
Amounts due to subsidiaries	-	-	80,007	80,447
Trade and other payables	169,722	127,838	6,964	1,881
Receipts in advance	121,671	182,059	-	-
Loans and borrowings	45,923	216,280	45,923	216,280
Current tax payables	15,361	20,406	-	-
	<u>352,677</u>	<u>546,583</u>	<u>132,894</u>	<u>298,608</u>
Total liabilities	<u>699,056</u>	<u>822,697</u>	<u>437,084</u>	<u>531,116</u>
Total equity and liabilities	<u>1,637,509</u>	<u>1,800,794</u>	<u>1,244,785</u>	<u>1,305,157</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 2016 S\$'000	As at 31 December 2015 S\$'000
Unsecured		
- repayable within one year	45,923	216,280
- repayable after one year	302,338	229,181
Total	<u>348,261</u>	<u>445,461</u>
Secured		
- repayable within one year	-	-
- repayable after one year	31,235	31,643
Total	<u>31,235</u>	<u>31,643</u>
Grand total	<u>379,496</u>	<u>477,104</u>
Gross borrowings	385,390	480,892
Less: cash and cash equivalents as shown in the statement of financial position	<u>(130,045)</u>	<u>(112,044)</u>
Net borrowings	<u>255,345</u>	<u>368,848</u>

Details of any collateral

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

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

	The Group		The Group	
	Third quarter ended		9-month period ended	
	30 September		30 September	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit for the period	19,626	17,195	41,230	36,049
Adjustments for:				
Depreciation of property, plant and equipment	367	401	1,081	1,229
Fair value loss/(gain) on derivative liability	608	3,870	(1,561)	4,888
Finance income	(6,418)	(5,509)	(20,979)	(16,631)
Finance costs	1,931	1,184	5,863	3,010
Gain on liquidation of a subsidiary	-	(1)	-	(286)
Loss on disposal of investment properties	204	-	254	-
Loss on disposal of property, plant and equipment	-	2	-	2
Property, plant and equipment written off	-	-	4	8
Share of after-tax profit of associates	(187)	-	(7,205)	-
Tax expense	3,958	5,434	11,345	13,984
	20,089	22,576	30,032	42,253
Change in working capital:				
Development properties	21,256	(10,322)	32,951	(76,018)
Inventories	(2)	(2)	54	(36)
Trade and other receivables	766	(13,609)	42,903	(88,709)
Trade and other payables	38,180	13,475	(21,638)	12,367
Receipts in advance	(48,232)	(13,504)	(50,365)	42,516
Cash generated from/(used in) operations	32,057	(1,386)	33,937	(67,627)
Interest received	744	9,463	4,012	25,174
Tax paid	(4,016)	(1,788)	(15,490)	(11,774)
Net cash generated from/(used in) operating activities	28,785	6,289	22,459	(54,227)

	The Group		The Group	
	Third quarter ended		9-month period ended	
	30 September		30 September	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities				
Acquisition of a subsidiary	-	281	-	(73,963)
Interest received	8,452	10,864	26,677	19,777
Payment for additions to:				
- investment properties	(45)	(6,083)	(2,691)	(83,870)
- property, plant and equipment	(37,940)	(1,033)	(63,584)	(18,352)
Proceeds from disposal of:				
- investment properties	344	-	744	-
- property, plant and equipment	-	8	-	8
Repayment of advances/loans by third parties	4,294	15,653	13,173	15,653
Loans to an associate	(4,585)	-	(4,585)	-
Repayment of loans by an associate	(268)	-	71,896	-
Deposit received for proposed dilution of interests in subsidiaries	48,592	-	48,592	-
Receipt of investment return from a PRC government linked entity	(23)	-	2,091	3,567
Net cash generated from/(used in) investing activities	18,821	19,690	92,313	(137,180)
Cash flows from financing activities				
Advances from associates	954	-	10,074	-
Dividends paid to the owners of the Company	(5,898)	-	(11,796)	(4,483)
Interest paid	(1,330)	(568)	(4,414)	(1,943)
Payment of transaction costs related to borrowings	(1,716)	(174)	(4,605)	(1,232)
Proceeds from issue of medium-term notes	-	-	-	50,000
Proceeds from bank borrowings	64,380	51,580	391,969	277,099
Repayment of bank borrowings	(107,377)	(50,988)	(471,446)	(137,135)
Net cash (used in)/generated from financing activities	(50,987)	(150)	(90,218)	182,306
Net (decrease)/increase in cash and cash equivalents	(3,381)	25,829	24,554	(9,101)
Cash and cash equivalents at beginning of the period	132,159	98,988	112,044	131,797
Effect of exchange rate changes on balances held in foreign currencies	1,267	(4,519)	(6,553)	(2,398)
Cash and cash equivalents at end of the period	130,045	120,298	130,045	120,298

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.

The Group	Share capital S\$'000	Share premium S\$'000	Statutory reserve S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 January 2016	736,404	9,609	14,683	225	105,365	108,452	974,738	3,359	978,097
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	40,174	40,174	1,056	41,230
Other comprehensive income									
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	(64,936)	-	(64,936)	(57)	(64,993)
Share of translation differences on financial statements of associates, net of tax	-	-	-	-	(261)	-	(261)	-	(261)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	(3,824)	-	(3,824)	-	(3,824)
Total other comprehensive income	-	-	-	-	(69,021)	-	(69,021)	(57)	(69,078)
Total comprehensive income for the period	-	-	-	-	(69,021)	40,174	(28,847)	999	(27,848)
Transaction with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends paid to the owners of the Company	-	-	-	-	-	(11,796)	(11,796)	-	(11,796)
Total contributions by and 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 2016	736,404	9,609	14,683	225	36,344	136,830	934,095	4,358	938,453

	Share capital S\$'000	Share premium S\$'000	Statutory reserve S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
The Group									
At 1 January 2015	736,404	9,570	14,835	(1,497)	83,891	51,271	894,474	-	894,474
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	35,448	35,448	601	36,049
Other comprehensive income									
Realisation of foreign currency translation differences arising from liquidation of a subsidiary	-	-	-	-	(465)	-	(465)	-	(465)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	48,172	-	48,172	119	48,291
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	2,929	-	2,929	-	2,929
Total comprehensive income	-	-	-	-	50,636	35,448	86,084	720	86,804
Total comprehensive income for the period	-	-	-	-	50,636	35,448	86,084	720	86,804
Transaction with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends paid to the owners of the Company	-	-	-	-	-	(4,483)	(4,483)	-	(4,483)
Reversal of share issue expenses	-	39	-	-	-	-	39	-	39
Transfer from statutory reserves	-	-	727	-	-	(727)	-	-	-
Total contributions by and distributions to owners	-	39	727	-	-	(5,210)	(4,444)	-	(4,444)
Changes in ownership interests in subsidiaries									
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	5,259	5,259
Liquidation of a subsidiary	-	-	(851)	1,722	-	(871)	-	-	-
Total changes in ownership interests in subsidiaries	-	-	(851)	1,722	-	(871)	-	5,259	5,259
Total transactions with owners of the Company	-	39	(124)	1,722	-	(6,081)	(4,444)	5,259	815
At 30 September 2015	736,404	9,609	14,711	225	134,527	80,638	976,114	5,979	982,093

	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
The Company					
At 1 January 2016	736,404	9,821	(5,988)	33,804	774,041
Total comprehensive income for the period					
Profit for the period	-	-	-	45,456	45,456
Total comprehensive income for the period	-	-	-	45,456	45,456
Transaction with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends paid to the owners of the Company	-	-	-	(11,796)	(11,796)
Total contributions by and distributions to owners	-	-	-	(11,796)	(11,796)
Total transactions with owners of the Company	-	-	-	(11,796)	(11,796)
At 30 September 2016	736,404	9,821	(5,988)	67,464	807,701
At 1 January 2015	736,404	9,821	245	(15,916)	730,554
Total comprehensive income for the period					
Profit for the period	-	-	-	43,731	43,731
Total comprehensive income for the period	-	-	-	43,731	43,731
Transaction with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends paid to the owners of the Company	-	-	-	(4,483)	(4,483)
Total contributions by and distributions to owners	-	-	-	(4,483)	(4,483)
Total transactions with owners of the Company	-	-	-	(4,483)	(4,483)
At 30 September 2015	736,404	9,821	245	23,332	769,802

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

There was no change in the Company's issued share capital during the three months ended 30 September 2016. As at 30 September 2016 and 31 December 2015, the issued and fully paid up share capital of the Company was US\$589,814,949 comprising 589,814,949 ordinary shares of US\$1 each.

There were also no outstanding convertible instruments and treasury shares as at 30 September 2016 and 30 September 2015.

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 2016 and 31 December 2015 is 589,814,949.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 30 September 2016.

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 2015.

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 2016. 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	
	2016	2015	2016	2015
Basic and diluted earnings per share (cents)	3.28	2.90	6.81	6.01
a) Profit attributable to equity holders of the Company (S\$'000)	19,333	17,094	40,174	35,448
b) Weighted average number of ordinary shares in issue: - basic and diluted	589,814,949	589,814,949	589,814,949	589,814,949

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 2016	As at 31 December 2015	As at 30 September 2016	As at 31 December 2015
Net asset value per ordinary share (cents) based on 589,814,949 issued ordinary shares (excluding treasury shares)	158.37	165.26	136.94	131.23

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 the Group's 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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Revenue from sale of properties	74,721	57,956	149,909	79,099
Rental income from investment properties	3,763	3,620	11,216	6,977
Hotel operations	1,083	1,096	2,838	2,522
Revenue from property financing	783	9,366	4,156	26,068
Total revenue	<u>80,350</u>	<u>72,038</u>	<u>168,119</u>	<u>114,666</u>

3Q 2016 vs 3Q 2015

Revenue of the Group in 3Q 2016 increased by 11.5% or S\$8.4 million, from S\$72.0 million in 3Q 2015 to S\$80.4 million in 3Q 2016. The increase in 3Q 2016 is due mainly to higher revenue from sale of properties of S\$16.8 million, which was partially offset by a decrease in revenue from property financing of S\$8.6 million.

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 increase in revenue from sale of properties in 3Q 2016 compared to 3Q 2015 mainly resulted from the higher number of units in the Millennium Waterfront project handed over in the current quarter (3Q 2016: 731 residential units, 7 commercial units and 4 car park lots; 3Q 2015: 514 residential units, 4 commercial units and 7 car park lots).

Revenue from property financing decreased by 91.6% or S\$8.6 million, from S\$9.4 million in 3Q 2015 to S\$0.8 million in 3Q 2016. This decrease was due mainly to various loan defaults in December 2015 and January 2016. No interest was recognised on the S\$130.6 million (RMB640.0 million) loans after the point of default.

Cost of sales mainly comprises land costs, development expenditure and cost adjustments, borrowing costs, hotel-related depreciation charge, and other related expenditure. Cost of sales increased by 27.6% or S\$12.4 million, from S\$45.1 million in 3Q 2015 to S\$57.5 million in 3Q 2016. The increase in cost of sales is in line with the increase in revenue from sale of properties in 3Q 2016.

The Group's gross profit decreased by 15.3% or S\$4.1 million, from S\$27.0 million in 3Q 2015 to S\$22.9 million in 3Q 2016. The decrease was due mainly to lower gross profit generated from property financing of S\$8.6 million, which was partially mitigated by higher gross profit generated from sales of properties of S\$4.5 million.

The Group's gross profit margin for each business segment has remained fairly constant but the overall gross profit margin has decreased from 37.5% in 3Q 2015 to 28.4% in 3Q 2016. This reflected the change in profit composition as only 3.4% of the Group's gross profit for 3Q

2016 was from the higher yielding property financing segment which contributed 100.0% gross profit margin whereas 34.7% of the total gross profit in 3Q 2015 was generated by the property financing segment.

Administrative expenses

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.

Selling expenses

Selling expenses mainly comprise staff costs of sales and marketing staff, advertising and promotion expenses, sales commissions paid to external sales agents and other related expenses. The selling expenses in 3Q 2016 include a reversal of selling expenses previously accrued of S\$0.5 million.

Other income/(expenses)

In 3Q 2016, the Group recorded other income of S\$1.4 million, which consists of net investment return from a PRC government linked entity of S\$0.5 million and net foreign exchange gain of S\$0.3 million.

Other (losses)/gains

Other losses relate to aggregate loss on disposal of investment properties and property, plant and equipment of S\$0.5 million.

Income tax expense

Income tax expense decreased by S\$1.5 million in 3Q 2016 on profit before tax of S\$23.6 million in 3Q 2016. After adjusting for the share of after-tax profit of associates and the tax effect of non-taxable income of S\$1.3 million, the effective tax rate of the Group would be approximately 22.1%.

YTD September 2016 vs YTD September 2015

Revenue of the Group in YTD September 2016 increased by 46.6% or S\$53.4 million, from S\$114.7 million in YTD September 2015 to S\$168.1 million in YTD September 2016. The increase in YTD September 2016 is due mainly to higher revenue from sale of properties of S\$70.8 million and increase in rental income from investment properties of S\$4.2 million, partially offset by a decrease in revenue from property financing of S\$21.9 million.

The increase in revenue from the sale of properties is due mainly to the higher number of units in the Millennium Waterfront project handed over in the current period (YTD September 2016: 1,297 residential units, 26 commercial units and 118 car park lots; YTD September 2015: 599 residential units, 24 commercial units and 7 car park lots).

Rental income from investment properties increased by 60.8% or S\$4.2 million, from S\$7.0 million in YTD September 2015 to S\$11.2 million in YTD September 2016. The increase is due mainly to the contribution from Zuiderhof I and Arena Towers in the Netherlands for the full nine months in the current period. They were acquired in February 2015 and June 2015 respectively.

Revenue from property financing decreased by 84.1% or S\$21.9 million, from S\$26.1 million in YTD September 2015 to S\$4.2 million in YTD September 2016. This decrease was due mainly to no interest income recognised on the S\$130.6 million (RMB640.0 million) loans in default.

Cost of sales increased by 90.9% or S\$55.7 million, from S\$61.2 million in YTD September 2015 to S\$116.9 million in YTD September 2016. The increase in cost of sales is in line with the increase in revenue from sale of properties in YTD September 2016.

Gross profit decreased by 4.1% or S\$2.1 million, from S\$53.4 million in YTD September 2015 to S\$51.3 million in YTD September 2016. The decrease was due mainly to lower gross profit generated from property financing of S\$21.9 million, offset by higher gross profit generated from sale of properties of S\$15.6 million and from investment properties of S\$3.9 million.

The Group's gross profit margin for each business segment has remained fairly constant but the overall gross profit margin has decreased from 46.6% in YTD September 2015 to 30.5% in YTD September 2016. This reflected the lower profit contribution by the higher yielding property financing segment. Specifically, this segment contributed 8.1% of the Group's gross profit for YTD September 2016 compared to 48.8% in YTD September 2015.

Administrative expenses

Administrative expenses increased by 20.6% or S\$2.7 million, from S\$13.4 million in YTD September 2015 to S\$16.1 million in YTD September 2016. This was due mainly to legal fees incurred of S\$2.3 million in respect of the recovery of the property financing loans in default.

Other income/(expenses)

In YTD September 2016, we recorded other income of S\$0.8 million which consists of a net investment return from a PRC government linked entity of S\$1.4 million partially offset by the pre-opening expenses of the two hotels under construction in Wenjiang of S\$0.5 million.

Net finance income

Net finance income increased by 11.0% or S\$1.5 million, from S\$13.6 million in YTD September 2015 to S\$15.1 million in YTD September 2016. This was due mainly to interest income of S\$7.2 million from loans to FSMC, a 33% owned associated company (mostly disbursed in December 2015), partially offset by a lower interest income of S\$2.9 million from loans to the Chengdu Wenjiang government as a result of partial repayment of loan principal, and increase in finance costs of S\$2.9 million.

Share of after-tax profit of associates

Share of after-tax profit of associates of S\$7.2 million for YTD September 2016 related to the Group's share of results of FSMC, which was mainly attributable to a share of profit of S\$6.5 million from its disposal of eight non-core properties in the Netherlands in February 2016.

Income tax expense

The Group recorded total income tax expense of S\$11.3 million on profit before tax of S\$52.6 million in YTD September 2016. After adjusting for the share of after-tax profit of associates, the effective tax rate of the Group would be approximately 25.0%.

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

Non-current assets

Property, plant and equipment increased by S\$51.7 million, from S\$151.1 million as at 31 December 2015 to S\$202.8 million as at 30 September 2016. S\$56.9 million of the increase is attributable to additions to the two hotels under construction within the Millennium Waterfront project in Wenjiang, Chengdu.

Interests in associates increased by S\$7.0 million, from S\$14.4 million as at 31 December 2015 to S\$21.4 million as at 30 September 2016. This is due mainly to the share of profit from the disposal of non-core properties by FSMC.

Other receivables decreased by S\$195.9 million, from S\$310.3 million as at 31 December 2015 to S\$114.4 million as at 30 September 2016. This is due mainly to the partial repayment of unsecured loans amounting to S\$71.6 million by FSMC to the Group upon the disposal of its non-core properties in February 2016. In addition, S\$102.0 million of the loans receivable from the Chengdu Wenjiang government had been reclassified to current assets as they are due in March and April 2017 while S\$12.9 million of the loans receivable had been repaid.

Current assets

Trade and other receivables increased by S\$32.0 million, from S\$299.6 million as at 31 December 2015 to S\$331.6 million as at 30 September 2016. This is due mainly to the abovementioned reclassification of loans receivable from the Chengdu Wenjiang government amounting to S\$102.0 million from non-current assets and deposit placed for the two commercial properties in the Netherlands of S\$2.3 million. This has been partially offset by the repayment of short-term entrusted loans by third parties amounting to S\$51.0 million, bringing the total property financing loan portfolio as at 30 September 2016 to S\$149.0 million (RMB730.0 million) from S\$213.2 million (RMB980.0 million) as at 31 December 2015, repayment of interest receivable from the Chengdu Wenjiang government loans of S\$5.0 million, as well as receipts of investment return from a PRC government linked entity of S\$2.0 million.

Current liabilities

Trade and other payables increased by S\$41.9 million, from S\$127.8 million as at 31 December 2015 to S\$169.7 million as at 30 September 2016, due mainly to the deposit received for the proposed dilution of the Group's interest in the Star of East River project of S\$48.8 million. The transaction was completed on 12 October 2016.

Loans and borrowings

The Group's gross borrowings had decreased by S\$95.5 million, from S\$480.9 million as at 31 December 2015 to S\$385.4 million as at 30 September 2016. This was due mainly to the repayment of bridging loans of S\$67.0 million using the net proceeds from the partial repayment of loans granted to FSMC upon the disposal of its non-core properties and repayment of bank borrowings of S\$48.6 million with the proceeds from the receipt of the deposit as mentioned above. The Group maintained a healthy net gearing ratio of 0.27 as at 30 September 2016.

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 property market in February 2015, whilst the Group tries to fully hedge its currency exposure by financing all its Dutch acquisitions with euro-denominated borrowings and non-euro-denominated borrowings swapped to euros, the Group's earnings is still exposed to the volatility of the euro against S\$ to the extent that these are unhedged.

As at 30 September 2016, the Group has a cumulative translation gain of S\$36.3 million recorded as part of the reserves in its shareholders' equity. This has mainly arisen from the translation of the net assets and income and expenses of the Group's foreign operations in the PRC to S\$ at the exchange rates prevailing at the end of each reporting period. The Group has been benefitting from favourable exchange rate movements between the RMB and S\$ so far.

We do not currently have a formal hedging policy with respect to our foreign exchange exposure and have not used any financial hedging instruments to actively manage our foreign exchange risk. We will continue to monitor our foreign exchange exposure and may employ hedging instruments to manage our foreign exchange exposure should the need arise. The cost of such hedging instruments may fluctuate significantly over time and can outweigh the potential benefit from the reduced exposure to currency volatility. There is no assurance as to the effectiveness and success of any hedging action that we might or might not take.

Statement of cash flows of the Group

3Q 2016

Net cash generated from operating activities of S\$28.8 million in 3Q 2016 was due mainly to the sales receipt from the Millennium Waterfront project partially offset by the payment of income tax of S\$4.0 million and the payment of construction costs for the Millennium Waterfront project and Star of East River project.

Net cash generated from investing activities of S\$18.8 million in 3Q 2016 is due mainly to the deposit received of S\$48.6 million for the proposed dilution of the Star of East River project and interest received of S\$8.5 million (primarily in respect of the loans to the Chengdu Wenjiang government). This had been partially offset by payments for the additions of property, plant and equipment and investment properties totaling S\$38.0 million.

Net cash used in financing activities amounted to S\$51.0 million in 3Q 2016 and is due mainly to the net repayment of bank borrowings of S\$43.0 million, interest paid, payment of transaction costs related to borrowings and payment of dividends to the owners of the Company of S\$1.3 million, S\$1.7 million and S\$5.9 million respectively.

YTD September 2016

Net cash generated from operating activities of S\$22.5 million in YTD September 2016 is due mainly to repayment of secured entrusted loans of S\$52.3 million (RMB250.0 million) and interest received of S\$4.0 million (primarily from the property financing business). This had been partially offset by payment of income tax of S\$15.5 million and payment of construction costs for the Millennium Waterfront project and Star of East River project.

Net cash generated from investing activities amounting to S\$92.3 million in YTD September 2016 comprised partial repayment of unsecured loans amounting to S\$71.9 million by FSMC following the disposal of its non-core properties, deposit received of S\$48.6 million for the proposed dilution of the Star of East River project and interest received of S\$26.7 million (primarily in respect of the loans to the Chengdu Wenjiang government), and repayment of loan principal of S\$13.2 million by the Chengdu Wenjiang government. This had been partially offset by the payments for the additions of property, plant and equipment and investment properties totaling S\$66.3 million.

Net cash used in financing activities amounted to S\$90.2 million in YTD September 2016 and is due mainly to net repayment of bank borrowings of S\$79.5 million and interest paid, payment of transaction costs related to borrowings and payment of dividends to the owners of the Company of S\$4.4 million, S\$4.6 million and S\$11.8 million respectively. This was partially offset by advances from associates of S\$10.1 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 financial period has been previously disclosed to shareholders.

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

Industry Outlook

People's Republic of China

In early October, Goldman Sachs sounded a warning on China's growing vulnerability in the property market, citing overbuilding and soaring home prices. The average new home prices in the 70 major cities released by the National Bureau of Statistics showed a year-on-year increase of 9.2% in August as compared to 7.9% in July.

At the end of this quarter, the total debt in China has risen to 2.5 times of the nation's GDP since 2008. Bank regulators reported the write-off of more than US\$300 billion bad debts in the past three years and the high number of bond defaults by the middle of 3Q2016 had already exceeded that for the whole of previous year.

Home and land prices continue to climb despite numerous government measures to cool the property market. In early October, more cities have announced new restrictions on property purchases including Guangzhou, Shenzhen and Suzhou. In Chengdu, new buyers are only allowed to purchase one property in certain city districts (including Wenjiang) and the minimum downpayment for second home purchase has been raised to 40% of the purchase price. It is also reported that the Chengdu government will penalize developers who do not develop land within the pre-agreed timeframe.

The Netherlands

The Bureau for Economic Policy Analysis ("CPB") recently trimmed the GDP growth to 1.7% for both 2016 and 2017 as compared to last quarter's forecast of 1.8% and 2.1% respectively.

CPB attributed the cut to uncertainty caused by Brexit but noting that such negativity may be temporary. Despite the cut in GDP growth, the Netherlands maintained its strong investment activity, showing a 19% year-on-year increase in investment volume, scoring higher than the average of the entire Europe. Such strong sentiments can be seen from the recent Expo Real 2016 where Amsterdam made it to the chart as one of the top cities for global investors. A recent report by Colliers also named the Netherlands as one of the top 5 countries for yield-hungry investors. Colliers further cited political stability, operational transparency and solid yields that help put the Netherlands at the top of the investor's choice.

The Bureau of Statistics ("CBS") reported that the home prices in August were 6% higher than a year ago which is the largest increase in 14 years. CPB has also recently forecasted a continual growth in the Dutch housing market in both 2016 and 2017, attributing the growth to low housing supply and increased demand.

On the hotel front, CBS reported a 7.5% increase in the number of nights spent in hotels in the Netherlands in the first half of 2016, resulting in a 5.5% increase in revenue as compared to the first half of 2015. Among the big cities, Amsterdam accounts for nearly one-third of the total increase in overnight stays.

Company Outlook

Property Development

The Millennium Waterfront project has achieved its best quarter for the year so far with 373 residential units sold, a 12% increase as compared to the previous quarter. Capitalising on this strong buying sentiment, the Group increased selling price by a few percentage points during September 2016 and made two further rounds of price increase in early October 2016. However, amidst rising debt and a flurry of new cooling measures introduced by the PRC government to curb rising home prices, the Group is cautious of the current buying interest and plans to launch Plot D of the Millennium Waterfront project, the last and best residential plot in the project, for sale as soon as possible.

With reference to the SGX announcements released on 22 August 2016 and 12 October 2016, the joint venture with Vanke and Regent Land in relation to the Star of East River project in Dongguan has been set up on 12 October 2016. With Vanke assuming control, the development plan will be reviewed and modified where necessary, and hence construction is likely to only commence in 2017.

In the Netherlands, the Group, through the 33% owned FSMC, is working towards the signing of a sales and purchase agreement with an established consortium of investors for the Boompjes redevelopment project in Rotterdam, thereby securing sales and procuring forward funding way before the commencement of the project construction.

Property Holding

The construction of the two hotels within the Millennium Waterfront project in Wenjiang, Chengdu is into its final stages, with key management team onboard and actively involved in the pre-opening preparation works. The Group remains on track for the opening of Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring in early 2017.

The Group acquired two commercial properties through a court auction held in September 2016 in connection with a bank foreclosure exercise. The key property, Dreeftoren, is strategically located next to the Arena Towers in Amsterdam Southeast and possesses redevelopment potential. The Group plans to further study the redevelopment potential including a major renovation to further strengthen the property holding portfolio of the Group in the Netherlands.

Property Financing

With regard to the first loan default of RMB170.0 million (S\$34.7 million), the favourable court ruling issued on 6 May 2016 was not subject to appeal and has become effective. However, the Group would have to first obtain the public security bureau's cooperation to lift the administrative restriction on the property collaterals, or wait for a disposal consensus to be reached between the court and public security bureau before the commencement of the court auction process. Penalty interest of 24% per annum is applicable from 22 December 2015 to 4 August 2016, and 30.4% per annum from 5 August 2016 to the date of receipt.

For the second loan default of RMB470.0 million (S\$95.9 million), which comprises eight related loans disbursed to six different borrowing entities, an uncontested effective favorable court ruling was obtained for one (of the eight) loans with principal amounting to RMB70 million (S\$14.3 million). The court has commenced the foreclosure process, starting with the valuation of the property collateral comprising office units in Guangzhou for the purpose of fixing the auction price. Positive court rulings have also been obtained for four loans with total loan principal of RMB254 million (S\$51.8 million). Penalty interest of 24% per annum is applicable from the various dates of default in February 2016. These have been contested by the borrowers mainly for a lower penalty interest rate with no outcome yet on their appeal action. A higher penalty interest of 30.4% per annum will also be applicable from the effective date of these rulings. No court rulings have been issued yet for the August 2016 hearing of another two loans with principal sum amounting to RMB96 million (S\$19.6 million). The hearing of the last loan of RMB50 million (S\$10.2 million) is scheduled in October 2016.

The Group remains optimistic of the recovery of the loan principal sums and the associated penalty interest in view of the positive court rulings and low loan to value ratios, but will continue to adopt a conservative approach of not recognising penalty interest income from these defaulted loans.

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
26 October 2016

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 period ended 30 September 2016 to be false or misleading in any material respect.

On behalf of the Board of Directors

Ho Han Leong Calvin
Chairman

Neo Teck Pheng
Group Chief Executive Officer

26 October 2016