

General Announcement::Announcement by First Sponsor Group Limited, an associate of Millennium & Copthorne Hotels plc

Issuer & Securities

Issuer/ Manager	CITY DEVELOPMENTS LIMITED
Securities	CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09
Stapled Security	No

Announcement Details

Announcement Title	General Announcement
Date & Time of Broadcast	27-Apr-2016 07:41:25
Status	New
Announcement Sub Title	Announcement by First Sponsor Group Limited, an associate of Millennium & Copthorne Hotels plc
Announcement Reference	SG160427OTHRBACD
Submitted By (Co./ Ind. Name)	Enid Ling Peek Fong
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below)	<p>First Sponsor Group Limited ("FSGL"), an associate of Millennium & Copthorne Hotels plc, has on 27 April 2016 issued an announcement relating to the Unaudited First Quarter and Three-Month Financial Statements for the period ended 31 March 2016 together with a press release and investor presentation slides.</p> <p>For details, please refer to the announcement posted by FSGL on the SGX website www.sgx.com.</p>

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Financial Statements and Related Announcement::First Quarter Results

Issuer & Securities

Issuer/ Manager	FIRST SPONSOR GROUP LIMITED
Securities	FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
Date & Time of Broadcast	27-Apr-2016 07:08:32
Status	New
Announcement Sub Title	First Quarter Results
Announcement Reference	SG160427OTHR0MDQ
Submitted By (Co./ Ind. Name)	Neo Teck Pheng
Designation	Group Chief Executive Officer
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please see attached.

Additional Details

For Financial Period Ended	31/03/2016
Attachments	<p>FSGL - 1Q2016 Results Announcement.pdf</p> <p>FSGL - 1Q2016 Investor Presentation.pdf</p> <p>FSGL - 1Q2016 Press release.pdf</p> <p>Total size =3897K</p>

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FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands)

(Registration No. AT-195714)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 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 Three months ended 31 March		Incr / (Decr) %
	2016 S\$'000	2015 S\$'000	
Revenue	45,557	12,650	260.1
Cost of sales	(31,199)	(2,069)	1407.9
Gross profit	14,358	10,581	35.7
Administrative expenses	(7,253)	(3,732)	94.3
Selling expenses	(2,724)	(1,455)	87.2
Other (expenses)/income	(1,518)	4,822	n.m.
Other (losses)/gains	(4)	278	n.m.
Results from operating activities	2,859	10,494	(72.8)
Finance income	8,039	5,320	51.1
Finance costs	(1,874)	(913)	105.3
Net finance income	6,165	4,407	39.9
Share of after-tax profit of associates	6,842	-	n.m.
Profit before tax	15,866	14,901	6.5
Tax expense	(3,239)	(4,007)	(19.2)
Profit for the period	12,627	10,894	15.9
Attributable to:			
Equity holders of the Company	12,233	10,730	14.0
Non-controlling interests	394	164	140.2
Profit for the period	12,627	10,894	15.9
Earnings per share (cents)			
- basic	2.07	1.82	14.0
- diluted	2.07	1.82	14.0

n.m.: not meaningful

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.

Consolidated Statement of Comprehensive Income

	The Group	
	Three months ended	
	31 March	
	2016	2015
	S\$'000	S\$'000
Profit for the period	12,627	10,894
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	-	(403)
Share of translation differences on financial statements of associates, net of tax	(42)	-
Translation differences on financial statements of foreign subsidiaries, net of tax	(35,124)	30,709
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	(2,040)	1,908
Total other comprehensive income for the period, net of tax	(37,206)	32,214
Total comprehensive income for the period	(24,579)	43,108
Total comprehensive income attributable to:		
Equity holders of the Company	(24,930)	43,134
Non-controlling interests	351	(26)
Total comprehensive income for the period	(24,579)	43,108

Notes to the Group's Income Statement:

Profit before tax includes the following:

	The Group	
	Three months ended	
	31 March	
	2016	2015
	S\$'000	S\$'000
Other (losses)/gains comprise:		
Property, plant and equipment written off	(4)	(7)
Gain on liquidation of a subsidiary	-	285
	<u>(4)</u>	<u>278</u>
Profit before income tax includes the following expenses/(income):		
Depreciation of property, plant and equipment	324	407
Exchange gains (net)	(160)	(691)
IPO expenses written back	-	(562)
Operating lease expense	106	99
Net investment return from a PRC government linked entity	<u>(480)</u>	<u>(4,076)</u>

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 31 March 2016 S\$'000	As at 31 December 2015 S\$'000	As at 31 March 2016 S\$'000	As at 31 December 2015 S\$'000
Non-current assets				
Property, plant and equipment	155,065	151,110	-	-
Investment properties	243,509	245,624	-	-
Interests in subsidiaries	-	-	881,329	881,329
Interests in associates	21,041	14,426	-	-
Amounts due from subsidiaries	-	-	211,843	287,222
Other receivables	189,162	310,327	-	-
Deferred tax assets	7,092	7,368	-	-
	<u>615,869</u>	<u>728,855</u>	<u>1,093,172</u>	<u>1,168,551</u>
Current assets				
Development properties	634,469	660,187	-	-
Inventories	166	148	-	-
Amounts due from subsidiaries	-	-	133,939	133,696
Trade and other receivables	274,934	299,560	787	1,653
Cash and cash equivalents	137,977	112,044	1,557	1,257
	<u>1,047,546</u>	<u>1,071,939</u>	<u>136,283</u>	<u>136,606</u>
Total assets	<u>1,663,415</u>	<u>1,800,794</u>	<u>1,229,455</u>	<u>1,305,157</u>
Equity				
Share capital	736,404	736,404	736,404	736,404
Reserves	213,404	238,334	53,021	37,637
Equity attributable to owners of the Company	<u>949,808</u>	<u>974,738</u>	<u>789,425</u>	<u>774,041</u>
Non-controlling interests	<u>3,710</u>	<u>3,359</u>	<u>-</u>	<u>-</u>
Total equity	<u>953,518</u>	<u>978,097</u>	<u>789,425</u>	<u>774,041</u>
Non-current liabilities				
Loans and borrowings	236,830	260,824	205,558	229,181
Derivative liability	2,036	3,327	2,036	3,327
Deferred tax liabilities	11,269	11,963	-	-
	<u>250,135</u>	<u>276,114</u>	<u>207,594</u>	<u>232,508</u>
Current liabilities				
Amounts due to subsidiaries	-	-	77,520	80,447
Trade and other payables	126,613	127,838	2,823	1,881
Receipts in advance	162,228	182,059	-	-
Loans and borrowings	152,093	216,280	152,093	216,280
Current tax payable	18,828	20,406	-	-
	<u>459,762</u>	<u>546,583</u>	<u>232,436</u>	<u>298,608</u>
Total liabilities	<u>709,897</u>	<u>822,697</u>	<u>440,030</u>	<u>531,116</u>
Total equity and liabilities	<u>1,663,415</u>	<u>1,800,794</u>	<u>1,229,455</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 31 March 2016 S\$'000	As at 31 December 2015 S\$'000
Unsecured		
- repayable within one year	152,093	216,280
- repayable after one year	205,463	229,181
Total	<u>357,556</u>	<u>445,461</u>
Secured		
- repayable within one year	-	-
- repayable after one year	31,367	31,643
Total	<u>31,367</u>	<u>31,643</u>
Grand total	<u>388,923</u>	<u>477,104</u>
Gross borrowings	392,006	480,892
Less: cash and cash equivalents as shown in the statement of financial position	<u>(137,977)</u>	<u>(112,044)</u>
Net borrowings	<u>254,029</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.

	Three months ended 31 March	
	2016 S\$'000	2015 S\$'000
Cash flows from operating activities		
Profit for the period	12,627	10,894
Adjustments for:		
Depreciation of property, plant and equipment	324	407
Fair value gain on derivative liability	(1,291)	-
Finance costs	1,874	913
Finance income	(8,039)	(5,320)
Property, plant and equipment written off	4	7
Gain on liquidation of a subsidiary	-	(285)
Share of after-tax profit of associates	(6,842)	-
Tax expense	3,239	4,007
	1,896	10,623
Change in working capital:		
Development properties	5,291	(28,131)
Inventories	(24)	(40)
Trade and other receivables	48,701	(84,804)
Trade and other payables	(8,739)	(23,723)
Receipts in advance	(14,129)	41,257
Cash generated from/(used in) operations	32,996	(84,818)
Interest received	2,000	6,277
Tax paid	(3,866)	(3,525)
Net cash generated from/(used in) operating activities	31,130	(82,066)
Cash flows from investing activities		
Acquisition of a subsidiary	-	(74,428)
Interest received	9,010	5,742
Payment for additions to:		
- investment properties	(87)	-
- property, plant and equipment	(9,406)	(6,213)
Repayment of loans by a third party	4,513	-
Repayment of loans by an associate	72,639	-
Receipt of investment return from a PRC government linked entity	-	3,567
Net cash generated from/(used in) investing activities	76,669	(71,332)
Cash flows from financing activities		
Advances from associates	9,180	-
Interest paid	(1,326)	(468)
Payment of transaction costs related to borrowings	(55)	(788)
Proceeds from bank borrowings	69,721	114,588
Repayment of bank borrowings	(155,334)	(14,748)
Net cash (used in)/generated from financing activities	(77,814)	98,584

	Three months ended 31 March	
	2016 S\$'000	2015 S\$'000
Net increase/(decrease) in cash and cash equivalents	29,985	(54,814)
Cash and cash equivalents at beginning of the period	112,044	131,797
Effect of exchange rate changes on balances held in foreign currencies	(4,052)	(858)
Cash and cash equivalents at end of the period	<u>137,977</u>	<u>76,125</u>

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.

	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 2016	736,404	9,609	22,680	225	105,365	100,455	974,738	3,359	978,097
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	12,233	12,233	394	12,627
Other comprehensive income									
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	(35,081)	-	(35,081)	(43)	(35,124)
Share of translation differences on financial statements of foreign associates, net of tax	-	-	-	-	(42)	-	(42)	-	(42)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	(2,040)	-	(2,040)	-	(2,040)
Total other comprehensive income	-	-	-	-	(37,163)	-	(37,163)	(43)	(37,206)
Total comprehensive income for the period	-	-	-	-	(37,163)	12,233	(24,930)	351	(24,579)
At 31 March 2016	<u>736,404</u>	<u>9,609</u>	<u>22,680</u>	<u>225</u>	<u>68,202</u>	<u>112,688</u>	<u>949,808</u>	<u>3,710</u>	<u>953,518</u>

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 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	-	-	-	-	-	10,730	10,730	164	10,894
Other comprehensive income									
Realisation of foreign translation differences arising from liquidation of a subsidiary, net of tax	-	-	-	-	(403)	-	(403)	-	(403)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	30,899	-	30,899	(190)	30,709
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	1,908	-	1,908	-	1,908
Total other comprehensive income	-	-	-	-	32,404	-	32,404	(190)	32,214
Total comprehensive income for the period	-	-	-	-	32,404	10,730	43,134	(26)	43,108
Transaction with owners, recognised directly in equity									
Contributions by and distributions to owners									
Reversal of share issue expenses	-	39	-	-	-	-	39	-	39
Total contributions by and distributions to owners	-	39	-	-	-	-	39	-	39
Changes in ownership interests in subsidiaries									
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	5,531	5,531
Liquidation of a subsidiary	-	-	(851)	1,722	-	(871)	-	-	-
Total changes in ownership interests in subsidiaries	-	-	(851)	1,722	-	(871)	-	5,531	5,531
Total transactions with owners of the Company	-	39	(851)	1,722	-	(871)	39	5,531	5,570
At 31 March 2015	736,404	9,609	13,984	225	116,295	61,130	937,647	5,505	943,152

	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	-	-	-	15,384	15,384
Total comprehensive income for the period	-	-	-	15,384	15,384
At 31 March 2016	736,404	9,821	(5,988)	49,188	789,425
At 1 January 2015	736,404	9,821	245	(15,916)	730,554
Total comprehensive income for the period					
Profit for the period	-	-	-	15,272	15,272
Total comprehensive income for the period	-	-	-	15,272	15,272
At 31 March 2015	736,404	9,821	245	(644)	745,826

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 31 March 2016. As at 31 March 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 31 March 2016 and 31 March 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 31 March 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 31 March 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.

	Three months ended 31 March	
	2016	2015
Basic and diluted earnings per share (cents)	2.07	1.82
a) Profit attributable to equity holders of the Company (S\$'000)	12,233	10,730
b) Weighted average number of ordinary shares in issue: - basic and diluted	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 31 March 2016	As at 31 December 2015	As at 31 March 2016	As at 31 December 2015
Net asset value per ordinary share (cents) based on 589,814,949 issued ordinary shares (excluding treasury shares) as at 31 March 2016 and 31 December 2015	161.03	165.26	133.84	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

Revenue of the Group mainly comprised revenue arising from the sale of properties, rental income from investment properties, revenue from hotel operations and interest income from the provision of property financing services. The breakdown of our revenue (net of business tax) for the period under review is as follows:

	Three months ended 31 March	
	2016 S\$'000	2015 S\$'000
Revenue from sale of properties	38,428	2,109
Rental income from investment properties	3,709	1,130
Hotel operations	825	691
Revenue from property financing	2,595	8,720
Total	<u>45,557</u>	<u>12,650</u>

Revenue of the Group in 1Q 2016, increased by S\$32.9 million or 260.1%, from S\$12.7 million in 1Q 2015 to S\$45.6 million in 1Q 2016. The increase in 1Q 2016 is due mainly to increase in revenue from sale of properties by S\$36.3 million and rental income from investment properties of S\$2.6 million, offset by a decrease in revenue from property financing of S\$6.1 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 1Q 2016 compared to 1Q 2015 mainly resulted from the higher number of residential units in the Millennium Waterfront project being handed over in the current quarter (1Q 2016: 324 units, 1Q 2015: 9 units).

Rental income from investment properties increased by 228.2% or S\$2.6 million, from S\$1.1 million in 1Q 2015 to S\$3.7 million in 1Q 2016. The increase was due mainly to a full quarter's rental income contributed in 1Q 2016 by Zuiderhof I and Arena Towers in the Netherlands which were acquired in February 2015 and June 2015 respectively.

Revenue from property financing decreased by S\$6.1 million or 70.2%, from S\$8.7 million in 1Q 2015 to S\$2.6 million in 1Q 2016. The decrease was due mainly to the various loan defaults in December 2015 and January 2016. No interest was recognised on the S\$134.6 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 S\$29.1 million, from S\$2.1 million in 1Q 2015 to S\$31.2 million in 1Q 2016. The increase in cost of sales is in line with the increase in revenue from sale of properties in 1Q 2016.

Our gross profit increased by S\$3.8 million, from S\$10.6 million in 1Q 2015 to S\$14.4 million in 1Q 2016. The increase was due mainly to the higher gross profit generated from sale of properties of S\$7.4 million and S\$2.5 million from higher rental income from investment properties, which has been partially offset by lower gross profit generated from the property financing of S\$6.1 million.

The Group's gross profit margin decreased from 83.6% in 1Q 2015 to 31.5% in 1Q 2016. This reflected the change in the profit composition as 18.1% of the Group's gross profit for 1Q 2016 was from the higher yielding property financing segment which contributed 100.0% gross profit margin whereas 82.4% of the total gross profit in 1Q 2015 was generated by the property financing segment.

Administrative expenses

Our administrative expenses mainly comprised staff costs, rental expenses and 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.

The S\$3.5 million or 94.3% increase in administrative expenses to S\$7.3 million in 1Q 2016 was due mainly to legal fees of S\$2.5 million in respect of the recovery of the property financing loans in default.

Selling expenses

Our selling expenses mainly comprise staff costs of our sales and marketing staff, advertising and promotion expenses, sales commissions paid to external sales agents and other expenses. These expenses increased by 87.2% or S\$1.2 million, from S\$1.5 million in 1Q 2015 to S\$2.7 million in 1Q 2016 due mainly to activities to promote the Group's development projects.

Other (expenses)/income

In 1Q 2016, the Group recorded S\$1.5 million of other expenses mainly comprising cost adjustments relating to M Hotel Chengdu and investment properties of S\$1.5 million.

In 1Q 2015, the Group recorded S\$4.8 million of other income mainly comprising a S\$4.1 million net investment return from a PRC government linked entity and S\$0.6 million of reversal of overprovision of IPO expenses.

Net finance income

Net finance income increased by 39.9% or S\$1.8 million, from S\$4.4 million in 1Q 2015 to S\$6.2 million in 1Q 2016. This was due mainly to additional finance income of S\$3.1 million from loans to FSMC NL Property Group B.V. ("FSMC"), a 33% owned associated company, partially offset by a decrease in finance income from loans to Chengdu Wenjiang government of S\$1.3 million in 1Q 2016 as a result of partial repayment of loan principal.

Share of after-tax profit of associates

Share of after-tax profit of associates of S\$6.8 million for 1Q 2016 related to the Group's share of results of FSMC, which was mainly attributable to a share of profit of S\$6.6 million from the disposal of eight non-core properties in the Netherlands during the current quarter.

Income tax expense

The Group recorded total income tax expense of S\$3.2 million on the profit before tax of S\$15.9 million, which is net of a reversal of land appreciation tax of S\$1.0 million. After adjusting for the share of after-tax profit of associates and the tax effect of non-deductible expenses of S\$1.8 million, the effective tax rate of the Group would be approximately 27.4% for 1Q 2016.

(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

Interests in associates increased by S\$6.6 million, from S\$14.4 million as at 31 December 2015 to S\$21.0 million as at 31 March 2016. This is due mainly to the share of profit from the disposal of non-core properties by FSMC.

Other receivables decreased by S\$121.1 million, from S\$310.3 million as at 31 December 2015 to S\$189.2 million as at 31 March 2016. This was due mainly to the partial repayment of unsecured loans amounting to S\$72.0 million by FSMC upon its disposal of non-core properties in February 2016. In addition, S\$36.8 million of the loans receivable from the Chengdu Wenjiang government have been reclassified to current assets as they are due in March 2017.

Current assets

Development properties decreased by S\$25.7 million, from S\$660.2 million as at 31 December 2015 to S\$634.5 million as at 31 March 2016, due mainly to profit recognition of Plot C of the Millennium Waterfront project, partially offset by the increase in development costs for the Star of East River project in Dongguan and the Millennium Waterfront project in Chengdu.

Trade and other receivables decreased by S\$24.6 million, from S\$299.5 million as at 31 December 2015 to S\$274.9 million as at 31 March 2016. The decrease was due mainly to the repayment of entrusted loans amounting to S\$52.6 million, bringing the total property financing loan portfolio as at 31 March 2016 to S\$153.5 million (RMB730.0 million) from S\$213.2 million (RMB980.0 million) as at 31 December 2015. This decrease was partially offset by the reclassification of loans receivable from the Chengdu Wenjiang government from non-current assets to current receivables.

Current liabilities

Receipts in advance decreased by S\$19.8 million, from S\$182.0 million as at 31 December 2015 to S\$162.2 million as at 31 March 2016, due mainly to profit recognition of the Millennium Waterfront project.

Loans and borrowings

Gross bank borrowings decreased by S\$88.9 million, from S\$480.9 million as at 31 December 2015 to S\$392.0 million as at 31 March 2016. This was due mainly to the repayment of bridging loans of S\$68.9 million from the net proceeds of FSMC's disposal of its non-core properties. The Group maintained a healthy net gearing ratio of 0.27 as at 31 March 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.

With the Group's entry to the property market in the Netherlands, 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 EUR, the Group's earnings is still exposed to the volatility of the EUR against S\$ to the extent that these are unhedged.

As at 31 March 2016, the Group recorded a cumulative translation gain of S\$68.2 million as part of the reserves in its shareholders' equity, even though there was a translation loss of S\$37.2 million recorded in 1Q 2016. This had arisen mainly 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 favorable exchange rate movements between the RMB and S\$ so far despite the recent volatility of the RMB against USD.

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

Net cash generated from operating activities of S\$31.1 million in 1Q 2016 was due mainly to the repayment of entrusted loans amounting to S\$53.7 million (RMB250.0 million), offset by payment of income tax of S\$3.9 million and payments of construction costs for the Millennium Waterfront project and Star of East River project.

Net cash generated from investing activities of S\$76.7 million in 1Q 2016 consisted of the partial repayment of unsecured loans amounting to S\$72.6 million by FSMC on its disposal of non-core properties, interest received of S\$9.0 million in respect of the loans to Chengdu Wenjiang government, and repayment of loan principal of S\$4.5 million by the Chengdu Wenjiang government, partially offset by the payments for the additions of property, plant and equipment of S\$9.4 million.

Net cash used in financing activities amounted to S\$77.8 million in 1Q 2016 due mainly to net repayment of bank borrowings of S\$85.6 million and interest paid of S\$1.3 million, partially offset by advances from associates of S\$9.2 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 the 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

At the National People's Congress held in early March 2016, the PRC central government lowered its 2016 economic growth target to between 6.5% and 7%. It is also targeting an average economic growth of at least 6.5% for the next five years as the economy seeks to balance structural reforms, a volatile financial market and softening global trade with slower but more sustainable growth. In addition, from 1 March 2016, PBOC has reduced the required reserve ratio for banks by 0.5%, allowing more money supply into the economy.

According to data released by the National Bureau of Statistics in March 2016, the average new home prices in 70 major cities climbed 3.6% in February 2016 from a year ago. China's home prices also rose at their fastest pace in almost two years. This was driven mainly by the high demand in Tier 1 cities, particularly Shenzhen and Shanghai. The surge in housing prices in Shenzhen, which has increased by 57% year on year in February 2016, has generated a spillover effect to neighbouring cities such as Dongguan.

According to a report issued by Centaline Property Agency Limited in relation to the Dongguan property market, residential inventory turnover has further decreased from approximately 5 months in November 2015 to 4 months in January 2016.

The Netherlands

For the Eurozone, interest rates are expected to remain low as the European Central Bank ("ECB") expands and extends its quantitative easing program to March 2017. In its latest quarterly forecasts, the ECB has forecasted inflation to be 1.3% in 2017 and 1.6% in 2018. For the Eurozone gross domestic product, it forecasted growth of 1.4% in 2016, 1.7% in 2017 and 1.8% in 2018. The Eurostat report released in March 2016 predicted a six-month positive economic outlook in the Eurozone with expectations being higher in the Netherlands amongst other countries. As a result of economic growth in the Netherlands, the Savills World Research report in March 2016 expects occupier activity to increase in all markets, with possible gradual increase in rents for prime office and logistics properties in 2016.

Based on the report released in March 2016 by the Statistics Netherlands, the Dutch economy grew by 1.9% in 2015, which is well above that of its neighbouring countries such as Germany and France. The Dutch economy is expected to grow at 1.8% in 2016 and 2.0% in 2017, according to the Central Plan Bureau of the Netherlands (“CPB”).

According to figures released by the Dutch Land Registry Office in March 2016, 26,773 houses were sold in the first two months of 2016, an increase by almost 27% compared to the same period in 2015. The increase is consistent with CPB's forecast of a 2.3% increase in purchasing power of all household in 2016.

These positive signs augur well for the Group's maiden residential redevelopment project in Rotterdam.

Company Outlook

Property Development

To capitalize on the positive outlook of the residential market in Dongguan, the Group will roll out the construction of Phase 1 of the Star of East River (“SoER”) project as soon as possible, pending the various regulatory permits to be obtained. Assuming that main construction can start by 3Q 2016, the Group targets to launch pre-sale of the residential component of the project in early 2017.

In Chengdu, the Group will progressively handover the remaining residential blocks and start to handover the commercial units in Plot C of the Millennium Waterfront project during the year. The residential blocks in Plot A are also on track for handover by end of the year.

With regard to the Group's maiden property development project in the Netherlands held through the 33%-owned FSMC NL Property Group B.V. (“FSMC”), progress has been made on the development design front in relation to the Boompjes Rotterdam project. The current plan is to pre-sell a substantial portion of the redevelopment to a real estate fund prior to commencing construction. A few such potential buyers have also been identified.

Property Holding

The Group has entered into long term hotel management contracts with InterContinental Hotels Group (Shanghai) Ltd on 22 April 2016 to operate the two hotels of the Millennium Waterfront project in Wenjiang, Chengdu. The hotels are set to be branded as Crowne Plaza and Holiday Inn Express with the proposed hotel names of Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring respectively.

FSMC has successfully completed the disposal of eight out of nine non-core properties in its portfolio (“DL Portfolio”). Pursuant to a further review of the DL Portfolio, a property previously identified for redevelopment has been further ear-marked as a non-core property. FSMC will work towards repeating another profitable sale of the remaining two non-core properties in the DL Portfolio.

Negotiations with several existing tenants for lease extension and potential new leases are ongoing for the Dutch property holding portfolio of the Group.

Property Financing

For the RMB470.0 million (S\$98.8 million) problematic loan case relating to eight related loans, the Group has called for an event of default and initiated legal action. In addition, first preservation orders have been placed over the first legal mortgaged property collaterals and the guarantors' assets, which include high end offices and luxury residential apartments located in prime locations in Beijing, Shanghai, Guangzhou and Chengdu. The loan-to-value ratio ("LTV"), based on the first preservation orders placed over the first legal mortgaged property collaterals and unencumbered properties of the guarantors, is less than 25%. For prudence, the aforesaid LTV has not ascribed any value to the first preservation orders that the Group has placed over the equity interest of various companies, cars, bank accounts and other properties with third party mortgages owned by the guarantors. This means that the Group is more than 4 times covered for every dollar of the loans in default. The borrowers have since taken pro-active steps to engage the Group in working out an amicable commercial solution to repay the loans, penalty interest and associated expenses. In addition, court hearings for some of these default loans have been held. No ruling has been issued to date.

For the RMB170.0 million (S\$35.8 million) problematic loan case, a court hearing was conducted on 13 April 2016. The Group hopes to receive a favourable ruling from the court soon in order to commence the foreclosure sale of the properties placed under the first preservation orders, including the first legal mortgaged property in the CBD of Pudong, Shanghai. The estimated LTV for this loan is approximately 48.0%. As the legal representative of the borrower is still under arrest by the Public Security Bureau, no commercial discussion is possible.

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
27 April 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 three months ended 31 March 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

27 April 2016



First Sponsor Group Limited

Investor Presentation

27 April 2016



**Star of East River Project,
Dongguan, PRC**



**Mondriaan Tower,
Amsterdam, the Netherlands**



**Millennium Waterfront Project,
Chengdu, PRC**

The initial public offering of the Company's shares was sponsored by DBS Bank Ltd., who assumes no responsibility for the contents of this presentation.

Disclaimer

This document may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other developments or companies, shifts in customer demands, customers and partners, expected levels of occupancy rate, property rental income, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

We had on 10 July 2014 issued a prospectus which was lodged for registration by the Monetary Authority of Singapore (the “Prospectus”). The results contained in this document should be reviewed in conjunction with the Prospectus.

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Section 1

Key Message

Key Message

1. **The Group achieved the sixth consecutive quarter of year-on-year profit growth since IPO amidst the current backdrop of uncertain global economic conditions.**
2. **For 1Q2016, the Group recorded a 260.1% increase in revenue and 6.5% increase in profit before tax underpinned by (i) revenue recognition from the handover of Plot C residential blocks of the Millennium Waterfront project; and (ii) share of gain from the disposal of non-core properties in the Netherlands during the period.**
3. **After a slow start during the beginning of the year for the Millennium Waterfront project, sales* have since picked up from March 2016 with April being the best performing month of the year thus far#.**
4. **To capitalise on the positive outlook of the Dongguan residential market, the Group will roll out the construction of Phase 1 of the Star of East River project as soon as possible with the aim of launching the sale of the residential component in early 2017.**
5. **The Group has entered into long term hotel management contracts with InterContinental Hotels Group (Shanghai) Ltd on 22 April 2016 to operate the two hotels of the Millennium Waterfront project in Wenjiang, Chengdu. The hotels are set to be branded as Crowne Plaza and Holiday Inn Express.**

* Includes sales under option agreements or sale and purchase agreements, as the case may be.

Based on information as at 24 April 2016.

Key Message

6. **The Group has, via its 33% owned Dutch associated company (“FSMC”), begun its maiden property development project in the Netherlands through the redevelopment of its Boompjes property in Rotterdam.**
7. **The Group has, also through FSMC, disposed eight Dutch non-core properties at approximately 40% premium to cost, contributing a net attributable gain on disposal of S\$6.6m in 1Q2016.**
8. **In addition, the Dutch operations of the Group contributed a recurrent income of S\$6.7m in 1Q2016. This translates to an annualised income contribution in excess of S\$26m (approximately €17m).**
9. **The Group has taken legal actions on the two problematic loans relating to its property financing business. The progress has been satisfactory. No provision for these loans is deemed necessary as the Group remains optimistic about the full recovery of the loan and interest due.**
10. **As at 31 March 2016, the Group maintains a strong balance sheet with total shareholders’ funds of S\$949.8m, low net gearing ratio of 0.27x and S\$539.7m of cash, monetary loan receivables*, and unutilised committed credit facilities. The Group is eager to expand its footprint in the property market of the Netherlands and other regions when the right opportunity arises. In this connection, the Group may tap on the debt and equity capital markets to fund this expansion plan.**

* Includes non-current receivables and secured property financing loans in default.



Section 2 **Financial Highlights**

2.1 Statement of Profit or Loss - Highlights

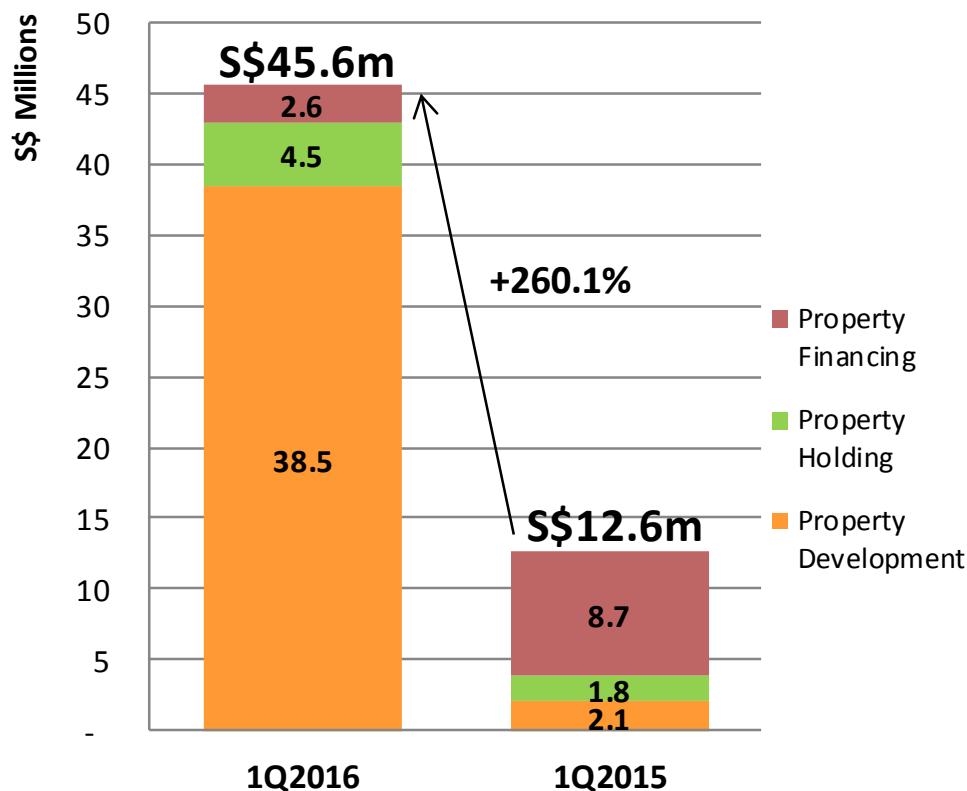
Statement of Profit or Loss - Highlights			
In S\$'000	1Q2016	1Q2015	Change %
Revenue	45,557	12,650	260.1%
Gross profit	14,358	10,581	35.7%
Profit before tax	15,866	14,901	6.5%
Attributable profit ⁽¹⁾	12,233	10,730	14.0%
Basic EPS (cents)	2.07	1.82	14.0%
Interest cover ⁽²⁾	13.8x	34.3x	(20.5)x

(1) Attributable profit refers to profit attributable to equity holders of the Company.

(2) Interest cover = PBT (excluding accounting interest due to or from financial institutions) / net accounting interest expense due to or from financial institutions

2.2 Statement of Profit or Loss – Revenue

Revenue



Property Development

The increase in 1Q2016 is due mainly to the significantly higher number of residential units from the Millennium Waterfront project being handed over in 1Q2016 (324 units, majority from Plot C) as compared to 1Q2015 (9 units from Plot B).

Property Holding (including hotel operations)

The increase in 1Q2016 is due mainly to a full quarter contribution from Zuiderhof I (acquired in February 2015) and Arena Towers (acquired in June 2015) in the Netherlands.

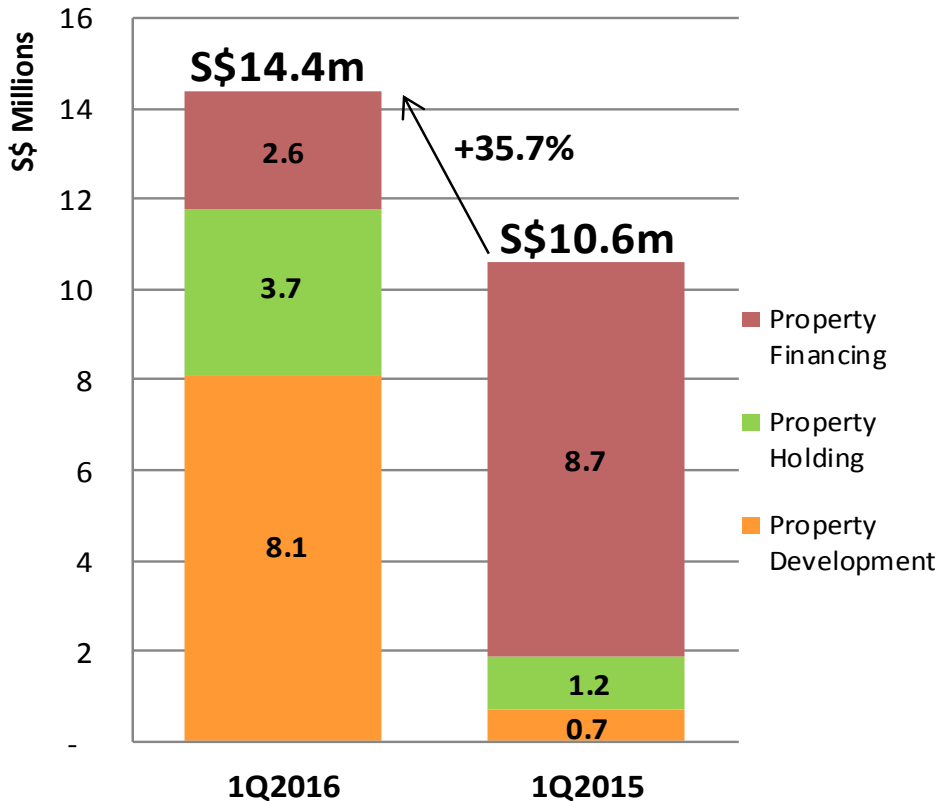
Property Financing

The decrease is largely due to the loans which defaulted in December 2015 and January 2016 (refer to Case 1 and Case 2 in Section 5.2 and 5.3 respectively).

Interest income in 1Q2016 was derived from an average entrusted loan balance of RMB291.9m and no interest is recognised on the RMB640.0m loans after the point of default.

2.3 Statement of Profit or Loss – Gross Profit

Gross Profit



Property Development

Gross profit achieved of S\$8.1m in 1Q2016 is due mainly to the significantly higher number of residential units from the Millennium Waterfront project being handed over in 1Q2016 as compared to 1Q2015.

Property Holding (including hotel operations)

The increase in gross profit of S\$2.5m in 1Q2016 is attributable mainly to a full quarter contribution from Zuiderhof I and Arena Towers.

Property Financing

The decrease is consistent with the decline in revenue as the property financing business has a 100% gross profit margin.

2.4 Income Contribution from the Dutch Operations

In S\$'000	1Q2016	
Revenue	3,427	Income generated from Zuiderhof I and Arena Towers
Cost of sales	(109)	
Gross profit	3,318	
Share of FSMC's gain on disposal of non-core properties	6,578	Income generated from the FSMC operations
Share of results of FSMC	264	
Interest income earned from FSMC	3,140	
Total	13,300	
Recurrent income	6,722	
Non-recurrent income	6,578	
Total	13,300	

Income contribution from the Dutch property portfolio will form part of the recurrent income base for the Group. This translates to an annualised income contribution in excess of S\$26m (approximately €17m).

2.4 Income Contribution from the Dutch Operations

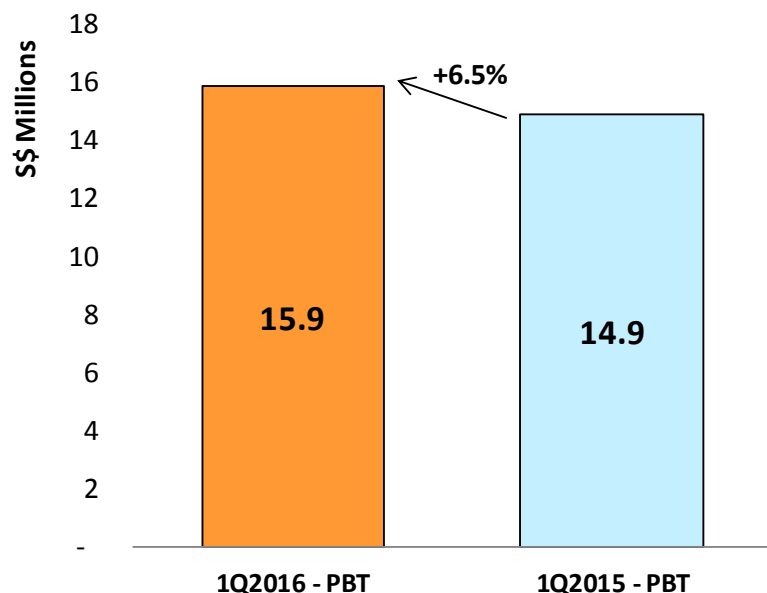


**9 Dutch Properties:
Total LFA of 131,204 sqm, average occupancy
of 74% and WALT of 8.0 years***

**INCOME CONTRIBUTION IN EXCESS OF
€17 MILLION PER ANNUM**

* Weighted Average Lease Term (WALT) and occupancy computation in this presentation are as at 31 March 2016

2.5 Statement of Profit or Loss – 1Q2016 vs 1Q2015

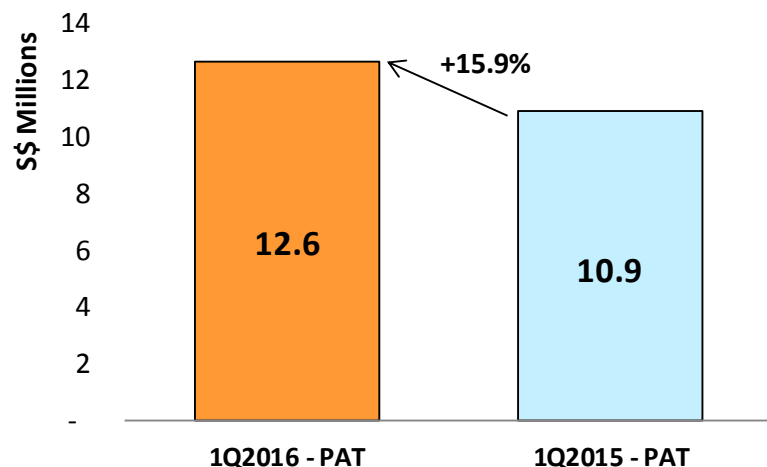


The increase in profit before tax is due mainly to:

- Higher gross profit contribution from the property development and property holding business segments with an aggregate increase in gross profit of S\$9.9m
- Increase in share of profit of associates of S\$6.8m

The increase is partially offset by:

- Lower gross profit contribution from property financing business with a decrease of S\$6.1m
- Decrease in Zhongtang investment return of S\$3.7m in 1Q2016
- Increase in administrative and selling expenses of S\$4.8m
- One off reversal of IPO expenses of S\$0.6m in 1Q2015



The adjusted effective tax rate is 27.4% for 1Q2016.

2.6 Statement of Financial Position - Highlights

Statement of Financial Position - Highlights			
In S\$'000	31-Mar-16	31-Dec-15	Change %
Total assets	1,663,415	1,800,794	(7.6%)
Total cash	137,977	112,044	23.1%
Receipts in advance	162,228	182,059	(10.9%)
Total debt	388,923 ⁽¹⁾	477,104 ⁽²⁾	(18.5%)
Net asset value (NAV)⁽³⁾	949,808	974,738	(2.6%)
NAV per share (cents)	161.03	165.26	(2.6%)
Gearing ratio ⁽⁴⁾	0.27x	0.38x	(0.11)x

(1) Comprises gross borrowings of S\$392.0m net of unamortised upfront fee of S\$3.1m.

(2) Comprises gross borrowings of S\$480.9m net of unamortised upfront fee of S\$3.8m.

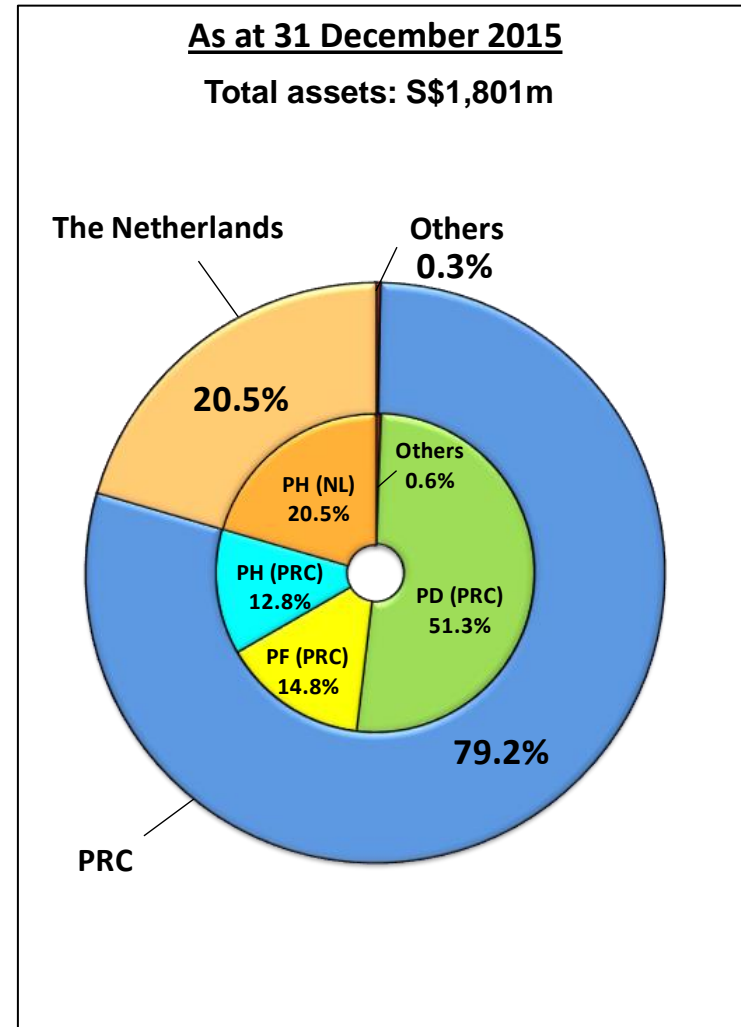
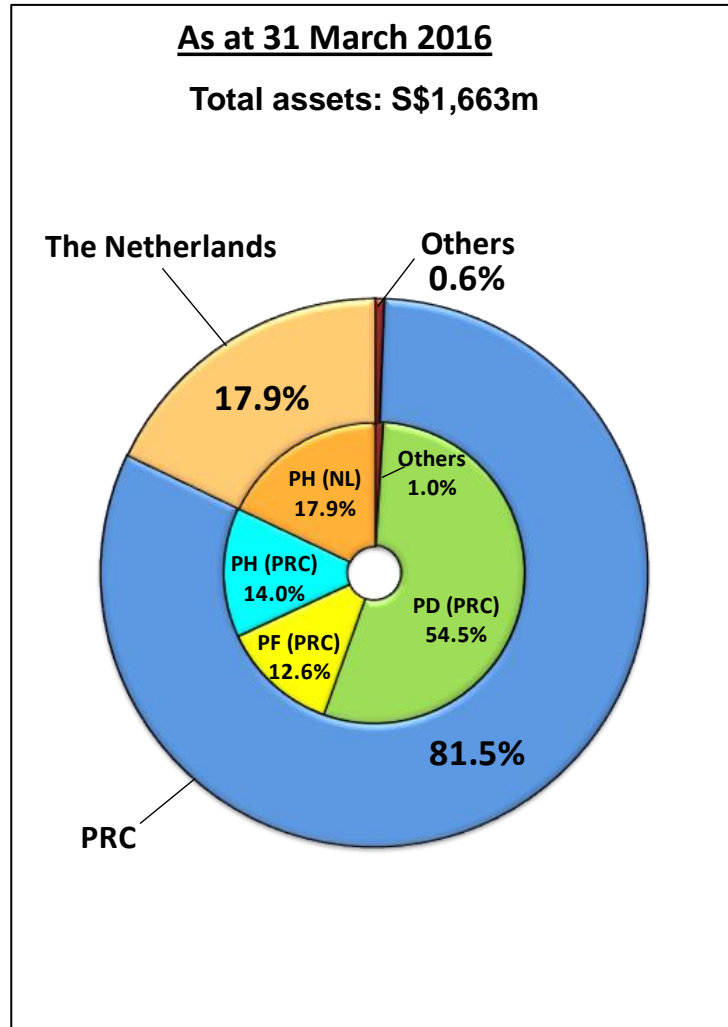
(3) NAV excluding non-controlling interests. The decline is due mainly to the weakening of RMB against S\$ in 1Q2016.

(4) Computed as net debt ÷ total equity including non-controlling interests.

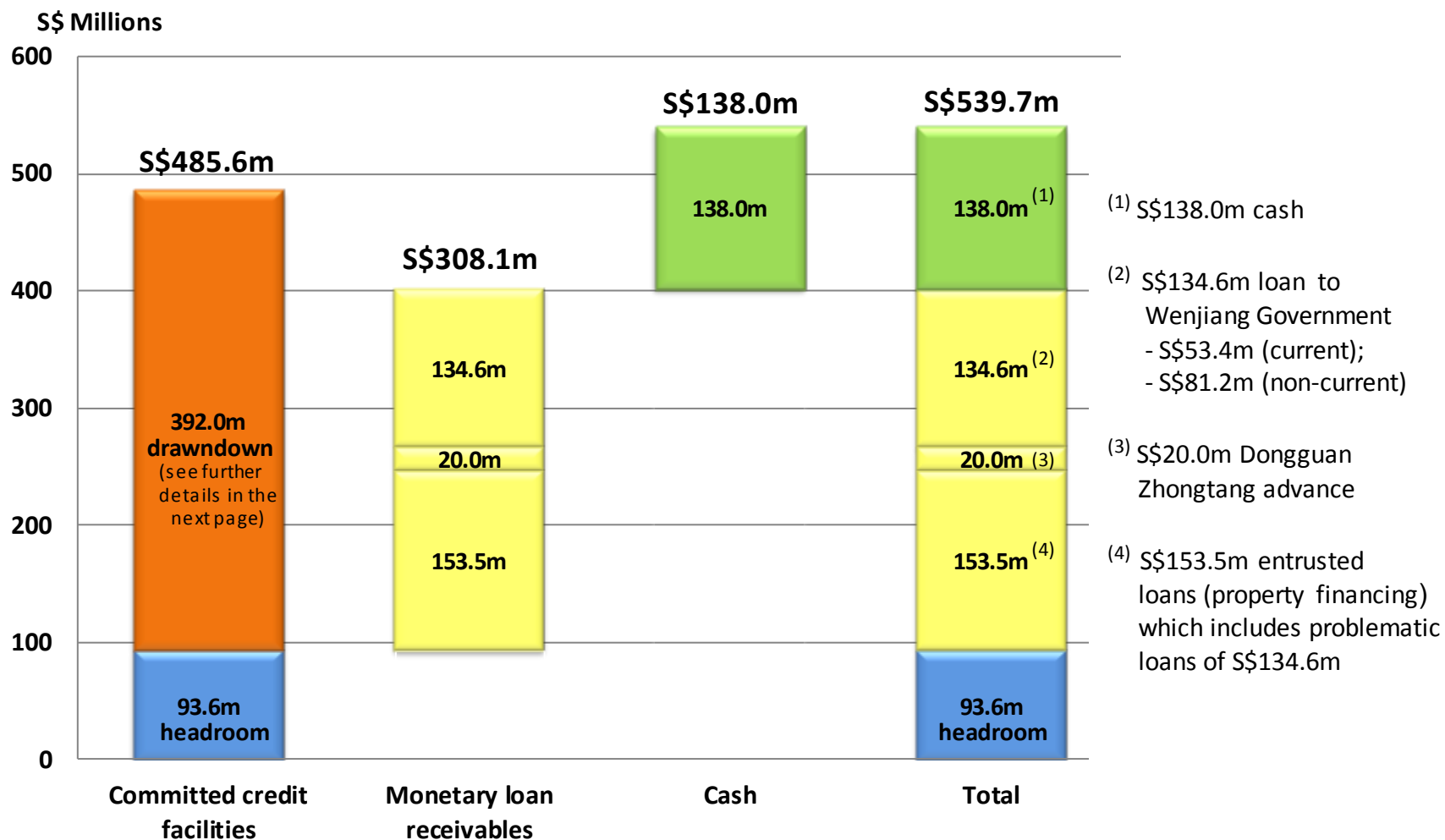
Net debt = gross borrowings + derivative liability – cash and cash equivalents

2.7 Statement of Financial Position - Total Assets

Total Assets – by business and geographic segments

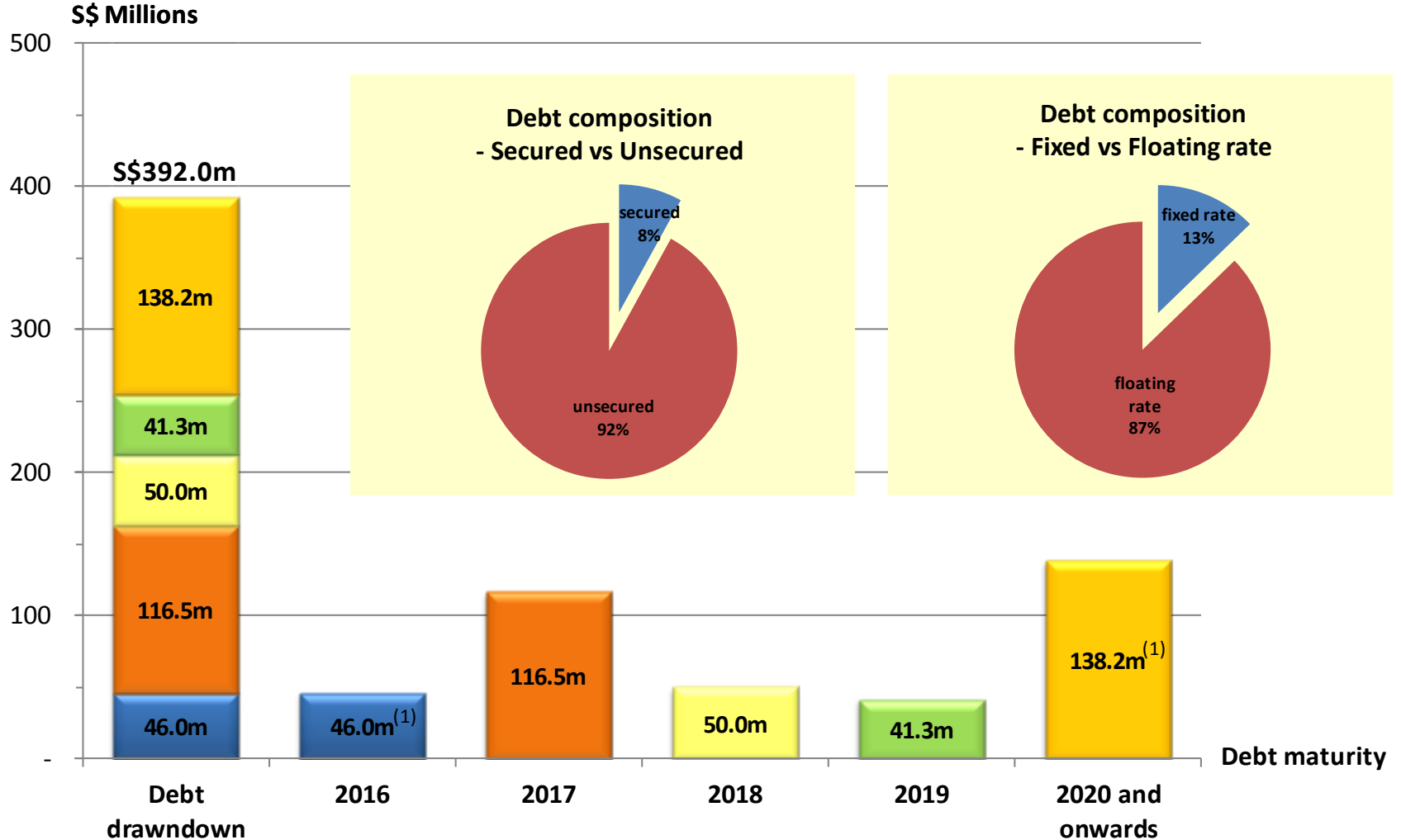


2.8 Liquidity Management as at 31 March 2016



- Healthy balance sheet backed by S\$539.7m of cash, monetary loan receivables, and unutilised committed credit facilities as at 31 March 2016. The Group also has a S\$1 billion Multicurrency Debt Issuance Programme to tap on for any future funding needs.

2.9 Debt Maturity and Composition as at 31 March 2016



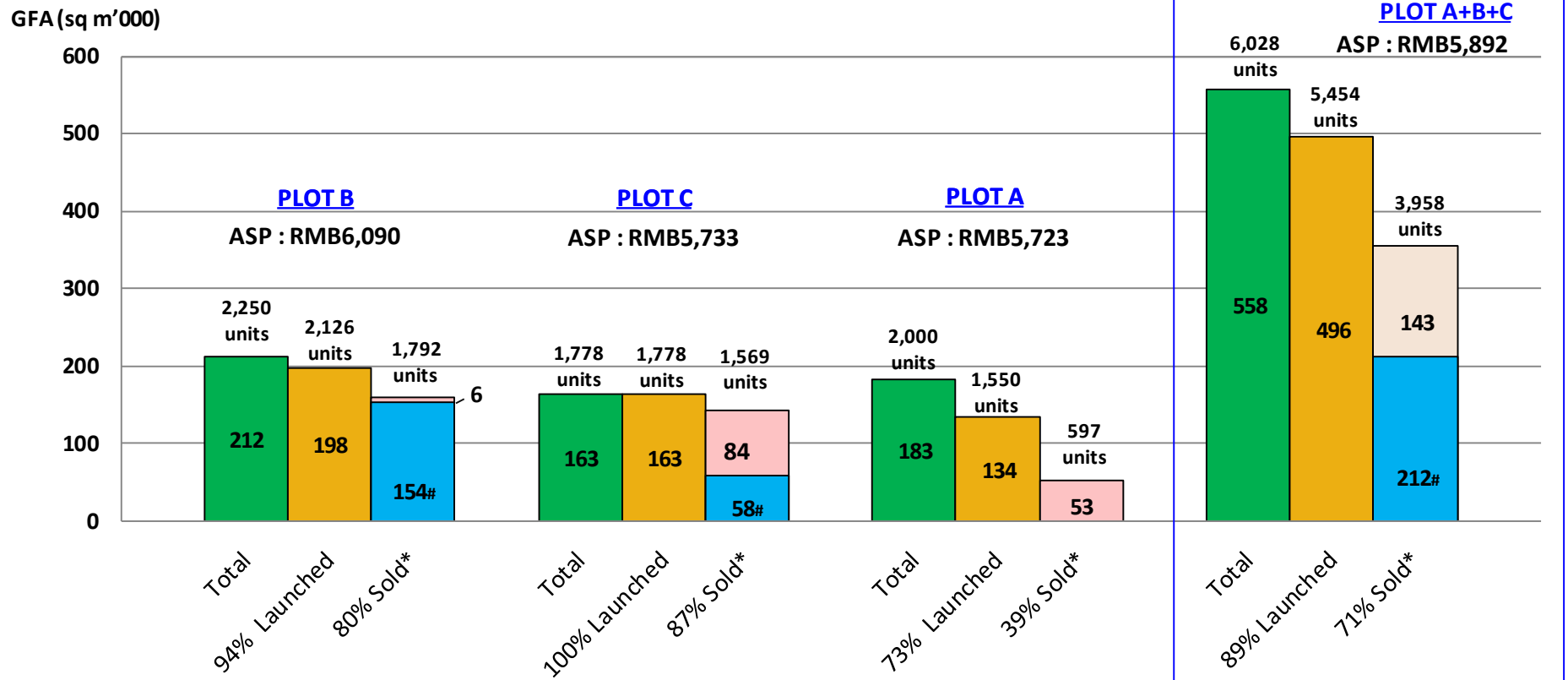
(1) Subsequent to 31 March 2016, the Group has extended credit facilities with two banks in April 2016, including the refinancing of the bridging loan obtained in relation to the acquisition of FSMC in November 2015. The above depicts the treasury position after taking into account these extensions.

Section 3

Key Business Review 1Q2016 – Property Development

3.1 Property Development – Millennium Waterfront Project, Chengdu

Plots A, B and C Residential Pre-sale Performance as at 31 Mar 2016



* Includes sales under option agreements or sale and purchase agreements, as the case may be.

1,733 Plot B residential units (GFA: 154,205 sqm) with a gross sales value of S\$198.0m have been cumulatively recognised as at 31 March 2016.

675 Plot C residential units (GFA: 58,436 sqm) with a gross sales value of S\$74.6m have been cumulatively recognised as at 31 March 2016.



3.1 Property Development – Millennium Waterfront Project, Chengdu

- Further handover of Plot C residential units in 1Q2016.
- Launched three blocks of Plot A and one riverfront block of Plot B for pre-sales in 1Q2016.
- After a slow start during the beginning of the year for the Millennium Waterfront project, sales* have since picked up from March 2016 with April being the best performing month of the year thus far#.
- Expected to commence construction of Plot D in the course of 2016.



Plot C blocks



Plot A blocks under construction

* Includes sales under option agreements or sale and purchase agreements, as the case may be.

Based on information as at 24 April 2016.

3.1 Property Development – Millennium Waterfront Project, Chengdu



Notes:

- This diagram is not drawn to scale.
- Based on artist's impression which may not be fully representative of the actual development.
- As at 31 March 2016 and includes sales under option agreements or sale and purchase agreements, as the case may be.

3.2 Property Development – Star of East River Project, Dongguan

- The Group expects to commence construction of Phase 1 of the Star of East River project which comprises residential units and retail spaces by 3Q2016. Based on the latest estimate, the sale of the residential component is expected to commence in early 2017.
- The strong demand in the residential property market in Dongguan continues to drive the residential inventory turnover index lower, from an approximately 5 months in November 2015 to 4 months in January 2016*, which augurs well for our project.



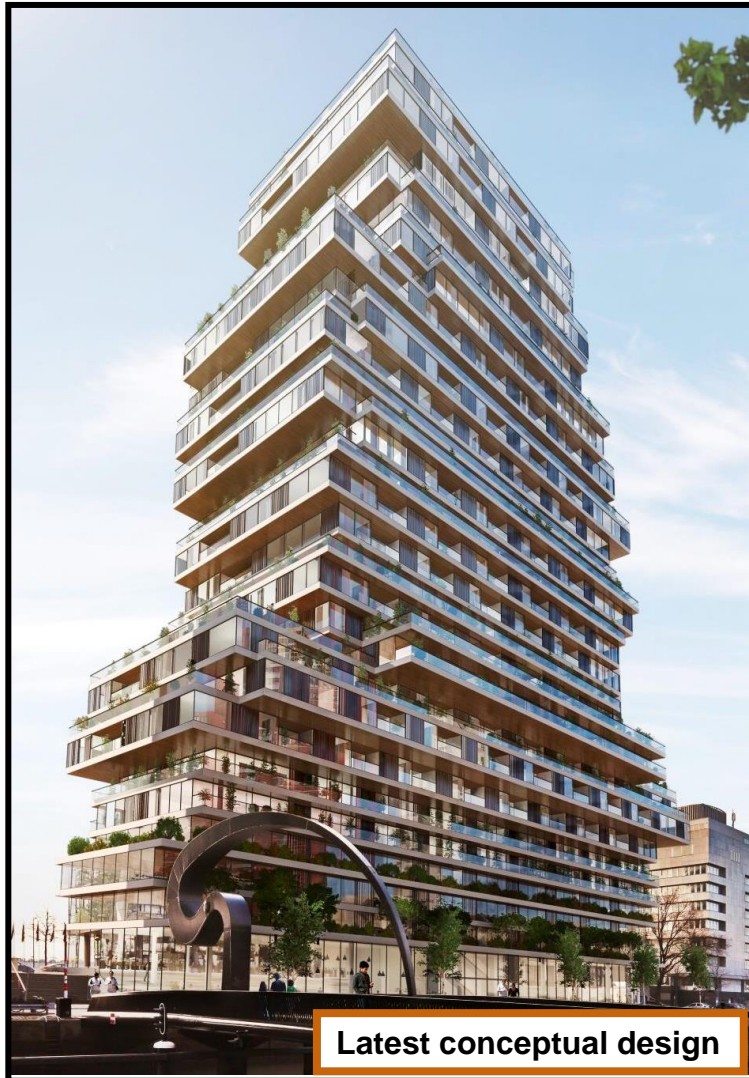
(artist's impression only)



Site preparation works

*Source: Centaline Property Agency Limited reports on the Dongguan property market

3.3 Property Development – Redevelopment of Boompjes, Rotterdam



- In consultation with Provast, the consortium has since appointed several advisors including architects and engineers for the Boompjes redevelopment project and targets to finalise the conceptual design in the course of the next few months.
- FSMC has started discussion with a few real estate funds with the aim of selling a substantial part of the redeveloped residential property before the commencement of construction. The remaining can then be sold to retail consumers on a strata title basis thereafter.

3.3 Property Development – Redevelopment of Boompjes, Rotterdam

Latest conceptual design for Boompjes redevelopment



* Artist impression of latest conceptual design

Section 4

Key Business Review 1Q2016 – Property Holding

4 Property Holding – M Hotel Chengdu

	1Q2016	1Q2015	Increase/(decrease)
Occupancy	41.4%	37.5%	3.9%
ADR	RMB364	RMB383	(RMB19)
RevPar	RMB151	RMB144	RMB7



M Café Restaurant



4 Property Holding – Hotel component of the Millennium Waterfront project

- The Group has entered into long term hotel management contracts with InterContinental Hotels Group (Shanghai) Ltd on 22 April 2016 to operate the two hotels of the Millennium Waterfront project in Wenjiang, Chengdu. The hotels are set to be branded as Crowne Plaza and Holiday Inn Express.
- The Group has entered into a long-term cooperation agreement with a Chinese partner which had obtained exploration rights of natural resources in the vicinity of the hotel site. The partner had extracted ground water samples on the hotel site which contain the natural mineral strontium. This augurs well with the planned hotspring operations which will be managed separately within the hotel complex from late 2017 onwards. It is believed that a natural strontium hotspring is beneficial to humans. The exploration of natural resources on the site continues to be in progress.



Proposed hotel name:
Crowne Plaza Chengdu Wenjiang

Proposed hotel name:
Holiday Inn Express Chengdu Wenjiang Hotspring



Section 5

Key Business Review 1Q2016 – Property Financing

5.1 Property Financing - Overview of Financial Performance

	Revenue (S\$m)	As a % of Group Revenue	Profit before tax (S\$m)	As a % of Group Profit before tax
1Q2016	2.6	5.7%	1.8	11.3%
1Q2015	8.7	68.9%	10.1	68.1%

	Average Third Party Loan Balance for the quarter ended	Third Party Loan Balance as at
31 March 2016	RMB823.4m ⁽¹⁾ (S\$177.0m)	RMB730.0m ⁽¹⁾ (S\$153.5m)
31 March 2015	RMB921.9m (S\$199.3m)	RMB1,101.0m (S\$242.0m)

(1) Average loan balance for 1Q2016 and loan balance as at 31 March 2016 include the 2 default cases amounting to RMB640m in aggregate (refer to further updates in Section 5.2 and 5.3). Interest income was recognised on the loans up to the point of default. Penalty interest on loan default has not been recognised.

5.2 Status of Problematic Loans – Update to Case 1

- Case 1 relates to a loan of RMB170.0m for which one month's interest of RMB2.6m was not received when due on 21 December 2015.
- On 22 December 2015, the Group filed a lawsuit with the Shanghai No. 1 Intermediate People's Court against the borrower, the mortgagor and the guarantors, claiming for the repayment of the entrusted loan principal of RMB170.0m, the interest due of RMB2.6m and related liquidated damages.
- The Group had since placed first preservation orders on the loan collateral properties located in the CBD of Pudong, Shanghai which the Group has a first legal mortgage on and also on an unencumbered Shanghai residential apartment owned by the legal representative of the borrower who is also the personal guarantor for the loan. The LTV of the loan based on the abovementioned property collaterals is 48.7%.
- As the legal representative of the borrower is assisting in the investigation of certain alleged criminal business activities, the Public Security Bureau had placed restrictions on the above mentioned properties before the Group's preservation orders.
- A court hearing was held at the Shanghai No.1 Intermediate People's on 13 April 2016. No ruling has been issued to date.
- No provision for Case 1 has been made on the outstanding balance due as at 31 March 2016 as the Group remains optimistic about the full recovery of the loan and interest due.

5.3 Status of Problematic Loans – Update to Case 2

- Case 2 relates to eight related loans disbursed to six different borrowing entities amounting to RMB470.0m. One month's interest amounting to RMB6.9m was not received when due on 21 January 2016. All these loans are cross-collateralised.
- The Group had since called an event of default on all the loans and initiated legal action against the group of borrowers.
- First preservation orders had been placed on the first legal mortgaged property collaterals and assets of the guarantors which include high end offices and luxury residential apartments located in prime locations in Beijing, Shanghai, Guangzhou and Chengdu.
- Based on the total value of the mortgaged property collaterals and the unencumbered assets of the guarantors, the LTV derived is less than 25%. For prudence, the aforesaid LTV has not ascribed any value to the first preservation orders that the Group has placed over the equity interest of various companies, cars, bank accounts and other properties with third party mortgages owned by the guarantors. This means that the Group is more than 4 times covered for every dollar of the loans in default.
- The borrowers have since taken pro-active steps to engage the Group in working out an amicable commercial solution to repay the loans, penalty interest and associated expenses.
- Court hearings for some of the defaulted loans have been held but no ruling has been issued to date.
- No provision for Case 2 has been made on the outstanding balance due as at 31 March 2016 as the Group remains optimistic about the full recovery of the loan and interest due.

Appendix

Summary – Properties in the Netherlands

Summary – Properties in the Netherlands

Core Properties



Property name	Zuiderhof I	Arena Towers
Description	Office and car parks	2 hotels and car parks
Land Tenure	Perpetual leasehold (ground lease paid to May 2050)	Perpetual leasehold (ground lease paid to August 2053)
Location	Jachthavenweg 121, Amsterdam	Hoogoorddreef 66 and 68, Amsterdam
Year of construction/ renovation	2001	1988/2014
Lettable floor area	12,538 sqm	17,396 sqm
Number of car park lots	111	509
Occupancy	100%	100%
Number of tenant(s)	1	2
WALT (years)	3.3 years	22.7 years

Summary – Properties in the Netherlands

Core Properties



Property name	Mondriaan Tower	N.A	Villa Nuova
Description	Office and car parks	Office	Office and car parks
Land tenure	Freehold	Freehold	Freehold
Location	Amstelplein 6 and 8, Amsterdam	Herengracht 21, The Hague	Utrechtseweg 46 and 46a, Zeist
Year of construction	2002	1905	1841
Lettable floor area	24,796 sqm	473 sqm	1,428 sqm
Number of car park lots	241	None	40
Occupancy	100%	100%	100%
Number of tenants	4	1	1
WALT (years)	5.6	1.5	3.7

Summary – Properties in the Netherlands

Properties with Redevelopment Potential



Property name	N.A	Munthof	Berg & Bosch
Description	Office and car parks	Office and car parks	Office and car parks
Land tenure	Freehold	Freehold	Freehold
Location	Boompjes 55 and 57, Rotterdam	Reguliersdwarsstraat 50-64, Amsterdam	Professor Bronkhorstlaan 4, 4A, 6, 8, 10A -10M, 12 - 20 and 26, Bilthoven
Year of construction/ renovation	1967	1969	1933/2006
Lettable floor area	9,566 sqm	1,719 sqm	34,024 sqm, on land area of 415,799 sqm
Number of car park lots	68	147	627
Occupancy	50%	100%	76%
Number of tenants	6	16	33
WALT (years)	0.5	2.8	4.4

Summary – Properties in the Netherlands

Non-core properties



Property name	Ooyevaarsnest	Terminal Noord
Description	Office and car parks	Office and car parks
Land tenure	Freehold	Effective freehold
Location	Rijksweg-West 2, Arnhem	Schedeldoekshaven 127, 129 and 131, The Hague
Year of construction/ renovation	1997	1991/2007
Lettable floor area	29,932 sqm, on land area of 48,325 sqm	8,897 sqm
Number of car park lots	665	97
Occupancy	45%	0%
Number of tenants	1	Vacant
WALT (years)	5.3	N.A

Thank You



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Press Release

FIRST SPONSOR ACHIEVED THE SIXTH CONSECUTIVE QUARTER OF YEAR ON YEAR PROFIT GROWTH SINCE IPO

THE DUTCH OPERATIONS OF THE GROUP CONTRIBUTED A RECURRENT INCOME OF S\$6.7 MILLION IN 1Q2016 WHICH TRANSLATES TO AN ANNUALISED INCOME CONTRIBUTION IN EXCESS OF S\$26 MILLION

Singapore, 27 April 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 1Q2016.

Financial Highlights (In S\$000)	1Q2016	1Q2015	Change %
Revenue	45,557	12,650	260.1%
Profit before tax	15,866	14,901	6.5%
Profit attributable to equity holders of the Company	12,233	10,730	14.0%

- For 1Q2016, the Group recorded a 260.1% increase in revenue and 6.5% increase in profit before tax underpinned by (i) revenue recognition from the handover of Plot C residential blocks of the Millennium Waterfront project; and (ii) share of gain from the disposal of non-core properties in the Netherlands during the period.
- In addition, the Dutch operations of the Group contributed a recurrent income of S\$6.7m in 1Q2016. This translates to an annualised income contribution in excess of S\$26 million (approximately €17 million).
- The Group has entered into long term hotel management contracts with InterContinental Hotels Group (Shanghai) Ltd on 22 April 2016 to operate the two hotels of the Millennium Waterfront project in Wenjiang, Chengdu. The hotels are set to be branded as Crowne Plaza and Holiday Inn Express.

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.

- As at 31 March 2016, the Group maintains a strong balance sheet with total shareholders' funds of S\$949.8 million, low net gearing ratio of 0.27x and S\$539.7 million of cash, monetary loan receivables¹, and unutilised committed credit facilities. The Group is eager to expand its footprint in the property market of the Netherlands and other regions when the right opportunity arises. In this connection, the Group may tap on the debt and equity capital markets to fund this expansion plan.

Mr Neo Teck Pheng, Group Chief Executive Officer, said

“Amidst the current backdrop of uncertain global economic conditions, we are pleased to report that the Group has nevertheless achieved the sixth consecutive quarter of year on year profit growth since IPO.

Although the sales for the Millennium Waterfront project was sluggish in the first 2 months of the year, we are encouraged by the upturn in sales momentum from March with April set to be the best performing month for the year thus far based on the current month to date results. We also look forward to the commencement of Plot D construction in the course of 2016. With the Dongguan residential market continuing to exhibit strong demand, the Group hopes to capitalise on this positive outlook for its Star of East River project which is expected to launch its pre-sale in early 2017. The Group, via its 33% owned associated company, is also currently redeveloping the Boompjes property in Rotterdam. This marks the Group's foray into the property development business in the Netherlands.

On the property holding front, with the successful expansion and geographic diversification exercise into the Netherlands in 2015, the Group has established a Dutch property portfolio generating an annual income contribution in excess of S\$26 million (approx. €17 million). This new recurrent income base complements well with the more lumpy nature of the property development operations. In addition, most of the non-core properties identified in the DL Portfolio have been disposed with the Group recognising its 33% share of disposal profit of S\$6.6 million in 1Q2016.

Since the inception of the property financing business slightly more than 4 years ago, the Group has for the first time encountered two problematic loans with an aggregate loan principal of RMB640 million (S\$134.6 million) in December 2015 and January 2016 respectively. There have been some encouraging developments since then. The Group has obtained more security for these loans via the judiciary process of placing first preservation orders over the assets of the guarantors of the loans, bringing the LTV for the RMB170 million loan down to 48.0% and the LTV for the RMB470 million loan down to no more than

¹ Includes non-current receivables and secured property financing loans in default

25%. The borrowers for the RMB470 million loan are pro-actively engaging the Group to work out an amicable commercial solution to repay the outstanding loans, penalty interest and expenses via a combination of property sale and loan refinancing. Various court hearing dates for both cases have been set in April and May 2016.

Besides the current property development plan in the Rotterdam residential market, the Group is open to further expand its footprint in the property market of the Netherlands and other regions when the right opportunity arises. In this connection, the Group may tap on the debt and equity capital markets to fund this expansion plan.

Please refer to the Group's unaudited financial results announcement for 1Q2016 and the investor presentation slides dated 27 April 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.