



FIRST SPONSOR GROUP LIMITED

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Press Release

RECORD NET PROFIT OF S\$113.1 MILLION, AN INCREASE OF 67.9% OVER LAST YEAR

FINAL TAX-EXEMPT (ONE-TIER) DIVIDEND OF 1 SINGAPORE CENT PER SHARE, ADDING UP TO A TOTAL OF 2 SINGAPORE CENTS PER SHARE FOR FY2016, A 17.6% INCREASE FROM FY2015

Singapore, 7 February 2017 – 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 4Q2016 and FY2016.

Financial Highlights

In S\$'000	4Q2016	4Q2015	Change %	FY2016	FY2015	Change %
Revenue	21,596	100,297	(78.5)	189,715	214,963	(11.7)
Profit attributable to equity holders of the Company	72,915	31,914	128.5	113,089	67,362	67.9

- The Group has delivered a record net profit for FY2016. Net profit attributable to the equity holders of the Company is S\$113.1 million (FY2015: S\$67.4 million) which represents a year-on-year increase of 67.9%.
- The Board is recommending a final tax-exempt (one-tier) ordinary dividend of 1 Singapore cent per share, adding up to a total dividend for FY2016 of 2 Singapore cents per share which represents a 17.6% increase from FY2015. The Board will work towards a stable payout with a steady growth when appropriate, subject to the successful implementation of the Group’s business strategy and prevailing market conditions.

Mr Neo Teck Pheng, Group Chief Executive Officer, said

“We are pleased to report a record net profit of S\$113.1 million for FY2016 which is an increase of 67.9% from FY2015.

The Group has realised a gain of approximately S\$97.3 million in 4Q2016 through a dilution of its interest in the Star of East River project in Dongguan. This partial divestment has unlocked the capital gain of the Group’s investment in this project, thereby enabling the Group to recoup all its cash capital previously invested with a surplus cash return of approximately S\$23.2 million and a remaining 30% equity stake in the project. Going forward, the Group will work with Vanke to realise the full potential value of this project for the benefit of all investors.

The Millennium Waterfront project recorded a 50% increase in residential sales with 1,486 residential units sold in FY2016 (FY2015: 994 residential units) out of which 606 residential units were sold in the last quarter of the year. Capitalising on this strong buying sentiment, the Group has soft launched 2 residential blocks in Plot D, the last and best residential plot in the project, in late December 2016. In addition, the Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring hotels with an aggregate of 608 rooms, have soft opened on 28 December 2016. The hotspring facilities will commence operations later in the year. The successful development of the two hotels is a significant addition to the property holding business of the Group.

In the Netherlands, through its 33% owned FSMC, the Group has secured the sale for 75% of the residential units by signing down a sales and purchase agreement with CBRE Global Investors. FSMC retains the right to sell the remaining 25% to individuals at a higher price within twelve months from delivery of the residential units, failing which CBRE Global Investors has agreed to purchase the remaining unsold units at a pre-determined price. The Group’s property development business is shaping up well as we look for more opportunities to expand our footprint beyond Rotterdam. Further to the acquisition of Dreeftoren in October 2016, the Group has purchased Oliphant, a vacant office property in late December 2016 for redevelopment purposes. The two properties are in close proximity to the Group’s Arena Towers hotels in Amsterdam Southeast, which is recently ranked as the second best office location in the Netherlands by JLL. The Group is exploring the possibility of adding residential apartments for sale in Dreeftoren and Oliphant. This would build up a strong business presence for the Group in Amsterdam Southeast.

On the property holding front, the Group has disposed the last two non-core Dutch properties, namely Blue Wings and Ooyevaarsnest, at an attractive 81% and 96% premium to cost respectively. The Group has also, amongst other lease extensions, concluded a lease extension negotiation with Van Doorne, the existing tenant of the Zuiderhof I property for another 7 years, thereby securing a stable long term recurring income. The Group will in addition embark on a capital expenditure program to enhance the quality and organically expand its existing Dutch property portfolio, including the Dreeftoren, Munthof and possibly Oliphant, all of which are located in Amsterdam.

With regards to the property financing business segment, for the second defaulted loan which comprises eight inter-related loans with an aggregate loan principal of RMB470 million, the court has completed the foreclosure auction for one of the loans with principal amounting to RMB70 million. The mortgaged property - two floors of prime office space in Guangzhou, were sold for approximately RMB128 million. The auction proceeds were more than sufficient to cover the loan principal and its related penalty interest. The excess auction proceeds will serve as additional security for the remaining loans due to the cross collateralization. Correspondingly, the Group has recognised penalty interest income relating to only this particular defaulted loan in 4Q2016. The revised loan to value ratio for the remaining loans is estimated to be approximately 22%. Favourable rulings were obtained for all of the remaining seven loans out of which six loans with loan principal amounting to RMB350 million in aggregate have just progressed to the court enforcement stage. The Group remains optimistic of the full recovery of all the defaulted loans, but will continue to adopt a conservative approach of only recognising penalty interest income from those defaulted loans upon successful auction of the loan collaterals.

With a strong balance sheet, the Group continues to be on a disciplined quest for investment opportunities in the Netherlands, PRC and other regions. ”

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Please refer to the Group’s unaudited financial results announcement for 4Q2016/FY2016 and the investor presentation slides dated 7 February 2017 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.