

LETTER TO SHAREHOLDERS DATED 3 APRIL 2017

THIS LETTER TO SHAREHOLDERS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the contents of this Letter to Shareholders, including the correctness of any of the statements or opinions made or reports contained in this Letter to Shareholders.



FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands)
Company Registration Number: AT-195714

LETTER TO SHAREHOLDERS

in relation to

THE PROPOSED CAPITAL REDUCTION EXERCISE

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DEFINITIONS

In this Letter to Shareholders, the following definitions shall apply throughout unless the context otherwise requires or unless otherwise stated:

| | | |
|--|---|--|
| “AGM” | : | The annual general meeting of the Company to be held on Wednesday, 26 April 2017 at 3.00 p.m. |
| “Board of Directors” | : | The board of directors of the Company as at the date of this Letter to Shareholders |
| “Capital Reduction Resolution” | : | The special resolution of the Company to approve the Proposed Capital Reduction, listed as resolution number 10 in the Notice of AGM |
| “Cayman Companies Law” | : | The Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands |
| “CDP” | : | The Central Depository (Pte) Limited |
| “Company” | : | First Sponsor Group Limited |
| “Court” | : | The Grand Court of the Cayman Islands |
| “Depositor Proxy Form” | : | The enclosed proxy form in relation to the appointment of a proxy/proxies by a Depositor |
| “Directors” | : | The directors of the Company as at the date of this Letter to Shareholders |
| “Effective Date” | : | The effective date of the Proposed Capital Reduction |
| “EPS” | : | Earnings per Share |
| “FY2016 Audited Financial Statements” | : | The audited financial statements of the Company for the financial year ended 31 December 2016 |
| “Gearing” | : | The ratio of net borrowings to consolidated shareholders’ funds of the Group |
| “Group” | : | The Company and its subsidiaries |
| “Latest Practicable Date” | : | 10 March 2017, being the latest practicable date prior to the printing of this Letter to Shareholders |
| “Letter to Shareholders” | : | This Letter to Shareholders dated 3 April 2017 |
| “Market Day” | : | A day on which the SGX-ST is open for trading in securities |
| “Member Proxy Form” | : | The proxy form attached to the Notice of AGM in relation to the appointment of a proxy/proxies by a Shareholder |

DEFINITIONS

| | | |
|-------------------------------------|---|--|
| “Memorandum and Articles” | : | The Memorandum and Articles of Association of the Company, as amended from time to time |
| “Minute” | : | <p>A minute for the purposes of the Cayman Companies Law, being a record showing, with respect to the share capital of the Company as altered by the order of the Court confirming the Proposed Capital Reduction:</p> <ul style="list-style-type: none">(a) the amount of the share capital;(b) the number of shares into which the share capital is to be divided;(c) the amount of each share; and(d) the amount, if any, at the date of registration of the order of the Court and such minute, deemed to be paid up on each share, <p>and/or showing such other particulars as may be prescribed by the Cayman Companies Law</p> |
| “New Par-value Shares” | : | Ordinary shares with a par value of US\$0.10 each in the capital of the Company after the Proposed Capital Reduction becoming effective |
| “New Share Certificates” | : | Physical share certificates issued in respect of the New Par-value Shares |
| “Notice of AGM” | : | The notice of the AGM dated 3 April 2017 |
| “NTA” | : | Net tangible assets |
| “Old Share Certificates” | : | Physical share certificates issued in respect of the Shares |
| “Proposed Capital Reduction” | : | The proposed capital reduction exercise to be carried out by the Company to reduce the issued and paid-up share capital of the Company from US\$589,814,949 divided into 589,814,949 shares with a par value of US\$1.00 each in the capital of the Company to US\$58,981,494.90 divided into 589,814,949 shares with a par value of US\$0.10 each in the capital of the Company, details of which are set out in paragraph 2(a) of this Letter to Shareholders |
| “Register of Members” | : | Register of members of the Company, as required to be kept by the Company under Section 40 of the Cayman Companies Law |

DEFINITIONS

| | | |
|---|---|--|
| “Securities Account” | : | A securities account maintained by a Depositor with CDP (but does not include securities sub-account maintained with a Depository Agent) |
| “SFA” | : | The Securities and Futures Act (Chapter 289 of Singapore) as amended or modified from time to time |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |
| “Shareholders” | : | Registered holders of Shares |
| “Shares” | : | Existing ordinary shares with a par value of US\$1.00 each in the capital of the Company as at the Latest Practicable Date |
| “Singapore Share Transfer Agent” | : | Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte. Ltd.) |
| “Substantial Shareholders” | : | Shall have the meaning ascribed to it in Section 2 of the SFA |
| “S\$” | : | Singapore dollars |
| “US\$” | : | US dollars |
| “%” | : | Per centum or percentage |

The terms **“Depositors”**, **“Depository”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference to a time of day in this Letter to Shareholders shall be a reference to Singapore time unless stated otherwise.

Any reference in this Letter to Shareholders to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Listing Rules, the Cayman Companies Law, the SFA, or any statutory modification thereof and used in this Letter to Shareholders shall, where applicable, have the meaning ascribed to it under the Listing Rules, the Cayman Companies Law, the SFA, or such modification thereof, as the case may be, unless otherwise provided.

The headings in this Letter to Shareholders are inserted for convenience only and shall be ignored in construing this Letter to Shareholders.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Letter to Shareholders may not be the arithmetic aggregation of the figures that precede them.

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Unless otherwise stated, the approximate S\$ equivalent of US\$ amounts in this Letter to Shareholders are based on the exchange rate of US\$1.00 to S\$1.4201, being the average of buying and selling interbank rates quoted around midday in Singapore, obtained from Thomson Reuters and published on the website of the Monetary Authority of Singapore on 10 March 2017 (available at <https://secure.mas.gov.sg/msb/ExchangeRates.aspx>).

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Proposed Capital Reduction. The timetable is subject to the results of the AGM and the confirmation of the Court and has been prepared based on the assumption that all the conditions for the Proposed Capital Reduction will be satisfied.

| | | |
|---|---|----------------------------|
| Notice of the AGM | : | 3 April 2017 |
| Despatch of this Letter to Shareholders | : | 3 April 2017 |
| Latest time for lodging proxy forms for the AGM | : | 24 April 2017 at 3.00 p.m. |
| Date and time of AGM | : | 26 April 2017 at 3.00 p.m. |
| Announcement of results of AGM | : | 26 April 2017 |

The following events are conditional on the results of the AGM and the confirmation of the Court. The dates are therefore tentative.

| | | |
|--|---|----------------|
| Expected effective date for the Proposed Capital Reduction | : | 29 August 2017 |
| Commencement of trading of the New Par-value Shares | : | 30 August 2017 |

All the time and dates above refer to Singapore local time and dates. The Company will notify the Shareholders of any changes to the expected timetable by way of announcement(s) as and when appropriate.

LETTER TO SHAREHOLDERS

FIRST SPONSOR GROUP LIMITED

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

Directors:

| | |
|--------------------------|--|
| Ho Han Leong Calvin | (Non-Executive Chairman) |
| Ho Han Khoon | (Alternate Director to Mr Ho Han Leong Calvin) |
| Tan Kian Seng | (Non-Executive Director) |
| Neo Teck Pheng | (Executive Director and Group Chief Executive Officer) |
| Ting Ping Ee, Joan Maria | (Non-Executive Independent Director) |
| Yee Chia Hsing | (Non-Executive Independent Director) |
| Desmond Wee Guan Oei | (Non-Executive Independent Director) |

Registered Office:

P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman
KY1-1205
Cayman Islands

3 April 2017

To: **The Shareholders of the Company**

Dear Sir/Madam

PROPOSED CAPITAL REDUCTION

1. INTRODUCTION

The Board of Directors is seeking the approval of the Shareholders for the Proposed Capital Reduction at the AGM.

The purpose of this Letter to Shareholders is to provide Shareholders with further information relating to the Proposed Capital Reduction for which the approval of Shareholders will be sought at the AGM.

Please refer to the Notice of AGM and the Capital Reduction Resolution.

2. THE PROPOSED CAPITAL REDUCTION

As at the Latest Practicable Date, the authorised share capital of the Company is US\$2,000,000,000 (equivalent to approximately S\$2,840,200,000) divided into 2,000,000,000 shares with a par value of US\$1.00 each, of which 589,814,949 shares with a par value of US\$1.00 each have been issued and are fully paid-up. The Directors have proposed to undertake a reduction of the share capital of the Company, which involves the following:

- (a) the reduction of the issued and paid-up share capital of the Company from US\$589,814,949 (equivalent to approximately S\$736,404,000¹) divided into 589,814,949 shares with a par value of US\$1.00 each in the capital of the Company to US\$58,981,494.90 (equivalent to approximately S\$73,640,000²) divided into 589,814,949 shares with a par value of US\$0.10 each in the capital of the Company by the cancellation of the paid-up share capital of the Company to the extent of US\$0.90

¹ As reflected in the FY2016 Audited Financial Statements.

² Based on the historical exchange rate used to calculate the issued and paid-up share capital and the distributable reserve of the Company, being US\$1.00 to S\$1.248534.

LETTER TO SHAREHOLDERS

on each of the shares with a par value of US\$1.00 in the capital of the Company in issue on the Effective Date so that each issued share with a par value of US\$1.00 in the capital of the Company shall be treated as one (1) fully paid-up share with a par value of US\$0.10 in the capital of the Company as at the Effective Date and any liability of the holders of such shares to make any further contribution to the share capital of the Company on each such share shall be treated as satisfied;

- (b) subject to and forthwith upon the Proposed Capital Reduction taking effect, the cancellation of all the authorised but unissued shares with a par value of US\$1.00 each in the capital of the Company (which shall include the authorised but unissued shares resulting from the Proposed Capital Reduction) and the diminution of the authorised share capital of the Company of US\$2,000,000,000 (equivalent to approximately S\$2,840,200,000) by US\$1,941,018,505.10 (equivalent to approximately S\$2,756,440,000) representing the amount of shares so cancelled and, forthwith upon such cancellation, the increase of the authorised share capital of the Company to US\$200,000,000 (equivalent to approximately S\$284,020,000) by the creation of 1,410,185,051 shares with a par value of US\$0.10 each in the capital of the Company (representing the difference between 2,000,000,000 shares with a par value of US\$0.10 each and the number of shares with a par value of US\$0.10 each in the capital of the Company in issue after the Proposed Capital Reduction); and
- (c) subject to and forthwith upon the Proposed Capital Reduction taking effect, the application of the credit amount of US\$530,833,454.10 (equivalent to approximately S\$662,764,000²) arising from the Proposed Capital Reduction to a distributable reserve account of the Company where it may be utilised by the Directors in accordance with the Memorandum and Articles and the Cayman Companies Law.

Upon the Proposed Capital Reduction taking effect:

- (i) the par value of each of the issued and unissued Shares will be reduced from US\$1.00 to US\$0.10 and the issued and paid-up share capital will be US\$58,981,494.90 (equivalent to approximately S\$73,640,000²) divided into 589,814,949 shares with a par value of US\$0.10 each in the capital of the Company; and
- (ii) the authorised share capital of the Company will be reduced from US\$2,000,000,000 (equivalent to approximately S\$2,840,200,000) divided into 2,000,000,000 shares with a par value of US\$1.00 each to US\$200,000,000 (equivalent to approximately S\$284,020,000) divided into 2,000,000,000 shares with a par value of US\$0.10 each.

There will be no change to the total number of issued and paid-up shares of the Company pursuant to the Proposed Capital Reduction. The shares with a par value of US\$0.10 each in the capital of the Company will rank *pari passu* in all respects with each other.

The Board of Directors proposes to effect the Proposed Capital Reduction pursuant to which the par value of each of the issued shares will be reduced from US\$1.00 to US\$0.10 each by cancelling the paid-up capital to the extent of US\$0.90 per issued share. The credit arising from such reduction of US\$530,833,454.10 (equivalent to approximately S\$662,764,000²) will be transferred to a distributable reserve account of the Company, and may be utilised by the Directors in accordance with the Memorandum and Articles and the Cayman Companies Law.

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The Proposed Capital Reduction will become effective upon, *inter alia*, registration of the order of the Court and other relevant documents with the Registrar of Companies in the Cayman Islands. The Proposed Capital Reduction will not entail any amendments to the Memorandum and Articles.

3. RATIONALE FOR THE PROPOSED CAPITAL REDUCTION

The Directors noted that the Shares have been trading between S\$1.31 and S\$1.35 during the three (3) months immediately preceding the Latest Practicable Date, with a weighted average price of approximately S\$1.33 as at the Latest Practicable Date, which prices are below the existing par value per Share of US\$1.00 (equivalent to approximately S\$1.42). Under the Cayman Companies Law, shares of a Cayman Islands company may not be issued for an amount less than the par value of the shares. The concept of par value has been abolished in Singapore and the proposed reduction of the par value of the Shares will ensure the Company remains competitive *vis-à-vis* Singapore-incorporated companies in the Singapore capital markets.

Accordingly, the Proposed Capital Reduction will provide the Company with greater flexibility to issue new shares in the future for the purposes of fund-raising or facilitating corporate actions which may require the issuance of new shares. Specifically, backed by a strong balance sheet with positive cash balance, the Group continues to be on a disciplined quest for investment opportunities in the Netherlands, the People's Republic of China and other regions. As a capital reduction exercise involving a Cayman Islands company typically takes some time to complete, it is in the interests of the Company and the Shareholders as a whole that the Company undertakes the Proposed Capital Reduction at this time, so that the Company will be ready to promptly take advantage of opportunities as and when they arise to expand its business operations and, where necessary, partially fund such business expansion with equity funds.

4. CONDITIONS PRECEDENT OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction is conditional upon:

- (a) the passing by the Shareholders of the Capital Reduction Resolution at the AGM;
- (b) an order being made by the Court confirming the Proposed Capital Reduction;
- (c) the registration by the Registrar of Companies of the Cayman Islands of the order of the Court confirming the Proposed Capital Reduction and the Minute approved by the Court;
- (d) compliance with any conditions as may be imposed by the Court in relation to the Proposed Capital Reduction;
- (e) compliance with all relevant legal procedures and requirements under the laws of the Cayman Islands and Singapore (if any) to effect the Proposed Capital Reduction; and
- (f) the receipt of all necessary approvals (if any) from the regulatory authorities, including but not limited to, the SGX-ST, as may be required in respect of the transactions contemplated by the Proposed Capital Reduction.

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Shareholders and potential investors should be aware of and take note that the Proposed Capital Reduction is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions Precedent of the Proposed Capital Reduction” above, and therefore may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

5. EFFECT OF THE PROPOSED CAPITAL REDUCTION

A summary of the details of the financial effects of the Proposed Capital Reduction (based on the FY2016 Audited Financial Statements) is set out below, and are solely for illustrative purposes. The financial effects of the Proposed Capital Reduction, as illustrated, are based on, *inter alia*, the assumption that the Proposed Capital Reduction was completed on 31 December 2016. They may not give a complete picture and may not be indicative of the actual financial effects of the Proposed Capital Reduction.

(a) Share Capital

The effects of the Proposed Capital Reduction on the issued and paid-up share capital of the Company as at 31 December 2016 are summarised below:

| | Before the Proposed Capital Reduction | After the Proposed Capital Reduction |
|---|---|--|
| Authorised share capital | | |
| Number of shares | 2,000,000,000 | 2,000,000,000 |
| Par value (US\$) | 1.00 | 0.10 |
| Total (US\$) | 2,000,000,000 (equivalent to approximately S\$2,840,200,000) | 200,000,000 (equivalent to approximately S\$284,020,000) |
| Issued and paid-up share capital | | |
| Number of shares | 589,814,949 | 589,814,949 |
| Par value (US\$) | 1.00 | 0.10 |
| Total (US\$) | 589,814,949 (equivalent to approximately S\$736,404,000 ¹) | 58,981,494.90 (equivalent to approximately S\$73,640,000 ²) |

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(b) Shareholders' Funds and Reserves

The effects of the Proposed Capital Reduction on the shareholders' funds and reserves of the Group as at 31 December 2016 are summarised below:

| | Before the Proposed Capital Reduction (S\$'000) | After the Proposed Capital Reduction (S\$'000) |
|---|--|---|
| Share capital | 736,404 ¹ | 73,640 ² |
| Share premium | 9,609 | 9,609 |
| Statutory reserve | 27,445 | 27,445 |
| Capital reserve | 225 | 225 |
| Foreign currency translation reserve | 53,923 | 53,923 |
| Distributable reserve | – | 662,764 ² |
| Retained earnings | 196,983 | 196,983 |
| | <hr/> | <hr/> |
| Equity attributable to owners of the Company | <u>1,024,589</u> | <u>1,024,589</u> |

(c) EPS, NTA and Gearing

The implementation of the Proposed Capital Reduction is not expected to have any material effect on the EPS, NTA and Gearing of the Group. No capital will be returned to Shareholders and there will be no change in the number of shares held by Shareholders immediately after the Proposed Capital Reduction.

There will be no change to the number of issued and paid-up shares of the Company pursuant to the Proposed Capital Reduction. The Proposed Capital Reduction does not entail any outflow of cash or change to the assets of the Company.

Shareholders should note that the financial effects set out above are theoretical in nature and the actual financial effects may differ significantly. The illustrative financial effects are not necessarily indicative of the future actual financial position, earnings and gearing of the Group after the completion of the Proposed Capital Reduction.

All New Par-value Shares will rank *pari passu* in all respects with each other and the Proposed Capital Reduction will not result in any change in the relative rights of the Shareholders.

Other than the relevant expenses incurred or to be incurred in relation to the Proposed Capital Reduction (which amount to approximately S\$100,000 and comprise legal fees, administrative fees and miscellaneous expenses), the implementation thereof is not expected to have a material effect on the consolidated net asset value of the Group, and the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders. The Directors believe that the Proposed Capital Reduction will not have any material adverse effect on the financial position of the Group.

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The Proposed Capital Reduction will not involve the diminution of any liability in respect of the unpaid capital or the payment to any Shareholders of any fully paid-up share capital of the Company. Based on the FY2016 Audited Financial Statements, the Group's retained earnings, as at 31 December 2016, was S\$196,983,000 and a sum of S\$9,609,000 was standing to the credit of its share premium account. Subject to and forthwith upon the Proposed Capital Reduction taking effect, the credit amount of US\$530,833,454.10 (equivalent to approximately S\$662,764,000²) arising from the Proposed Capital Reduction will be credited to the distributable reserve of the Company.

6. ISSUE OF NEW SHARE CERTIFICATES

(a) Deposit of Share certificates with CDP

Shareholders who hold Old Share Certificates in their own names and who wish to deposit the same with CDP and have their Shares credited to their Securities Accounts must deposit their Old Share Certificates, together with the duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Effective Date. After the Effective Date, CDP will only accept for deposit New Share Certificates for New Par-value Shares in the Company which reflect a par value of US\$0.10 each.

(b) Issue of New Share Certificates

Depositors having Shares standing to the credit of their Securities Accounts and Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Effective Date need not take any action. The Company will arrange with CDP to facilitate the exchange of New Share Certificates pursuant to the Proposed Capital Reduction.

Shareholders who do not deposit their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP will have their Old Share Certificates cancelled by the Company. Upon such cancellation, the Company will issue New Share Certificates to the Shareholders with New Par-value Shares that are registered in their names as appearing in the Register of Members as at the Effective Date pursuant to the Proposed Capital Reduction.

The Old Share Certificates shall be void and will cease to have any effect or be valid for any purpose.

To facilitate the destruction of the Old Share Certificates, Shareholders with Shares registered in their names in the Register of Members are encouraged to return to the Singapore Share Transfer Agent their Old Share Certificates in respect of such Shares.

However, whether or not the Old Share Certificates in respect of such Shares are delivered to the Singapore Share Transfer Agent, the Old Share Certificates shall be cancelled and New Share Certificates will be issued to such Shareholders pursuant to the Proposed Capital Reduction. The New Share Certificates will be sent to such Shareholders at their own risk by ordinary post within 10 Market Days from the Effective Date.

The New Share Certificates will not be valid for delivery pursuant to trades done on SGX-ST although they will continue to be *prima facie* evidence of legal title.

No receipts will be issued by the Singapore Share Transfer Agent for the receipt of physical Old Share Certificates tendered.

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7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors in the Shares as at the Latest Practicable Date are as follows:

| | Shares | | | |
|--|---------------------|--------------------------------------|---------------------|--------------------------------------|
| | Direct Interest | | Deemed Interest | |
| | Number of Shares | % of Issued Shares ⁽¹⁾ | Number of Shares | % of Issued Shares ⁽¹⁾ |
| Ho Han Leong Calvin | 500,000 | 0.08 | 265,264,991 | 44.97 |
| Ho Han Khoon (Alternate Director to Ho Han Leong Calvin) | 370,200 | 0.06 | 260,694,791 | 44.20 |
| Tan Kian Seng | – | – | – | – |
| Neo Teck Pheng | – | – | 274,146,791 | 46.48 |
| Ting Ping Ee, Joan Maria | – | – | – | – |
| Yee Chia Hsing | 100,000 | 0.02 | – | – |
| Desmond Wee Guan Oei | – | – | – | – |

Note:

(1) As a percentage of the issued share capital of the Company, comprising 589,814,949 Shares as at the Latest Practicable Date.

The interests of the Directors in the debentures in the Company as at the Latest Practicable Date are as follows:

| | S\$50.0 million 4.0% Fixed Rate Notes due 2018 | |
|--------------------------|---|----------------------------------|
| | Direct Holdings (S\$) | Deemed Holdings (S\$) |
| Ho Han Leong Calvin | – | 15,000,000 |
| Ting Ping Ee, Joan Maria | 250,000 | – |

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The interests of the Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

| | Shares | | | |
|---|---------------------|--------------------------------------|---------------------|--------------------------------------|
| | Direct Interest | | Deemed Interest | |
| | Number of Shares | % of Issued Shares ⁽¹⁾ | Number of Shares | % of Issued Shares ⁽¹⁾ |
| Ho Han Leong Calvin ⁽²⁾ | 500,000 | 0.08 | 265,264,991 | 44.97 |
| Ho Han Khoon ⁽³⁾ | 370,200 | 0.06 | 260,694,791 | 44.20 |
| Neo Teck Pheng ⁽⁴⁾ | – | – | 274,146,791 | 46.48 |
| First Sponsor Capital Limited | 260,694,791 | 44.20 | – | – |
| Tai Tak Asia Properties Limited ⁽⁵⁾ | – | – | 265,264,991 | 44.97 |
| Tai Tak Industries Pte. Ltd. ⁽⁶⁾ | – | – | 265,264,991 | 44.97 |
| Tai Tak Estates Sendirian Berhad ⁽⁷⁾ | – | – | 265,264,991 | 44.97 |
| SG Investments Pte. Ltd. ⁽⁸⁾ | – | – | 265,264,991 | 44.97 |
| First Sponsor Management Limited ⁽⁹⁾ | – | – | 260,694,791 | 44.20 |
| TT Properties (Asia) Ltd. ⁽¹⁰⁾ | – | – | 260,694,791 | 44.20 |
| Republic Hotels & Resorts Limited | 187,862,460 | 31.85 | – | – |
| M&C Hotel Investments Pte. Ltd. ⁽¹¹⁾ | – | – | 187,862,460 | 31.85 |
| M&C Hospitality International Limited ⁽¹²⁾ | 23,594,316 | 4.00 | 187,862,460 | 31.85 |
| M&C Singapore Holdings (UK) Limited ⁽¹³⁾ | – | – | 211,456,776 | 35.85 |
| Millennium & Copthorne Hotels plc ⁽¹⁴⁾ | – | – | 211,456,776 | 35.85 |
| Singapura Developments (Private) Limited ⁽¹⁵⁾ | – | – | 211,456,776 | 35.85 |
| City Developments Limited ⁽¹⁶⁾ | – | – | 211,456,776 | 35.85 |
| Hong Leong Investment Holdings Pte. Ltd. ⁽¹⁷⁾ | – | – | 211,456,776 | 35.85 |

Notes:

- (1) As a percentage of the issued share capital of the Company, comprising 589,814,949 Shares as at the Latest Practicable Date.

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- (2) Mr Ho Han Leong Calvin is deemed under Section 4 of the SFA to have an interest in 265,264,991 Shares held directly by First Sponsor Capital Limited and Chengdu Tianfu Properties Ltd., which holds 260,694,791 Shares and 4,570,200 Shares respectively. These two entities are entities in which he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof. He is also deemed interested in the Shares held indirectly by Tai Tak Asia Properties Limited, Tai Tak Industries Pte. Ltd., Tai Tak Estates Sendirian Berhad, SG Investments Pte. Ltd., First Sponsor Management Limited and TT Properties (Asia) Ltd., in which he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (3) Mr Ho Han Khoon is deemed under Section 4 of the SFA to have an interest in 260,694,791 Shares held directly by First Sponsor Capital Limited and indirectly by First Sponsor Management Limited and TT Properties (Asia) Ltd., in which he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (4) Mr Neo Teck Pheng is deemed under Section 4 of the SFA to have an interest in 274,146,791 Shares held directly by First Sponsor Capital Limited, Ararat Holdings Limited and Magnificent Opportunity Limited, which holds 260,694,791 Shares, 6,967,000 Shares and 6,485,000 Shares respectively. These three entities are entities in which he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof. He is deemed interested in the Shares held indirectly by First Sponsor Management Limited, in which he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (5) Tai Tak Asia Properties Limited is deemed under Section 4 of the SFA to have an interest in 265,264,991 Shares held directly by First Sponsor Capital Limited and Chengdu Tianfu Properties Ltd., which holds 260,694,791 Shares and 4,570,200 Shares respectively, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (6) Tai Tak Industries Pte. Ltd. is deemed under Section 4 of the SFA to have an interest in 265,264,991 Shares held indirectly by Tai Tak Asia Properties Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (7) Tai Tak Estates Sendirian Berhad is deemed under Section 4 of the SFA to have an interest in 265,264,991 Shares held indirectly by Tai Tak Industries Pte. Ltd., in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (8) SG Investments Pte. Ltd. is deemed under Section 4 of the SFA to have an interest in 265,264,991 Shares held indirectly by Tai Tak Estates Sendirian Berhad, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (9) First Sponsor Management Limited is deemed under Section 4 of the SFA to have an interest in 260,694,791 Shares held directly by First Sponsor Capital Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (10) TT Properties (Asia) Ltd is deemed under Section 4 of the SFA to have an interest in 260,694,791 Shares held indirectly by First Sponsor Management Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (11) M&C Hotel Investments Pte. Ltd. is deemed under Section 4 of the SFA to have an interest in 187,862,460 Shares held directly by Republic Hotels & Resorts Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (12) M&C Hospitality International Limited is deemed under Section 4 of the SFA to have an interest in 187,862,460 Shares held indirectly by M&C Hotel Investments Pte. Ltd., in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (13) M&C Singapore Holdings (UK) Limited is deemed under Section 4 of the SFA to have an interest in 211,456,776 Shares held directly and indirectly by M&C Hospitality International Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (14) Millennium & Copthorne Hotels plc is deemed under Section 4 of the SFA to have an interest in 211,456,776 Shares held indirectly by M&C Singapore Holdings (UK) Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (15) Singapura Developments (Private) Limited is deemed under Section 4 of the SFA to have an interest in 211,456,776 Shares, held indirectly by Millennium & Copthorne Hotels plc, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (16) City Developments Limited is deemed under Section 4 of the SFA to have an interest in 211,456,776 Shares held indirectly by Singapura Developments (Private) Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

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- (17) Hong Leong Investment Holdings Pte. Ltd. is deemed under Section 4 of the SFA to have an interest in 211,456,776 Shares held indirectly by City Developments Limited, in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

Other than the shareholdings and interests as stated above, none of the Directors or, as far as the Directors are aware, any Substantial Shareholder of the Company, has any interest, direct or indirect, in the Proposed Capital Reduction.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and who wish to appoint a proxy to attend and vote at the AGM on their behalf should complete, sign and return the Member Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte. Ltd.), at 80 Robinson Road, #11-02 Singapore 068898 not less than 48 hours before the time fixed for the AGM. The completion and return of the Member Proxy Form by such Shareholder will not prevent him from attending the AGM and voting in person in place of his proxy should he subsequently wish to do so. Only Shareholders whose names are entered on the Register of Members and who are entitled to attend and vote at a general meeting of the Company will receive a proxy form with this Letter to Shareholders. A proxy need not be a Shareholder of the Company.

Depositors who wish to attend and vote at the AGM, and whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the AGM supplied by CDP to the Company, may attend as CDP's proxies. Depositors who are individuals and who wish to attend the AGM in person need not take any further action and may attend and vote at the AGM without the lodgement of any proxy form. Depositors who are individuals and who are unable to attend the AGM personally and wish to appoint a nominee to attend and vote on their behalf, and Depositors who are not individuals, will find enclosed with this Letter to Shareholders the Depositor Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte. Ltd.), at 80 Robinson Road, #11-02 Singapore 068898, not less than 48 hours before the time fixed for the AGM. The completion and return of the Depositor Proxy Form by a Depositor (who is an individual) will not prevent him from attending and voting in person at the AGM as proxy of CDP if he subsequently wishes to do so.

9. DIRECTORS' RECOMMENDATION

Having reviewed, *inter alia*, the terms and rationale of the Proposed Capital Reduction, the Directors consider that the Proposed Capital Reduction is in the interests of the Group and the Shareholders as a whole and they therefore recommend all Shareholders to vote in favour of the Capital Reduction Resolution at the AGM.

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10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter to Shareholders and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter to Shareholders constitutes full and true disclosure of all material facts about the Proposed Capital Reduction, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter to Shareholders misleading. Where information in this Letter to Shareholders has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter to Shareholders in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Singapore Share Transfer Agent, during normal business hours from the date of this Letter to Shareholders up to and including the date of the AGM:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the Company's annual report for the financial year ended 31 December 2016.

Yours faithfully
for and on behalf of
the Board of Directors of
FIRST SPONSOR GROUP LIMITED

Neo Teck Pheng
Group Chief Executive Officer
3 April 2017

