



FIRST SPONSOR GROUP LIMITED
(Incorporated in the Cayman Islands)
(Company Registration No. 195714)

**ANNUAL GENERAL MEETING TO BE HELD ON 26 APRIL 2022
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

First Sponsor Group Limited (“**Company**”) refers to its announcement dated 5 April 2022, in particular the invitation to the Company’s shareholders to submit questions in advance of the Company’s Annual General Meeting which will be convened and held by electronic means on Tuesday, 26 April 2022 at 2:30 p.m. (Singapore time) (“**2022 AGM**”). The Company wishes to thank shareholders for the questions submitted.

The Company has set out in the Appendix its responses to the substantial and relevant questions received from shareholders up to 5.00 p.m. on Monday, 18 April 2022.

BY ORDER OF THE BOARD

Neo Teck Pheng
Group Chief Executive Officer and Executive Director

19 April 2022

APPENDIX
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FROM
SHAREHOLDERS

- 1. The world is becoming increasingly more volatile and unpredictable with the current Ukraine war. How is First Sponsor going to benefit or gain from the current volatile situation? Is management confident of the new normal that has presented itself?**

Owing to the inflationary business climate, the costs of doing business including labour costs, construction costs, energy costs and financing costs have been increasing. This trend looks set to continue with no easing off in the near term. The Group is making efforts to mitigate the risk of breach of construction contracts by main contractors engaged in its property development projects. Except for the tenants of the Group's commercial properties in respect of which rent indexation has been provided for in the lease agreements, it is generally difficult for the Group to pass on the increased costs to customers due to the current difficult market conditions. The Group is also encouraged by a seemingly recovering hospitality market in Europe. The Group will continue to be financially prudent and to keep a healthy balance sheet in order to remain agile to seize any good business opportunity that may avail itself amidst the current uncertain times.

- 2. As the China property sector progresses and continues facing headwinds, how is management going to manage the business profitably?**

Arising from the Evergrande crisis, pre-sales of the Group's PRC property development projects have slowed down since late 3Q2021. However, some of the Group's projects have already been de-risked such as The Pinnacle and Skyline Garden in Dongguan which have substantially pre-sold their residential components. For the other ongoing project in Dongguan, Time Zone, it is encouraging to see that the pre-sale rate has picked up in the past few weeks and the Group hopes that this trend will continue. Generally, to mitigate the Group's PRC property development risk, the Group will take into account, among others, (a) the reasonableness of land cost compared to recent market transacted prices of comparable development sites; and (b) the adequacy of project financing to fund its development projects to ensure that the Group will not need to resort to drastic price reductions in order to generate cashflow from sales.

- 3. Question in relation to disclosure on page 30 of the Company's 2021 Annual Report: There are 18 subsidiary companies, one associated company and three joint ventures in Singapore. What are these investments that the Company has in Singapore?**

These Singapore-incorporated entities are investment holding companies that hold investments in, or provide financing to, overseas subsidiaries, associated companies and joint ventures whose principal activities are property development and/or property holding.

- 4. Question in relation to disclosure on page 165 of the Company's 2021 Annual Report: The quoted equity investments amounted to S\$15.78 million. What are the returns of investment and where is the money invested?**

The quoted equity investments of S\$15.78 million comprised non-current quoted equity securities of the Group measured at fair value as at 31 December 2021, which is approximately 28% higher than the historical cost of investment. These securities have generated a cumulative return on investment of approximately 12% via cash dividends received. The cash dividends have been used by the Group for working capital purposes.