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

UNAUDITED SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

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 Second quarter ended 30 June		Incr / (Decr)	The Group Half year ended 30 June		Incr / (Decr)
	2019 S$'000	2018 S$'000	%	2019 S$'000	2018 S$'000	%
Revenue	79,435	44,112	80.1	124,775	91,916	35.7
Cost of sales	(25,438)	(16,234)	56.7	(38,416)	(33,382)	15.1
Gross profit	53,997	27,878	93.7	86,359	58,534	47.5
Administrative expenses	(10,785)	(7,665)	40.7	(20,178)	(13,713)	47.1
Selling expenses	(1,869)	(2,615)	(28.5)	(3,441)	(4,107)	(16.2)
Other expenses (net)	(13,380)	(3,282)	307.7	(10,522)	(2,879)	265.5
Other gains (net)	1,596	-	n.m.	4,659	-	n.m.
Results from operating activities	29,559	14,316	106.5	56,877	37,835	50.3
Finance income	5,035	4,899	2.8	8,748	8,794	(0.5)
Finance costs	(4,556)	(2,640)	72.6	(8,534)	(4,793)	78.1
Net finance income	479	2,259	(78.8)	214	4,001	(94.7)
Share of after-tax (loss)/profit of associates and joint ventures	(268)	(913)	(70.6)	4,752	(4,280)	n.m.
Profit before tax	29,770	15,662	90.1	61,843	37,556	64.7
Tax expense	(14,738)	(3,509)	320.0	(22,888)	(8,167)	180.2
Profit for the period	15,032	12,153	23.7	38,955	29,389	32.5
Attributable to:						
Equity holders of the Company	15,053	12,073	24.7	38,857	29,195	33.1
Non-controlling interests	(21)	80	n.m.	98	194	(49.5)
Profit for the period	15,032	12,153	23.7	38,955	29,389	32.5
Earnings per share (cents)						
- **basic**	1.86	1.66	12.0	5.35	4.30	24.4
- **diluted**	1.67	1.57	6.4	4.58	4.12	11.2

n.m.: not meaningful

Consolidated Statement of Comprehensive Income

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Profit for the period	15,032	12,153	38,955	29,389
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	(542)	(1,020)	(560)	(596)
Translation differences on financial statements of foreign subsidiaries, net of tax	(19,912)	7,851	(12,034)	21,796
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	(621)	688	(236)	1,408
Other comprehensive income for the period, net of tax	(21,075)	7,519	(12,830)	22,608
Total comprehensive income for the period	(6,043)	19,672	26,125	51,997
Total comprehensive income attributable to:				
Equity holders of the Company	(5,654)	19,779	26,660	51,902
Non-controlling interests	(389)	(107)	(535)	95
Total comprehensive income for the period	(6,043)	19,672	26,125	51,997

Notes to the Group's Income Statement:

Profit before tax includes the following:

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Other gains/(losses) comprise:				
Gain on disposal of:				
- assets held-for-sale	1,862	-	4,925	-
- investment properties	277	-	277	-
Property, plant and equipment written off	(22)	-	(22)	-
Loss on deconsolidation of a subsidiary	(521)	-	(521)	-
Profit before tax includes the following (expenses)/income:				
Depreciation of property, plant and equipment	(1,257)	(1,610)	(2,524)	(3,867)
Depreciation of right-of-use ("ROU") assets	(843)	-	(1,735)	-
Exchange gain/(loss) (net)	3,049	(26,968)	(8,642)	(16,566)
Fair value (loss)/gain on derivative assets/ liabilities (net)	(14,086)	24,797	1,378	15,512
Fair value (loss)/gain on other investments	(4)	-	332	-
Hotel base stocks written off	(512)	-	(512)	-
Hotel pre-opening expenses	(461)	-	(601)	-

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 30 June 2019 S$'000	**As at 31 December 2018 S$'000**	**As at 30 June 2019 S$'000**	**As at 31 December 2018 S$'000**
Non-current assets				
Property, plant and equipment	254,136	170,435	268	306
Investment properties	103,059	259,135	-	-
Subsidiaries	-	-	774,562	720,981
Interests in associates and joint ventures	170,212	80,817	9,680	9,669
Derivative assets	21,155	19,385	21,155	19,385
Other investments	78,218	78,131	-	-
Deferred tax assets	29,208	33,387	-	-
Right-of-use assets	77,062	-	207	-
Trade and other receivables	854,941	660,948	957,204	779,204
	1,587,991	1,302,238	1,763,076	1,529,545
Current assets				
Development properties	511,252	356,890	-	-
Inventories	309	215	-	-
Trade and other receivables	330,872	505,887	472,814	389,902
Assets held-for-sale	91,809	51,610	-	-
Other investments	165,824	39,262	-	-
Cash and cash equivalents	92,051	125,711	11,131	18,139
	1,192,117	1,079,575	483,945	408,041
Total assets	2,780,108	2,381,813	2,247,021	1,937,586
Equity				
Share capital	101,251	81,405	101,251	81,405
Reserves	1,223,431	1,069,091	1,014,764	868,766
Equity attributable to owners of the Company	1,324,682	1,150,496	1,116,015	950,171
Perpetual convertible capital securities	146,548	161,285	146,548	161,285
Non-controlling interests	32,231	11,713	-	-
Total equity	1,503,461	1,323,494	1,262,563	1,111,456
Non-current liabilities				
Loans and borrowings	517,610	641,390	517,610	604,732
Derivative liabilities	4,967	5,564	4,967	5,564
Other payables	49,989	12,527	-	-
Lease liabilities	77,363	-	-	-
Deferred tax liabilities	6,435	8,638	-	-
	656,364	668,119	522,577	610,296

	The Group		The Company	
	As at 30 June 2019 S$'000	**As at 31 December 2018 S$'000**	**As at 30 June 2019 S$'000**	**As at 31 December 2018 S$'000**
Current liabilities				
Loans and borrowings	220,325	45,338	220,325	45,338
Current tax payable	48,955	36,994	834	30
Trade and other payables	222,668	138,381	239,525	170,466
Contract liabilities	115,647	161,279	-	-
Receipts in advance	9,049	8,208	-	-
Lease liabilities	2,227	-	208	-
Liabilities held-for-sale	423	-	-	-
Derivative liabilities	989	-	989	-
	620,283	390,200	461,881	215,834
Total liabilities	1,276,647	1,058,319	984,458	826,130
Total equity and liabilities	2,780,108	2,381,813	2,247,021	1,937,586

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 30 June 2019 S$'000	**As at 31 December 2018 S$'000**
Unsecured		
- repayable within one year	220,325	45,338
- repayable after one year	517,610	604,732
Total	737,935	650,070
Secured		
- repayable within one year	-	-
- repayable after one year	-	36,658
Total	-	36,658
Grand total	**737,935**	**686,728**
Gross borrowings	745,515	695,719
Less:		
(i) cash and cash equivalents	(92,051)	(125,711)
(ii) other investments (current) [Note 1]	(165,824)	(39,262)
Net borrowings	487,640	530,746

Note 1 Other investments (current) relate to principal-guaranteed structured deposits placed with financial institutions.

Details of any collateral

The secured borrowing as at 31 December 2018 was 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.

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2019 **S$'000**	**2018** **S$'000**	**2019** **S$'000**	**2018** **S$'000**
Cash flows from operating activities				
Profit for the period	15,032	12,153	38,955	29,389
Adjustments for:				
Depreciation of property, plant and equipment	1,257	1,610	2,524	3,867
Depreciation of ROU assets	843	-	1,735	-
Fair value loss/(gain) on:				
- Derivative assets/liabilities (net)	14,086	(24,797)	(1,378)	(15,512)
- Other investments	4	-	(332)	-
Finance income	(5,035)	(4,899)	(8,748)	(8,794)
Finance costs	4,556	2,640	8,534	4,793
Gain on disposal of				
- investment properties	(277)		(277)	
- assets held-for-sale	(1,862)	-	(4,925)	-
Loss on deconsolidation of a subsidiary	521	-	521	-
Property, plant and equipment written off	22	-	22	-
Share of after-tax loss/(profit) of associates and joint ventures	268	913	(4,752)	4,280
Tax expense	14,738	3,509	22,888	8,167
	44,153	(8,871)	54,767	26,190
Changes in:				
Development properties	2,171	(7,672)	(9,643)	(17,217)
Inventories	150	24	157	(105)
Trade and other receivables	(15,627)	(106,136)	84,799	(298,812)
Trade and other payables	89,286	12,181	19,796	(14,160)
Contract liabilities	(42,864)	61,850	(44,395)	78,673
Loans and borrowings	(3)	(54,125)	40,477	111,233
Cash generated from/(used in) operations	77,266	(102,749)	145,958	(114,198)
Interest received	1,388	26,481	23,621	37,834
Interest paid	(6,596)	(3,944)	(10,892)	(6,991)
Tax paid	(2,809)	(8,507)	(4,247)	(15,255)
Net cash from/(used in) operating activities	69,249	(88,719)	154,440	(98,610)

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	(87,286)	-	(156,670)	-
Advances to associates (net)	(108,913)	(103,944)	(108,640)	(103,944)
Deposit received in respect of assets held-for-sale	(5)	1,039	2,392	1,039
Decrease in/(placement of) other investments	50,413	107,245	(129,314)	(110,885)
Dividends received from an associate	-	-	-	1,535
Dividend received from a joint venture	-	-	164	-
Deconsolidation of a subsidiary	(2,323)	-	(2,323)	-
Interest received	6,006	5,924	7,187	9,309
Loan to a non-controlling interest	(31,858)	-	(31,858)	-
Payment for acquisition of other investments	(97)	-	(249)	-
Payment for additions to:				
- investment properties	(1)	(5,904)	(5,010)	(6,418)
- property, plant and equipment	(24)	(13)	(16,251)	(24)
Payment for investments in associates and joint ventures	(79,869)	(1,043)	(79,869)	(21,140)
Proceeds from disposal of: investment properties				
- assets held-for-sale	7,263	-	34,270	-
- investment properties	1,842	-	1,842	-
Return of capital from associates	-	-	-	860
Net cash (used in)/from investing activities	(244,852)	3,304	(484,329)	(229,668)

	The Group Second quarter ended 30 June		The Group Half year ended 30 June	
	2019 **S$'000**	**2018** **S$'000**	**2019** **S$'000**	**2018** **S$'000**
Cash flows from financing activities				
Advances from associates	14,150	52,045	71,462	71,730
Distribution to perpetual convertible capital securities ("PCCS") holders	(516)	-	(516)	-
Dividends paid to the owners of the Company	(10,331)	(7,786)	(10,331)	(7,786)
Interest paid	(2,924)	(731)	(3,729)	(2,361)
Loan from a third party	46,490	-	46,490	-
Payment of lease liabilities	(1,291)	-	(2,815)	-
Payment of transaction costs related to:				
- borrowings	-	1	(900)	(2,216)
- PCCS	(1,200)	(710)	(1,200)	(710)
Proceeds from issuance of PCCS	147,649	162,199	147,649	162,199
Proceeds from bank borrowings	170,500	237,379	322,220	249,380
Repayment of bank borrowings	(196,696)	(322,906)	(270,324)	(327,370)
Redemption of PCCS	(952)	-	(952)	-
Net cash from financing activities	164,879	119,491	297,054	142,866
Net (decrease)/increase in cash and cash equivalents	(10,724)	34,076	(32,835)	(185,412)
Cash and cash equivalents at beginning of the period	106,502	105,274	125,711	319,298
Effect of exchange rate changes on balances held in foreign currencies	(3,727)	(60)	(825)	5,404
Cash and cash equivalents at end of the period	92,051	139,290	92,051	139,290

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	Distributable reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
Group											
At 1 January 2019, as previously stated	81,405	9,821	36,607	245	655,029	12,854	354,535	1,150,496	161,285	11,713	1,323,494
Adjustment on initial recognition of IFRS 16	-	-	-	-	-	-	(1,965)	(1,965)	-	-	(1,965)
Adjusted balance at 1 January 2019	81,405	9,821	36,607	245	655,029	12,854	352,570	1,148,531	161,285	11,713	1,321,529
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	38,857	38,857	-	98	38,955
Other comprehensive income											
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	(560)	-	(560)	-	-	(560)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	(11,401)	-	(11,401)	-	(633)	(12,034)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	(236)	-	(236)	-	-	(236)
Total other comprehensive income	-	-	-	-	-	(12,197)	-	(12,197)	-	(633)	(12,830)
Total comprehensive income for the period	-	-	-	-	-	(12,197)	38,857	26,660	-	(535)	26,125

	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'000	Distributable reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends paid to the owners of the Company	-	-	-	-	-	-	(10,331)	(10,331)	-	-	(10,331)
Issuance of new shares pursuant to conversion of PCCS	19,846	140,492	-	-	-	-	-	160,338	(160,338)	-	-
Distribution of PCCS	-	-	-	-	-	-	(516)	(516)	-	-	(516)
Redemption of PCCS	-	-	-	-	-	-	-	-	(948)	-	(948)
Issuance of PCCS	-	-	-	-	-	-	-	-	147,649	-	147,649
PCCS issue expenses	-	-	-	-	-	-	-	-	(1,100)	-	(1,100)
Total contributions by and distributions to owners	19,846	140,492	-	-	-	-	(10,847)	149,491	(14,737)	-	134,754
Changes in ownership interests in subsidiaries											
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	32,816	32,816
Derecognition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	(11,763)	(11,763)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	21,053	21,053
Total transactions with owners	19,846	140,492	-	-	-	-	(10,847)	149,491	(14,737)	21,053	155,807
At 30 June 2019	**101,251**	**150,313**	**36,607**	**245**	**655,029**	**657**	**380,580**	**1,324,682**	**146,548**	**32,231**	**1,503,461**

	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'000	Distributable reserve S$'000	Fair value reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
The Group												
At 1 January 2018, as previously stated	73,640	9,609	33,447	225	662,764	(3,949)	36,950	267,468	1,080,154	-	6,727	1,086,881
Impact of adoption of IFRS 9	-	-	-	-	-	3,949	-	(3,949)	-	-	-	-
At 1 January 2018, as restated	73,640	9,609	33,447	225	662,764	-	36,950	263,519	1,080,154	-	6,727	1,086,881
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	29,195	29,195	-	194	29,389
Other comprehensive income												
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	-	(596)	-	(596)	-	-	(596)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	-	21,895	-	21,895	-	(99)	21,796
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	-	1,408	-	1,408	-	-	1,408
Total other comprehensive income	-	-	-	-	-	-	22,707	-	22,707	-	(99)	22,608
Total comprehensive income for the period	-	-	-	-	-	-	22,707	29,195	51,902	-	95	51,997

	Share capital S$'000	Share premium S$'000	Statutory reserve S$'000	Capital reserve S$'000	Distributable reserve S$'000	Fair value reserve S$'000	Foreign currency translation reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
The Group												
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends paid to the owners of the Company	-	-	-	-	-	-	-	(7,786)	(7,786)	-	-	(7,786)
Issuance of bonus shares	7,735	-	-	-	(7,735)	-	-	-	-	-	-	-
Issuance of PCCS	-	-	-	-	-	-	-	-	-	162,199	-	162,199
PCCS issue expenses	-	-	-	-	-	-	-	-	-	(672)	-	(672)
Total contributions by and distributions to owners	7,735	-	-	-	(7,735)	-	-	(7,786)	(7,786)	161,527	-	153,741
Total transactions with owners of the Company	7,735	-	-	-	(7,735)	-	-	(7,786)	(7,786)	161,527	-	153,741
At 30 June 2018	**81,375**	**9,609**	**33,447**	**225**	**655,029**	**-**	**59,657**	**284,928**	**1,124,270**	**161,527**	**6,822**	**1,292,619**

	Share capital S$'000	Share premium S$'000	Capital reserve S$'000	Distributable reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Total equity S$'000
The Company								
At 1 January 2019, as previously stated	81,405	10,033	(5,988)	655,029	209,692	950,171	161,285	1,111,456
Adjustment on initial recognition of IFRS 16	-	-	-	-	(9)	(9)	-	(9)
Adjusted balance at 1 January 2019	81,405	10,033	(5,988)	655,029	209,683	950,162	161,285	1,111,447
Total comprehensive income for the period								
Profit for the period	-	-	-	-	16,366	16,366	-	16,366
Total comprehensive income for the period	-	-	-	-	16,366	16,366	-	16,366
Transaction with owners, recognised directly in equity								
Contribution by and distributions to owners								
Dividends paid to the owners of the Company	-	-	-	-	(10,335)	(10,335)	-	(10,335)
Issuance of new shares pursuant to conversion of PCCS	19,846	140,492	-	-	-	160,338	(160,338)	-
Distribution of PCCS	-	-	-	-	(516)	(516)	-	(516)
Redemption of PCCS	-	-	-	-	-	-	(948)	(948)
Issuance of PCCS	-	-	-	-	-	-	147,649	147,649
PCCS issue expenses	-	-	-	-	-	-	(1,100)	(1,100)
Total contributions by and distributions to owners	19,846	140,492	-	-	(10,851)	149,487	(14,737)	134,750
Total transactions with owners of the Company	19,846	140,492	-	-	(10,851)	149,487	(14,737)	134,750
At 30 June 2019	**101,251**	**150,525**	**(5,988)**	**655,029**	**215,198**	**1,116,015**	**146,548**	**1,262,563**

The Company	Share capital S$'000	Share premium S$'000	Capital reserve S$'000	Distributable reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Total equity S$'000
At 1 January 2018	73,640	9,821	(5,988)	662,764	140,470	880,707	-	880,707
Total comprehensive income for the period								
Profit for the period	-	-	-	-	25,023	25,023	-	25,023
Total comprehensive income for the period	-	-	-	-	25,023	25,023	-	25,023
Transaction with owners, recognised directly in equity								
Contribution by and distributions to owners								
Dividends paid to the owners of the Company	-	-	-	-	(7,785)	(7,785)	-	(7,785)
Issuance of bonus shares	7,735	-	-	(7,735)	-	-	-	-
Issuance of PCCS	-	-	-	-	-	-	162,199	162,199
PCCS issue expenses	-	-	-	-	-	-	(672)	(672)
Total contributions by and distributions to owner	7,735	-	-	(7,735)	(7,785)	(7,785)	161,527	153,742
Total transactions with owners of the Company	7,735	-	-	(7,735)	(7,785)	(7,785)	161,527	153,742
At 30 June 2018	**81,375**	**9,821**	**(5,988)**	**655,029**	**157,708**	**897,945**	**161,527**	**1,059,472**

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

	Number of Shares	**Share Capital (S$'000)**
Balance at 31 March 2019	653,780,044	82,048
Issuance of new shares pursuant to conversion of PCCS during the period	141,604,111	19,203
Balance at 30 June 2019	795,384,155	101,251

The total number of issued ordinary shares (excluding treasury shares) as at 30 June 2019 and 30 June 2018 was 795,384,155 and 648,795,981 respectively.

As at 30 June 2019, a subsidiary of the Company held 307,682 shares (30 June 2018: Nil), representing 0.04% (30 June 2018: Nil) of the Company's total number of issued ordinary shares.

Rights issue of up to S$162.2 million in aggregate principal amount of 3.98% Series 1 Perpetual Convertible Capital Securities ("PCCS 1") in the denomination of S$1.10 for each PCCS 1

On 14 June 2019, the Company fully redeemed all the outstanding PCCS 1.

As at 30 June 2019, there was no outstanding PCCS 1 (30 June 2018: 147,453,737).

Rights issue of up to S$147.6 million in aggregate principal amount of 3.98% Series 2 Perpetual Convertible Capital Securities ("PCCS 2") in the denomination of S$1.30 for each PCCS 2, on the basis of one PCCS 2 for every seven existing ordinary shares, at an issue price of S$1.30 for each PCCS 2, with up to 113,576,237 free detachable warrants ("Warrants"), on the basis of one Warrant for every one PCCS 2 subscribed for ("Rights Issue")

On 31 May 2019, pursuant to the Rights Issue, the Company issued:

(a) 113,576,237 PCCS 2. Each PCCS 2 shall entitle the PCCS 2 holder to convert such PCCS 2 into one new ordinary share of the Company at a conversion price of S$1.30, subject to adjustments under certain conditions.

(b) 113,576,237 Warrants. Each Warrant shall entitle the Warrantholder to exercise such Warrant into one new ordinary share of the Company at the exercise price of S$1.30, subject to adjustments under certain conditions, within a period of 5 years from (and including) 31 May 2019.

Bonus issue of Warrants

On 31 May 2019, 79,221,609 Warrants were allotted and issued on the basis of one Warrant for every ten existing ordinary shares, pursuant to a bonus issue.

As at 30 June 2019, 113,576,237 PCCS 2 (30 June 2018: Nil) and 192,797,846 Warrants (30 June 2018: Nil) were outstanding. Assuming (a) full conversion of the PCCS 2 and no adjustments to the conversion price of S$1.30 and (b) full exercise of the Warrants and no adjustments to the exercise price of S$1.30, an aggregate of 306,374,083 new ordinary shares will be issued, which will increase the total number of issued ordinary shares to 1,101,758,238 (30 June 2019: 795,384,155) (30 June 2018: 648,795,981).

As at 30 June 2019, a subsidiary of the Company held 30,768 Warrants (30 June 2018: Nil).

The Company did not hold any treasury shares as at 30 June 2019 and 30 June 2018.

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 30 June 2019 and 31 December 2018 was 795,384,155 and 649,015,668 respectively.

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 30 June 2019.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of subsidiary holdings during the three months ended 30 June 2019.

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 financial year ended 31 December 2018.

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 2019.

IFRS 16 *Leases*

In particular, the Group is required to adopt IFRS 16 *Leases* from 1 January 2019. The Group has assessed the impact that initial application of IFRS 16 will have on its consolidated financial statements.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

For leases which the Group is a lessee, the Group is required to recognise new assets and liabilities for its portfolio of operating leases. The nature of expenses related to those leases has changed because the Group will recognise a depreciation charge for ROU assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the leases, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group has recognised ROU assets of S$78,293,000 and lease liabilities of S$80,258,000, with a corresponding decrease in retained earnings of S$1,965,000 as at 1 January 2019.

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.**

	Second quarter ended 30 June		Half year ended 30 June	
	2019	**2018**	**2019**	**2018**
Earnings per share (cents)				
- basic	1.86	1.66	5.35	4.30
- diluted	1.67	1.57	4.58	4.12
Profit attributable to ordinary shareholders (S$'000)	14,537	10,782	38,341	27,904
Profit attributable to ordinary shareholders and PCCS holders (S$'000)	15,053	12,073	38,857	29,195
Weighted average number of ordinary shares in issue:				
- basic	782,720,554 [1]	648,795,981	716,472,206 [1]	648,795,981
- diluted	900,149,531 [1]	767,083,045	848,333,649 [1]	708,266,273

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 30 June 2019	**As at 31 Dec 2018**	**As at 30 June 2019**	**As at 31 Dec 2018**
Net asset value per ordinary share (cents)	185.04	202.21	158.74	171.25
Number of issued ordinary shares (excluding treasury shares)	795,076,473 [1]	648,707,986 [1]	795,384,155	649,015,668

[1] Excludes 307,682 shares in the Company held by a subsidiary since August 2018 which are accounted for as treasury shares in the consolidated financial statements of the Group in accordance with IAS 32 *Financial Instruments: Presentation*.

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

<u>Group performance</u>

Revenue and cost of sales

The breakdown of our revenue (net of business tax/value added tax) for the period under review is as follows:

	Second quarter ended 30 June		Half year ended 30 June	
	2019 S$'000	**2018 S$'000**	**2019 S$'000**	**2018 S$'000**
Revenue from sale of properties	42,216	8,016	50,998	21,946
Rental income from investment properties	3,098	3,179	6,148	6,798
Hotel operations	15,956	11,870	25,957	21,052
Revenue from property financing	18,165	21,047	41,672	42,120
Total	79,435	44,112	124,775	91,916

<u>2Q 2019 vs 2Q 2018</u>

Revenue increased by S$35.3 million or 80.1%, from S$44.1 million in 2Q 2018 to S$79.4 million in 2Q 2019. This was due mainly to a S$34.2 million and S$4.1 million increase in revenue from sale of properties and hotel operations respectively. The increase was partially offset by the decrease in revenue from property financing of S$2.9 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 2Q 2019 compared to 2Q 2018 was due mainly to the recognition of revenue from more commercial units in the Millennium Waterfront project (2Q 2019: 100 units, 2Q 2018: 1 unit).

Revenue from property financing decreased by S$2.8 million or 13.7%, from S$21.0 million in 2Q 2018 to S$18.2 million in 2Q 2019. The decrease mainly arose from the absence of net penalty interest income of S$5.1 million (RMB24.4 million) on the receipt of net auction proceeds by the court in June 2018 in relation to the successful enforcement on two of the Case 2 defaulted loans; and contribution of S$3.8 million from a loan to a 30%-owned associate which was repaid in March 2019. The European loan portfolio contributed an increase in interest income of S$6.9 million. This was offset by the higher average secured PRC loan portfolio for the current quarter contributed to an increase in interest income of S$6.4 million in 2Q 2019.

Revenue from hotel operations increased by S$4.1 million or 34.4%, from S$11.9 million in 2Q 2018 to S$16.0 million in 2Q 2019. The significant increase was due mainly to a full quarter contribution from the 94.9%-owned Westin Bellevue Dresden Hotel which was acquired by the Group in late of March 2019.

Cost of sales mainly comprise land costs, development expenditure and cost adjustments (if any), borrowing costs, hotel-related depreciation charge and rental expense, and other related expenditure. Cost of sales increased by S$9.2 million or 56.7%, from S$16.2 million in 2Q 2018 to S$25.4 million in 2Q 2019. The increase in revenue recognised from sale of properties and hotel operations had led to a quarter-on-quarter increase in related cost of sales of S$7.9 million and S$1.5 million respectively.

The Group's gross profit increased by S$26.1 million or 93.7%, from S$27.9 million in 2Q 2018 to S$54.0 million in 2Q 2019. The increase was due mainly to the higher gross profit generated from sale of properties and hotel operations of S$26.2 and S$2.7 million respectively. This was partially offset by lower gross profit from property financing of S$2.7 million.

The Group's gross profit margin increased from 63.2% in 2Q 2018 to 68.0% in 2Q 2019. This reflected the change in the sales mix as the property development segment contributed approximately 54.3% of current quarter gross profit (2Q 2018: 10.9%). The property development segment recorded a higher gross profit margin for 2Q 2019 of 69.5% as compared to 37.9% in 2Q 2018 due mainly to the higher profit contribution from the higher yielding Millennium Waterfront commercial units in the current quarter.

Administrative expenses

Administrative expenses mainly comprise 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.

Administrative expenses increased by S$3.1 million or 40.7%, from S$7.7 million to S$10.8 million. This was due mainly to the consolidation of a full quarter's results of the 94.9%-owned Westin Bellevue Dresden Hotel.

Other expenses (net)

In 2Q 2019, the Group recorded other expenses of S$13.4 million which mainly comprised net fair value loss on financial derivatives of S$14.1 million, hotel management fees of S$0.9 million, hotel pre-operating expenses of S$0.5 million and hotel base stocks written off of S$0.5 million (attributable to the Hampton by Hilton hotel in Utrecht in the Netherlands which commenced operations in June 2019). This is partially offset by net foreign exchange gain of S$3.0 million.

In 2Q 2018, the Group recorded other expenses of S$3.3 million which mainly comprised net foreign exchange loss of S$27.0 million and hotel management fees of S$0.6 million, partially offset by net fair value gain on financial derivatives of S$24.8 million.

Net finance income

Net finance income for 2Q 2019 comprises S$0.8 million of amortisation of lease liabilities recorded under IFRS 16.

Share of after-tax loss of associates and joint ventures

Share of after-tax loss of associates and joint ventures decreased by S$0.6 million from a loss of S$0.9 million in 2Q 2018 to a loss of S$0.3 million in 2Q 2019. The Group's associates contributed a share of loss of S$0.6 million for 2Q 2019 which was partially offset by the share of profit of S$0.2 million from the 50%-held joint venture that owns the Le Méridien Frankfurt hotel and S$0.2 million from the 50-50 owned joint venture with Tai Tak that disbursed the Group's first property financing loan in Australia in November 2018.

Tax expense

The Group recorded a tax expense of S$14.7 million on profit before tax of S$29.8 million in 2Q 2019, which included land appreciation tax of S$8.3 million and under provision in respect of prior year of S$0.3 million. After adjusting for the share of after-tax results of associates and joint ventures, the tax effect of non-deductible expenses and unrecognised deferred tax assets of S$5.7 million in aggregate, and the tax effect of non-taxable income and recognition of previously unrecognised tax benefits of S$4.7 million in aggregate, the effective tax rate of the Group would be approximately 23.9%.

<u>1H 2019 vs 1H 2018</u>

Revenue of the Group increased by S$32.9 million or 35.7%, from S$91.9 million in 1H 2018 to S$124.8 million in 1H 2019. This was due mainly to a S$29.1 million and S$4.9 million increase in revenue from sale of properties and hotel operations respectively. The increase was partially offset by the decrease in revenue from property financing and rental income from investment properties of S$0.4 million and S$0.7 million respectively.

The significant increase in revenue from sale of properties in 1H 2018 compared to 1H 2019 was due mainly to the recognition of revenue from more commercial units in the Millennium Waterfront project (1H 2019: 110 units, 1H 2018: 3 units).

Revenue from hotel operations increased by S$4.9 million or 23.3%, from $21.1 million in 1H 2018 to S$26.0 million in 1H 2018. The increase was due to the contribution from Westin Bellevue Dresden Hotel which was acquired by the Group in late March 2019.

Cost of sales increased by S$5.0 million or 15.1%, from S$33.4 million in 1H 2018 to S$38.4 million in 1H 2019. S$4.0 million of the increase was attributable to the increase in revenue from sale of properties in 1H 2019.

The Group's gross profit increased by S$27.9 million or 47.5%, from S$58.5 million in 1H 2018 to S$86.4 million in 1H 2019. The increase was due mainly to the higher gross profit generated from sale of properties and hotel operations of S$25.1 million and S$3.5 million respectively. This was partially offset by lower gross profit from rental income from investment properties and property financing of S$0.6 million and S$0.1 million in 1H 2019 respectively.

The Group's gross profit margin increased from 63.7% in 1H 2018 to 69.2% in 1H 2019, reflecting the increased higher yielding profit contribution from the property development segment. The reason for this is consistent with what has driven the same quarter on quarter gross profit margin growth.

Administrative expenses

The increase during the period was due mainly to the inclusion of operating expenses of Westin Bellevue Dresden Hotel since late March 2019 as well as S$1.2 million professional fees incurred in relation to the acquisition.

Other expenses (net)

In 1H 2019, the Group recorded other expenses of S$10.5 million which mainly comprised net foreign exchange loss of S$8.6 million, hotel management fees of S$1.3 million, bank charges of S$0.8 million, hotel pre-operating expenses of S$0.6 million and hotel base stocks written off of S$0.5 million, partially offset by net fair value gain on financial derivatives of S$1.4 million.

In 1H 2018, the Group recorded other expenses of S$2.9 million which mainly comprised net foreign exchange loss of S$16.6 million and hotel management fees of S$0.9 million, partially offset by net fair value gain on financial derivatives of S$15.5 million.

Share of after-tax profit/(loss) of associates and joint ventures

Share of after-tax results of associates and joint ventures increased by S$9.0 million from a loss of S$4.3 million in 1H 2018 to a profit of S$4.8 million in 1H 2019. The significant increase was attributable mainly to the Group's 30% share of the first time profit recognised from the handover of two residential blocks of the Star of East River project in Dongguan in January 2019. The completion of the disposal of three hotels by the 31.4%-owned Queens Bilderberg (Nederland) B.V. in January 2019 further boosted the share of results in 1H 2019.

Tax expense

The Group recorded a tax expense of S$22.9 million on profit before tax of S$61.8 million in 1H 2019, which included land appreciation tax of S$9.8 million and under provision in respect of prior year of S$0.9 million. After adjusting for the share of after-tax results of associates and joint ventures, the tax effect of non-deductible expenses and unrecognised deferred tax assets of S$6.8 million in aggregate, and the tax effect of non-taxable income and recognition of previously unrecognised tax benefits of S$6.4 million in aggregate, the effective tax rate of the Group would be approximately 25.1%.

(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

Property, plant and equipment increased by S$83.7 million or 49.1%, from S$170.4 million as at 31 December 2018 to S$254.1 million as at 30 June 2019. The increase was due mainly to the Group's acquisition of the 340-room Westin Bellevue Dresden Hotel (via a share deal) in end March 2019, and a bare-shell vacant former hotel in Milan in January 2019.

In particular, a provisional value of S$72.4 million (EUR47.0 million) was ascribed by the Group to the Westin Bellevue Dresden Hotel as part of the accounting of the acquisition of its 94.9% equity interest in the entities that own and operate the hotel. Under the relevant Business Combination accounting standard, the Group has up to 12 months to finalise the financial effects of its acquisition. The property in Milan was acquired at a cost of approximately S$16.5 million (EUR 10.7 million) including acquisition costs in January 2019. The Group intends to completely refurbish the property into a hostel to tap on the youth hospitality market.

Investment properties decreased by S$156.0 million or 60.2%, from S$259.1 million as at 31 December 2018 to S$103.1 million as at 30 June 2019. S$99.6 million of the decrease was due to the de-recognition of Zuiderhof I, an office building in Amsterdam, in June 2019. Zuiderhof I is held by NL Property 1 B.V. ("NLP1"), a 33%-owned entity of the Group which was deconsolidated as a subsidiary on 28 June 2019 when the Group forfeited its unilateral right to exercise a call option entered with the other three co-investors of NLP1 which would have entitled the Group to hold majority voting rights in NLP1. Accordingly, NLP1 is accounted for by the Group as an associated company with effect from 28 June 2019.

In addition, the reclassification of the two Utrecht hotels located within the shopping mall of Hoog Catharijne to assets held-for-sale under current assets in the current period has contributed a decrease of S$53.4 million to the investment properties balance. In February 2019, the Borealis Hotel Group B.V. ("Borealis") transferred the hotel operations to a subsidiary of the Group and accordingly the previous lease agreement and pre-development agreements entered with Borealis for the two hotels were terminated. Development works for the 193-room Hampton by Hilton hotel has since been completed and commenced operations in June 2019 whilst the development works of the Crowne Plaza hotel on the same site is expected to be completed in late 2019/ early 2020. The Group will explore the sale of its shareholding in the two subsidiaries that own and operate the hotels respectively, to its 33%-owned associate, FSMC in due course.

Interests in associates and joint ventures increased by S$89.4 million or 110.6%, from S$80.8 million as at 31 December 2018 to S$170.2 million as at 30 June 2019. S$79.6 million of the increase is attributable to the Group's 27% equity investment made in June 2019 into a project company that would develop a mixed development site in Wanjiang, Dongguan. 70% of the project company is held by the China Poly Group.

The increase was also partly due to the Group accounting for its 33% equity interest in NLP1 amounting to S$5.9 million as at 30 June 2019, as an associate with effect from 28 June 2019 arising from the afore-mentioned deconsolidation of the entity as a subsidiary.

Non-current trade and other receivables increased by S$194.0 million or 29.4%, from S$660.9 million as at 31 December 2018 to S$854.9 million as at 30 June 2019. The increase was due mainly to the net disbursement of property financing loans of $173.4 million (RMB719.5 million) and an interest bearing loan to a non-controlling interest of S$31.8 million (RMB161.6 million) during the current financial period.

Current assets

Development properties increased by S$154.4 million or 43.3%, from S$356.9 million as at 31 December 2018 to S$511.3 million as at 30 June 2019. The increase was due mainly to the Group's acquisition of three land parcels at Chang'an Town in Dongguan, Guangdong province, in May 2019 via a share deal ("Concord Acquisition").

Trade and other receivables decreased by S$175.0 million or 34.6%, from S$505.9 million as at 31 December 2018 to S$330.9 million as at 30 June 2019. The decrease was due mainly to the repayment of loan from an associate of S$120.2 million (RMB600.0 million) and net repayment of third party PRC property financing loans of S$93.9 million (RMB477.0 million). This is partially offset by the disbursement of a shareholder's loan to the abovementioned 27%-owned PRC associate of S$106.9 million (RMB543.4 million).

Assets held-for-sale increased by S$40.2 million or 77.9%, from S$51.6 million as at 31 December 2018 to S$91.8 million as at 30 June 2019. S$66.9 million of the balance at 30 June 2019 relates to the assets of the subsidiaries earmarked for disposal as mentioned above. The increase was partially offset by S$26.7 million reduction in assets held-for-sale upon the recognition of gain on disposal of M Hotel Chengdu and certain bare shell commercial spaces of the Chengdu Cityspring project in the current period.

Other investments of S$165.8 million relate to principal-guaranteed structured deposits placed with the financial institutions.

Current liabilities

Trade and other payables increased by S$84.3 million or 60.9%, from S$138.4 million as at 31 December 2018 to S$222.7 million as at 30 June 2019. This was due mainly to increase in interest-free advances from a 30%-owned PRC associate of S$69.1 million (RMB351.8 million) and advances from a third party shareholder of the 30%-owned PRC associate of S$14.7 million (RMB74.5 million) during the period.

Loans and borrowings

Gross bank borrowings increased by S$49.8 million of 7.2%, from S$695.7 million as at 31 December 2018 to S$745.5 million as at 30 June 2019. This was due mainly to the drawdown of the Group's borrowings to fund the acquisition of a bare-shell vacant former hotel in Milan, redevelopment of Oliphant in Amsterdam and the construction of the two hotels in Utrecht and a disbursement of S$ denominated property financing loan, which is partially offset by the de-recognition of bank borrowing of S$36.2 million, arising from the deconsolidation of NLP1.

The Group maintained a net gearing ratio of 0.32 as at 30 June 2019.

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.

Since the Group's entry to the Dutch and German property markets in February 2015 and January 2018 respectively, the Group has hedged its currency exposure to Euro by financing all its Dutch and German acquisitions with a combination of Euro-denominated borrowings and/or financial derivatives involving cross currency swaps ("CCSs") and foreign currency swaps ("FCSs") whereby the end result is also to achieve a corresponding Euro liability. The Group takes an economic hedge rather than an accounting hedge approach with regard to the management of its Euro asset exposure.

In November 2018, the Group entered into the property financing market in Australia via a 50-50 owned joint venture with Tai Tak. The Group has also adopted the same approach as its European assets, which is to fully hedge its Australian dollar cost base.

As at 30 June 2019, the Group had 16 CCSs and one FCS outstanding with an aggregate notional amount of €492.1 million, A$10.0 million and RMB490.6 million. These financial instruments are measured at fair value with changes in fair value recognised in the profit and loss account. The fair values of the instruments are mainly dependent on the forward foreign exchange rates, discount rates and yield curves of the notional amounts, as applicable. On the other hand, the changes in fair value of the instruments will be largely offset by the corresponding changes in fair values of the underlying foreign currency-denominated assets when the respective instruments approach their maturity dates and foreign currency-denominated borrowings are taken up to close out the instruments, thereby resulting in a minimal cumulative impact to the profit or loss. The cumulative negative impact to the retained earnings arising from the financial derivatives and underlying foreign currency-denominated assets as at 30 June 2019 amounted to approximately S$5.0 million.

As at 30 June 2019, the Group recorded a cumulative translation gain of S$0.7 million as part of reserves in its shareholders' equity. This mainly arose from the translation of the net assets and income and expenses of the Group's foreign operations in the PRC to S$ at the exchange rates prevailing at the end of each reporting period.

We do not currently have a formal hedging policy with respect to our RMB foreign exchange exposure and have not actively used financial hedging instruments to manage our RMB foreign exchange risk. The cost of entering into such hedging instruments to manage the Group's exposure to RMB remains fairly expensive. We will continue to monitor our foreign exchange exposure vis-à-vis such costs and take appropriate actions when necessary. 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

2Q 2019

Net cash generated from operating activities of S$69.2 million in 2Q 2019 was due mainly to the net repayment of PRC property financing loans of S$67.6 million, partially offset by net interest paid of S$5.2 million, tax paid of S$2.8 million and payment of construction costs for the Millennium Waterfront project.

Net cash used in investing activities of S$244.9 million in 2Q 2019 was due mainly to (i) payment made for the acquisition of 60% equity interest in two subsidiaries relating to the Concord Acquisition amounting to S$87.3 million, (ii) payment made for the acquisition of a 27% equity interest in an associate amounting to S$79.9 million which would develop three adjacent plots of mixed use development land situated in Wanjiang, Dongguan, (iii) advances to the Group's associates of S$108.9 million for the period; and (iv) a loan to a non-controlling interest of S$31.9 million. This was partially offset by the maturity of structured deposits of S$50.4 million and collection of sale proceeds amounting to S$7.3 million from the disposal of certain parts of the Chengdu Cityspring project classified as assets held for sale.

Net cash generated from financing activities amounted to S$164.9 million in 2Q 2019 due mainly to the net proceeds of S$146.4 million from the issuance of PCCS 2, a loan from a third party of S$46.5 million and net advances from associates of S$14.2 million for the period, which is partially offset by net repayment of bank borrowings of S$26.2 million, payments of dividends to the shareholders of the Company of S$10.3 million, payment of lease liabilities of S$1.3 million, redemption of remaining PCCS 1 of S$1.0 million, distribution to PCCS holders of S$0.5 million and payment of interest expense of S$2.9 million.

1H 2019

Net cash generated from operating activities of S$154.4 million in 1H 2019 was due mainly to the net disbursement of PRC property financing loans of S$48.6 million, repayment of loan from a PRC associate of S$119.9 million (RMB600.0 million) and net interest received of S$12.7 million, partially offset by tax paid of S$4.2 million and payment of construction costs for the Millennium Waterfront project.

Net cash used in investing activities of S$484.3 million in 1H 2019 was due mainly to payment for acquisition of subsidiaries amounting to S$156.7 million comprising (i) S$87.3 million relating to the Concord Acquisition and (ii) S$69.4 million relating to the acquisition of Westin Bellevue Dresden Hotel (subject to completion adjustments), placement of structured deposits of S$129.3 million, the acquisition of 27% equity interest in an associate amounting to S$79.9 million to develop three adjacent plots of mixed used development land situated in Wanjiang, Dongguan, advances to the same associate amounting to S$108.6 million, the acquisition of a vacant property in Milan amounting to S$16.3 million and a loan to a non-controlling interest of S$31.9 million. This was partially offset by the collection of sale proceeds amounting to S$34.3 million from the disposal of M Hotel Chengdu and bare commercial space of the Chengdu Cityspring project.

Net cash generated from financing activities amounted to S$297.1 million in 1H 2019 and is due mainly to the net proceeds of S$146.4 million from the issuance of PCCS 2, net drawdown of bank borrowings of S$51.9 million, advances from associates of S$71.5 million for the period, and a loan from a third party of S$46.5 million. This was partially offset by payment of dividends to the shareholders of the Company of S$10.3 million, redemption of remaining PCCS 1 of S$1.0 million, payment of interest expense of S$3.7 million and payment of lease liabilities of S$2.8 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 ("PRC")

On the back of the ongoing global uncertainties, the IMF has cut its 2019 economic growth forecasts for the PRC to 6.2%. A report from McKinsey & Company suggested that the tighter credit controls implemented in recent years have led to a significant drop in credit availability over the past 24 months with credit growth in 2018 falling to 7%, below that of nominal GDP growth of 9.7%. Slowing domestic consumption and investment due to the indirect effect of negative consumer confidence arising from the recent trade tensions between the PRC and the United States further aggravated the weakening economic outlook.

The residential real estate market has stabilized during 1Q2019 according to research by the Ministry of Housing and Urban-Rural Development and the Development Research Center of the State Council. Data from the National Bureau of Statistics showed that the total gross floor area traded in 1Q2019 fell 0.9% year-on-year to 298 million square meters, while transaction value increased 5.6% year-on-year to RMB2.7 trillion. The head of research at JLL China indicated that home prices and transaction values in 1Q2019 have remained steady in the first- and second-tier cities and expects this to continue throughout 2019, save for third- and fourth-tier cities which will face challenges due to limited demand.

The Netherlands

ING revised downwards its forecast for 2019 GDP growth to 1.7% from 2.0% in January 2019 and 1.6% in 2020 in its recent report released in June 2019. ING attributes the expected slowdown to the negative global outlook due to Brexit, US potentially raising taxes on European imports and disappointing government spending.

Domestically, demand for office space continues to be high. According to a Savills report, office take-up was approximately 470,000 sqm for 1Q2019 and office vacancy fell further to 12.5%, a decrease of 1.5% from a year before. Office space in Amsterdam South Axis CBD remains even scarcer with vacancy at approximately 3.5%. In view of the limited supply and accelerating rents, secondary locations such as Sloterdijk and Zwolle have become alternative choices for an increasing number of companies. Ongoing public investments in infrastructure have shortened travel times between the cities and strengthened interest from companies in these secondary cities such as Zwolle, which has driven take -up volumes of office space in these secondary locations. The good performance of the occupier market has fueled strong demand in the office investment market. While investment volumes remain high in Amsterdam, investment volumes are growing aggressively in secondary cities - office investment volumes in Zwolle and Breda increased by 158% and 143% respectively in the past three years as compared to a mere 13% in Amsterdam.

Home prices in the Netherlands continue their trend upwards with an increase of 4.64% in 1Q2019 year-on-year, albeit at a slower pace when compared to 2018's 8.49%. This has led to the fall in the number of homes sold by more than 5% to 64,734 units from a year earlier, which is on top of a 10% decline in 2018. The fall in volume is due mainly to the pricing out of potential buyers which has also affected the rental market. According to CBS, the Netherlands is estimated to have a shortage of some 200,000 housing units this year. The Netherlands has a plan in place to encourage real-estate developers to build an average of 75,000 houses a year in the country, but industry players have criticised the feasibility of the plan on the back of rising construction costs and low returns due to the shortage of construction sites and skilled workers. Construction costs have risen by 25% over the last two years in Amsterdam which further eroded developers' interest.

In Amsterdam, median home prices soared 80% in the past four years. The increase in housing prices can be attributed to the shortage of housing supply in the Dutch capital as it has drawn increasing numbers of people leaving the UK due to Brexit and investors have bought up residential properties to convert them into rentals. In early July, the Dutch government introduced measures in a bid to address housing shortages that have driven many of its middle-income residents out of the city. Such measures include the signing of long-term housing deals with the Amsterdam metropolitan area to prevent tenants from being priced out of their neighbourhoods, proposed new rules to limit excessive rent increase and the possibility of a ban on rentals in newly built homes. Similar customized proposals were unveiled for cities such as Groningen and Eindhoven.

Company Outlook

Property Development

In May 2019, the Group acquired a 60% equity stake in three adjacent plots of mixed use development land with a gross floor area ("GFA") of approximately 78,400 sqm in Chang'an, Dongguan, and has since taken the lead in the management of the development project named The Pinnacle comprising approximately 607 residential apartments, 226 SOHO units and 3,000 sqm of retail space. The launch of the pre-sale of the predominately residential development project is expected to be in late 2019 / early 2020. In addition, the Group and a wholly-owned subsidiary of China Poly Group, a PRC-based company listed on the Shanghai Stock Exchange with a market capitalisation of approximately S$30.2 billion as of 14 June 2019, entered into a joint venture to develop three adjacent plots of mixed use development land in the southeast of Wanjiang district, Victory Community in Dongguan, which is in the vicinity of the Group's SOER project. China Poly Group's wholly-owned subsidiary and the Group hold a 70% and 27% equity stake in the project respectively. The project will have approximately 214,700 sqm of GFA, split into 134,000 sqm and 80,700 sqm of residential and commercial/other GFA respectively.

The Group's newly developed Oliphant Amsterdam office is currently 98% leased (93% with signed lease agreements and 5% with a signed letter of intent) with a long WALT of 10.3 years. The Group is considering a sale of the Oliphant office property to its associated company, FSMC, to generate development profit while retaining a meaningful stake for future capital appreciation and recurrent income.

In June 2019, the remaining sub-apartment right of the mixed use building located in the CBD of Amsterdam named Meerparc was acquired. With full ownership of the strata-titled freehold building, the Group is well positioned to capitalize on any redevelopment opportunity.

Property Holding

The Group completed development works for the 193-room Hampton by Hilton hotel in Utrecht which commenced operations on 17 June 2019. Development works for the 142-room Crowne Plaza hotel on the same site are expected to be completed in late 2019 / early 2020.

In addition, the recently acquired Westin Bellevue Dresden Hotel commenced its first phase of an extensive capital expenditure program. New conference rooms will be added and more than 320 rooms of the 340-room hotel will be substantially refurbished in phases under the program which is expected to cost more than €12 million in total.

The Group has also increased its equity interest in the property ownership entity of the Hilton Rotterdam hotel from 24.7% to 33.0% in June 2019.

Property Financing

The PRC property financing loan book stood at approximately RMB2.1 billion as at 30 June 2019 and the Group maintained an average PRC property financing loan book of approximately RMB2.3 billion for the first half of 2019 which translates to a nearly 50% increase over that of the entire FY2018. Barring any unforeseen circumstances, the Group is cautiously optimistic that FY2019 will be another good year for the Group's PRC property financing business.

The mortgaged properties of the borrower under Case 1 defaulted loan were auctioned off successfully for approximately RMB235 million in June 2019. The Group has not recognized any interest income since the borrower's default in December 2015. As the Shanghai court had previously ruled that the Group has first priority ranking in respect of the net auction proceeds, the Group will work with the Shanghai court to enforce the court judgment, after taking into account any public interest.
Following the Group's entry into Australia through the disbursement by its 50:50 joint venture with Tai Tak of an A$50 million loan secured on an income producing prime property located in Melbourne in late 2018, the Group is keen to increase its exposure to the property market in the key cities of Australia which may be by way of property financing including hybrid forms of financing with an option for equity participation.

The Group will continue to grow its property financing business in the PRC and Australia in a prudent manner.

Rights Issue

With the successful completion of the Group's second rights issue in May 2019, the Group has further strengthened its balance sheet and is ready to capitalise on good business opportunities in the Netherlands, Germany, the PRC and Australia for further growth and expansion.

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?

Yes.

Name of dividend	Interim tax-exempt (one-tier) dividend
Dividend Type	Cash
Dividend Amount	1.10 Singapore cents per ordinary share

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of dividend	Interim tax-exempt (one-tier) dividend
Dividend Type	Cash
Dividend Amount	1.00 Singapore cent per ordinary share

(c) Date payable

13 September 2019

(d) Books closure date

5 pm on 30 August 2019

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

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 and Executive Director
25 July 2019

CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of their knowledge, that nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results for the second quarter and the half year ended 30 June 2019 to be false or misleading in any material respect.

On behalf of the Board of Directors

Ho Han Leong Calvin	Neo Teck Pheng
Non-Executive Chairman	Group Chief Executive Officer and Executive Director

25 July 2019