

FIRST SPONSOR GROUP LIMITED

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

(1) THE RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE OF SERIES 2 PERPETUAL CONVERTIBLE CAPITAL SECURITIES WITH FREE DETACHABLE WARRANTS EXERCISABLE INTO SHARES; AND

(2) THE BONUS ISSUE OF WARRANTS EXERCISABLE INTO SHARES

- TAX RULING

The board of directors (the "**Board**") of First Sponsor Group Limited (the "**Company**") refers to the Company's announcements on 25 March 2019, 3 April 2019, 25 April 2019, 7 May 2019, 30 May 2019 and 31 May 2019 in relation to (1) the renounceable and non-underwritten rights issue (the "**Rights Issue**") of up to S\$147,649,108.10 in aggregate principal amount of 3.98 per cent. perpetual convertible capital securities (the "**Series 2 Convertible Securities**") in the denomination of S\$1.30 for each Series 2 Convertible Security to Rights Issue Entitled Shareholders, with up to 113,576,237 free detachable warrants (the "**Warrants**"), each carrying the right to subscribe for one new share with a par value of US\$0.10 each in the capital of the Company (a "**Share**"), and (2) the bonus issue (the "**Bonus Issue**") of up to 79,503,666 Warrants to Bonus Issue Entitled Shareholders, and its offer information statement dated 7 May 2019 (the "**Offer Information Statement**") in relation to the Rights Issue and the Bonus Issue. Unless otherwise defined herein or the context otherwise requires, all capitalised terms used in this announcement shall bear the same meanings ascribed to them in the Offer Information Statement.

It was stated in the Offer Information Statement that an advance tax ruling will be requested from the Inland Revenue Authority of Singapore ("**IRAS**") to confirm (a) the classification of the Series 2 Convertible Securities for Singapore income tax purposes and the Singapore tax treatment of the payment of the Distributions, and (b) whether the Warrants will be subject to withholding tax upon their issuance to persons who have validly subscribed for the Series 2 Convertible Securities through the Rights granted under the Rights Issue and the Bonus Issue Entitled Shareholders.

The Company wishes to announce that the abovementioned tax ruling has been obtained from the IRAS. In particular, the IRAS has stated in the tax ruling that it is prepared to regard the Series 2 Convertible Securities as "debt securities" for the purpose of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations ("**QDS Regulations**"). Following the characterisation of the Series 2 Convertible Securities as a debt instrument for tax purposes, the following tax treatment on the Distributions (including Arrears of Distribution) payable on the Series 2 Convertible Securities will ensue:

1. the Distributions (including Arrears of Distribution) payable on the Series 2 Convertible Securities will be regarded as interest payable on indebtedness and will enjoy the tax concessions and exemptions available for qualifying debt securities ("**QDS**") provided that the other requisite conditions for the Series 2 Convertible Securities to be QDS are satisfied; and
2. the payments made to the Securityholders on the Conversion Shares subsequent to the conversion of the Series 2 Convertible Securities to ordinary shares of the Company will not be regarded as interest but as dividends.

Additionally, the IRAS has stated in the tax ruling that the Warrants are not subject to withholding tax upon their issuance to persons who have validly subscribed for the Series 2 Convertible Securities under the Rights Issue and the Bonus Issue Entitled Shareholders.

BY ORDER OF THE BOARD

Neo Teck Pheng Group

Group Chief Executive Officer and Executive Director

16 October 2019