



FIRST SPONSOR GROUP LIMITED

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Press Release

FIRST SPONSOR RECORDED A 40.8% INCREASE IN REVENUE AND 12.9% INCREASE IN NET PROFIT IN 2Q2016

THE BOARD OF FIRST SPONSOR HAS APPROVED AN INTERIM TAX-EXEMPT (ONE-TIER) DIVIDEND OF 1 SINGAPORE CENT PER SHARE WHICH IS AN INCREASE OF 42.9% FROM LAST YEAR'S INTERIM DIVIDEND

Singapore, 27 July 2016 – Singapore Exchange (SGX) Mainboard-listed First Sponsor Group Limited (“**First Sponsor**” or the “**Company**”, and together with its subsidiaries and associated companies, the “**Group**”), a mixed property developer and owner of commercial properties in the People’s Republic of China (the “**PRC**”) and the Netherlands, and provider of property financing services in the PRC, today announced the Group’s unaudited financial results for 2Q2016.

Financial Highlights

<u>In S\$000</u>	<u>2Q2016</u>	<u>2Q2015</u>	<u>Change %</u>	<u>YTD Jun 2016</u>	<u>YTD Jun 2015</u>	<u>Change %</u>
Revenue	42,212	29,978	40.8%	87,769	42,628	105.9%
Profit attributable to equity holders of the Company	8,608	7,624	12.9%	20,841	18,354	13.6%

- For 2Q2016, the Group recorded a 40.8% increase in revenue and 12.9% increase in net profit underpinned by (i) revenue recognition from the further handover of Plot C residential blocks and first time handover of Plot C commercial units of the Millennium Waterfront project in Chengdu; and (ii) recurring income from its Dutch property holding portfolio.
- The Board has approved an interim tax-exempt (one-tier) cash dividend of 1 Singapore cent per share, payable on 15 September 2016. This is an increase of 42.9% as compared to the interim dividend paid in 2015.
- The Group continues to maintain a strong balance sheet and is on the continual lookout for pockets of opportunities to expand its footprint in the Netherlands, PRC and other regions of growth. Debt and equity capital markets may be tapped when deemed appropriate to prudently fund such expansion plan.

Mr Neo Teck Pheng, Group Chief Executive Officer, said

“Property development business in Chengdu has shown significant turnaround in sales momentum. Pre-sales for the Millennium Waterfront project saw a total reversal from the sluggish start of 2016 with 332 residential units sold in 2Q2016, almost double that achieved in 1Q2016. The residential market in Dongguan has also grown from strength to strength with a further decrease of residential inventory turnover to 3 months in April 2016 and increase in average selling price. Arising from the positive outlook of the Dongguan residential market, the Group has been approached by a few interested parties to collaborate with them in the development of the Star of East River project. The Group is currently evaluating such proposals and will make an announcement if and when there is material development. Whilst the Group will continue to evaluate such proposals, it plans to still commence construction of Phase 1 of the project in 2016.

In the Netherlands, the Group’s Boompjes redevelopment project in Rotterdam, held through a wholly owned subsidiary of the 33% owned FSMC, has received much interest from potential fund investors which will be buying a substantial portion of the project for leasing purposes. The remaining project would be opened to the public for sale. In addition, FSMC has teamed up with Provast once again to redevelop the Terminal Noord property wholly owned by FSMC and located in close proximity to the Central Station of The Hague. Provast would be a 50% equity partner in the redevelopment project.

On the property financing front, there are positive developments on the loan recovery process for the two problematic loans. For the first problematic loan of RMB170 million, the court had issued a judgment in favour of the Group with penalty interest fixed at 24% per annum. This ruling will become effective around early August 2016 after the appeal window lapses. From this point onwards, the penalty interest increases to approximately 30.4% per annum. For the second problematic loan which comprised eight inter-related loans amounting to RMB470 million, favourable judgments have similarly been obtained for five of these loans amounting to RMB324 million with the penalty interest also set at 24% per annum. In connection to the court rulings of the four loans amounting to RMB254 million, the borrowers have filed an appeal or are in the process of appealing to the High Court in Shanghai contesting for mainly a lower penalty interest. The ruling for the remaining loan amounting to RMB70 million has become effective and with effect from 24 July 2016, the penalty interest increases to approximately 30.4% per annum. The Group will proceed with the court foreclosure process to recover its debt. The overall recovery timeline will depend on the litigation strategy of the borrowers, speed of rulings by the relevant courts and speed and success of the property auctions. The Group is optimistic of the recovery of the loan principal sums and associated penalty interest given the low loan to value ratios. In the meantime, the Group has adopted a conservative approach of not recognising any income from the defaulted loans.

Despite the current global uncertainties triggered by the recent Brexit event, the Group's outlook for 2016, underpinned by the three operating business segments, is fairly good. With its strong balance sheet, the Group will be on the lookout for pockets of opportunities to expand its footprint in the Netherlands, PRC and other regions of growth."

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Please refer to the Group's unaudited financial results announcement for 2Q2016 and the investor presentation slides dated 27 July 2016 for a detailed review of the Group's performance and prospects.

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About First Sponsor Group Limited

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

Please visit www.1st-sponsor.com.sg for the Group's financial statements and investor presentations.