

FIRST SPONSOR GROUP LIMITED

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

ANNUAL GENERAL MEETING TO BE HELD ON 20 MAY 2020 RESPONSE TO SUBSTANTIAL AND RELEVANT QUESTION

First Sponsor Group Limited (“**Company**”) has received 1 question from a shareholder in advance of the Company’s Annual General Meeting to be held at 10.30 a.m. on 20 May 2020 and sets out its response below:

No.	Question	Response
1	Name of Shareholder: Yeh Ming Toh	
	With the Covid-19 virus, how is First Sponsor’s business revenue/profit affected?	<p>Reference should be first made to the 1Q2020 Voluntary Interim Update dated 28 April 2020 released by the Company. The Covid-19 pandemic has an adverse business impact on most corporates, including the Group.</p> <p><u>PRC</u></p> <p>In late January 2020, the Group closed the Holiday Inn Express Wenjiang hotel as well as the hotspring operations while keeping the Crowne Plaza Chengdu Wenjiang hotel open with minimal occupancy to defray cost. However, since the easing of restrictions in China from March 2020, the Crowne Plaza hotel operations have improved and recorded an average occupancy of 32% for the first half of April 2020. The hotspring operations have resumed from 1 May 2020 and the Holiday Inn Express hotel at times serves as an overflow accommodation for the Crowne Plaza hotel during peak trading period. The Chengdu hotels and the hotspring operations are expected to trade at a level worse than last year.</p> <p>The Group’s PRC property development business on the other hand shows good recovery signs, especially in Dongguan. Buying interest appears to have returned although the sustainability of such buying interest is uncertain. The Group expects the PRC property development segment to be profitable for the year due to the delivery of various projects that have been sold.</p> <p>In connection with the economic difficulties resulting from the Covid-19 pandemic, the Group consented to the short term deferral of interest payments by two borrower groups. The Group will closely monitor the performance of its loan</p>

	<p>portfolio. To-date, the conduct of the bulk of the loan portfolio is good.</p> <p><u>Europe</u></p> <p>The operations of the Group's European hotels were severely impacted since late March 2020. After taking into account, among other things, the recommendations of the respective third party hotel managers, the operations of 12 out of the 14 European hotels owned and operated by the Group, comprising the Bilderberg Bellevue Hotel Dresden in Germany and the 11 hotels in the Dutch Bilderberg hotel portfolio, were temporarily suspended from 23 March 2020 and 3 April 2020 respectively. Hilton Rotterdam and Hampton by Hilton Utrecht Centraal Station remain open with low occupancy rates. Bilderberg Bellevue Hotel Dresden re-opened on 19 May 2020. A number of hotels in the Dutch Bilderberg hotel portfolio will re-open for a 5-day period from 20 May 2020 to 24 May 2020 and are expected to re-open again intermittently for short term periods which coincide with Dutch holidays on an ad hoc basis. However, occupancy rates at these re-opened Bilderberg hotels are expected to be low in the near term. The Group has received subsidies from the Dutch and German authorities under the relevant wage subsidy programs which have mitigated the operating losses of its Dutch and German hospitality operations respectively.</p> <p>For the Group's European leased properties, there was an increase in rent arrears and requests from some tenants for rental concessions. Different business plans have been adopted to help certain tenants depending on previous business conduct and circumstances.</p> <p>The European hotels operated by the Group are expected to perform significantly worse than last year.</p> <p>For the European property financing loans, the 33%-owned FSMC group elected to defer its interest payments on certain loans amounting to an aggregate of €178.7 million (\$282.0 million) extended by the Group with effect from 2Q2020 as per the terms of the loan agreements given that FSMC, which owns 95% of the Dutch Bilderberg hotel portfolio, has temporarily suspended the operations of its hotels on 3 April 2020.</p>
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		Owing to the unprecedented challenges posed by, and the uncertainty of the magnitude and duration of, the Covid-19 pandemic, the full extent of its impact on the financial performance of the Group for the next few quarters, especially in relation to its hospitality operations, cannot be determined at this juncture.
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BY ORDER OF THE BOARD
FIRST SPONSOR GROUP LIMITED

Neo Teck Pheng
Group Chief Executive Officer and Executive Director
20 May 2020