

FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands)
(Company Registration No.: AT-195714)

UPDATE ON THE DONGGUAN ZHONGTANG PROJECT

The Board of Directors (the “**Board**”) of First Sponsor Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the Company’s prospectus dated 10 July 2014 (the “**Prospectus**”) in relation to the entry into a memorandum of understanding and a framework agreement (together, the “**Zhongtang Agreements**”) by the Company and our wholly-owned subsidiary, First Sponsor (Guangdong) Group Limited (“**First Sponsor Guangdong**”) with the local government of Zhongtang Town, Dongguan, Guangdong province (the “**Zhongtang Local Government**”) and Dongguan City Zhongtang Asset Management Company (东莞市中堂资产经营管理有限公司) (the “**Management Company**”), an affiliate company of the Zhongtang Local Government, in relation to the proposed development of the Dongguan Zhongtang Project (as defined in the Prospectus).

As disclosed in the Prospectus, pursuant to the Zhongtang Agreements, First Sponsor Guangdong has made a payment of RMB100.0 million (the “**Initial Fund**”) in November 2013 to the Management Company to facilitate the resettlement of affected residents and/or businesses which are carried out on properties located on the land site as well as for expenses incurred in connection with the initial phase of the Dongguan Zhongtang Project.

The Management Company is unable to fulfil certain of its contractual obligations in respect of the Dongguan Zhongtang Project, in particular with regards to the timely completion of the approval process for putting up for tender a land plot of not less than 100,000 sq m in connection with the Dongguan Zhongtang Project. Accordingly, the Company, First Sponsor Guangdong, the Zhongtang Local Government and the Management Company have on 14 January 2015 entered into an agreement (the “**Termination Agreement**”) to mutually terminate the Zhongtang Agreements.

Pursuant to the Termination Agreement:

- (a) the Management Company shall refund the Initial Fund to First Sponsor Guangdong no later than 25 November 2015;
- (b) in lieu of paying the Agreed Return (as defined in the Prospectus), the Management Company shall pay a sum of RMB16.5 million to First Sponsor Guangdong before 14 January 2015 (the “**Final Return**”); and
- (c) the Management Company shall pay a return on the Initial Fund to First Sponsor Guangdong at a rate of 10% per annum, for the period from 26 November 2014 to the date on which the Initial Fund has been fully repaid, no later than 25 November 2015 (the “**Investment Return**”).

With the termination of the Zhongtang Agreements, the Group would have the opportunity but not the obligation to participate in a tender process for the land use rights relating to the Dongguan Zhongtang Project (an “**Acquisition Process**”) in the future. The Group will monitor the PRC property market conditions, in particular with regards to the Dongguan Zhongtang Project, before deciding whether to participate in such an Acquisition Process at the relevant time.

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The termination of the Zhongtang Agreements is not expected to have a material adverse financial impact on the Group's consolidated earnings per share or consolidated net tangible assets per share. The Group will recognise the one-off Final Return and account for the Investment Return in the financial year ending 31 December 2015.

BY ORDER OF THE BOARD

Neo Teck Pheng
Group Chief Executive Officer
14 January 2015

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.