



# FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands)

(Registration No. AT-195714)

## UNAUDITED HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

### PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with comparative statements for the corresponding period of the immediately preceding financial year.

	The Group Half year ended 30 June		Incr / (Decr) %
	2020 S\$'000	2019 S\$'000	
Revenue	104,148	124,775	(16.5)
Cost of sales	(20,078)	(38,416)	(47.7)
<b>Gross profit</b>	<u>84,070</u>	<u>86,359</u>	(2.7)
Administrative expenses	(13,077)	(20,178)	(35.2)
Selling expenses	(2,809)	(3,441)	(18.4)
Other income/(expenses) (net)	9,989	(10,522)	n.m.
Other gains (net)	1,902	4,659	(59.2)
<b>Results from operating activities</b>	<u>80,075</u>	<u>56,877</u>	40.8
Finance income	11,349	8,748	29.7
Finance costs	(13,566)	(8,534)	59.0
<b>Net finance (costs)/income</b>	<u>(2,217)</u>	<u>214</u>	n.m.
Share of after-tax results of associates and joint ventures	(5,701)	4,752	n.m.
<b>Profit before tax</b>	<u>72,157</u>	<u>61,843</u>	16.7
Tax expense	(15,152)	(22,888)	(33.8)
<b>Profit for the period</b>	<u><u>57,005</u></u>	<u><u>38,955</u></u>	46.3
<b>Attributable to:</b>			
Equity holders of the Company	58,071	38,857	49.4
Non-controlling interests	(1,066)	98	n.m.
<b>Profit for the period</b>	<u><u>57,005</u></u>	<u><u>38,955</u></u>	46.3
<b>Earnings per share (cents)</b>			
- Basic	6.90	5.35	29.0
- Diluted	<u>5.27</u>	<u>4.58</u>	15.1

n.m.: not meaningful

## Consolidated Statement of Comprehensive Income

	<b>The Group</b>	
	<b>Half year ended</b>	
	<b>30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Profit for the period</b>	57,005	38,955
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified</b>		
<b>subsequently to profit or loss:</b>		
Translation differences on financial statements arising from liquidation of a foreign subsidiary reclassified to profit or loss	53	-
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	7,565	(560)
Translation differences on financial statements of foreign subsidiaries, net of tax	16,666	(12,034)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	817	(236)
<b>Total other comprehensive income for the period, net of tax</b>	25,101	(12,830)
<b>Total comprehensive income for the period</b>	<u>82,106</u>	<u>26,125</u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	82,324	26,660
Non-controlling interests	(218)	(535)
<b>Total comprehensive income for the period</b>	<u>82,106</u>	<u>26,125</u>

**Notes to the Group's Income Statement:**

Profit before tax includes the following:

	<b>The Group</b>	
	<b>Half year ended</b>	
	<b>30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Other gains (net) comprise:		
Gain/(loss) on disposal of:		
- assets held-for-sale	1,763	4,925
- investment properties	-	277
- other investments	229	-
- property, plant and equipment (net)	(52)	-
Property, plant and equipment written off	(1)	(22)
Loss on liquidation of subsidiaries	(37)	-
Loss on deconsolidation of a subsidiary	-	(521)
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Profit before tax includes the following (expenses)/income:		
Depreciation of property, plant and equipment	(4,722)	(4,259)
Exchange gain/(loss) (net)	25,649	(8,642)
Fair value (loss)/gain on derivative assets/ liabilities (net)	(13,146)	1,378
Fair value (loss)/gain on other investments	(380)	332
Hotel base stocks written off	(694)	(512)
Hotel pre-opening expenses	(310)	(601)
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**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 2020 S\$'000	As at 31 December 2019 S\$'000	As at 30 June 2020 S\$'000	As at 31 December 2019 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	368,816	345,847	705	950
Investment properties	98,947	94,827	-	-
Subsidiaries	-	-	774,562	774,562
Interests in associates and joint ventures	305,776	298,062	9,680	9,680
Derivative assets	22,294	28,778	22,294	28,778
Other investments	88,363	74,594	-	-
Deferred tax assets	42,963	43,470	-	-
Trade and other receivables	876,864	824,848	586,683	860,557
	<u>1,804,023</u>	<u>1,710,426</u>	<u>1,393,924</u>	<u>1,674,527</u>
<b>Current assets</b>				
Development properties	449,253	390,046	-	-
Inventories	404	550	-	-
Trade and other receivables	346,247	315,255	1,316,082	483,451
Assets held-for-sale	13,237	18,285	-	-
Derivative assets	8,782	12,545	8,782	12,545
Other investments	11,060	-	-	-
Cash and cash equivalents	463,815	313,389	9,702	22,629
	<u>1,292,798</u>	<u>1,050,070</u>	<u>1,334,566</u>	<u>518,625</u>
<b>Total assets</b>	<u>3,096,821</u>	<u>2,760,496</u>	<u>2,728,490</u>	<u>2,193,152</u>
<b>Equity</b>				
Share capital	102,054	101,251	102,054	101,251
Reserves	1,393,903	1,320,670	1,120,504	1,080,079
<b>Equity attributable to owners of the Company</b>	<u>1,495,957</u>	<u>1,421,921</u>	<u>1,222,558</u>	<u>1,181,330</u>
<b>Perpetual convertible capital securities</b>	146,546	146,548	146,546	146,548
<b>Non-controlling interests</b>	29,902	30,120	-	-
<b>Total equity</b>	<u>1,672,405</u>	<u>1,598,589</u>	<u>1,369,104</u>	<u>1,327,878</u>
<b>Non-current liabilities</b>				
Loans and borrowings	727,632	369,943	673,024	369,943
Derivative liabilities	4,120	2,717	4,120	2,717
Other payables	51,054	49,431	-	-
Lease liabilities	72,780	69,358	310	466
Deferred tax liabilities	7,782	7,202	-	-
	<u>863,368</u>	<u>498,651</u>	<u>677,454</u>	<u>373,126</u>

	The Group		The Company	
	As at 30 June 2020 S\$'000	As at 31 December 2019 S\$'000	As at 30 June 2020 S\$'000	As at 31 December 2019 S\$'000
<b>Current liabilities</b>				
Loans and borrowings	3,522	251,220	3,522	251,220
Current tax payable	55,814	61,925	2,457	1,914
Trade and other payables	300,474	307,085	674,352	238,858
Contract liabilities	196,069	39,288	-	-
Receipts in advance	1,223	1,349	-	-
Lease liabilities	2,451	2,389	106	156
Derivative liabilities	1,495	-	1,495	-
	<u>561,048</u>	<u>663,256</u>	<u>681,932</u>	<u>492,148</u>
<b>Total liabilities</b>	<u>1,424,416</u>	<u>1,161,907</u>	<u>1,359,386</u>	<u>865,274</u>
<b>Total equity and liabilities</b>	<u>3,096,821</u>	<u>2,760,496</u>	<u>2,728,490</u>	<u>2,193,152</u>

**1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.**

The Group's net borrowings refer to aggregate borrowings from banks and financial institutions, after deducting cash and cash equivalents. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

	The Group	
	As at 30 June 2020 S\$'000	As at 31 December 2019 S\$'000
<b>Unsecured</b>		
- repayable within one year	3,522	251,220
- repayable after one year	651,024	369,943
Total	<u>654,546</u>	<u>621,163</u>
<b>Secured</b>		
- repayable within one year	-	-
- repayable after one year	76,608	-
Total	<u>76,608</u>	<u>-</u>
<b>Grand total</b>	<u><b>731,154</b></u>	<u><b>621,163</b></u>
Gross borrowings	739,155	628,931
Less:		
(i) cash and cash equivalents	(463,815)	(313,389)
(ii) other investments (current) <sup>Note 1</sup>	(11,060)	-
Net borrowings	<u>264,280</u>	<u>315,542</u>

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

**Details of any collateral**

The secured borrowing is secured by a mortgage on a subsidiary's development property and guaranteed by the 40% non-controlling shareholder on a non-pro rata basis.

**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.**

	Half year ended 30 June	
	2020 S\$'000	2019 S\$'000
<b>Cash flows from operating activities</b>		
Profit for the period	57,005	38,955
Adjustments for:		
Depreciation of property, plant and equipment	4,722	4,259
Fair value loss/(gain) on:		
- Derivative assets/liabilities (net)	13,146	(1,378)
- Other investments	380	(332)
Finance income	(11,349)	(8,748)
Finance costs	13,566	8,534
Gain on disposal of		
- investment properties	-	(277)
- assets held-for-sale	(1,763)	(4,925)
- other investments	(229)	-
- property, plant and equipment (net)	52	-
Loss on deconsolidation of a subsidiary	-	521
Loss on liquidation of subsidiaries	37	-
Property, plant and equipment written off	1	22
Share of after-tax loss/(profit) of associates and joint ventures	5,701	(4,752)
Tax expense	15,152	22,888
	96,421	54,767
Changes in:		
Development properties	(45,435)	(9,643)
Inventories	164	157
Trade and other receivables	32,599	84,799
Trade and other payables	(108,327)	19,796
Contract liabilities	156,752	(44,395)
Loans and borrowings	(11,222)	40,477
<b>Cash generated from operations</b>	120,952	145,958
Interest received	20,976	23,621
Interest paid	(7,089)	(10,892)
Tax paid	(20,717)	(4,247)
<b>Net cash from operating activities</b>	114,122	154,440
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	-	(156,670)
Advances to associates (net)	(46,042)	(108,640)
Deposit received in respect of assets held-for-sale	-	2,392
Placement of other investments	(11,116)	(129,314)
Dividend received from an associate	11,793	-
Dividend received from a joint venture	161	164
Deconsolidation of a subsidiary	-	(2,323)
Interest received	10,155	7,187
Loan to a non-controlling interest	-	(31,858)
Payment for acquisition of other investments	(15,998)	(249)
Payment for additions to:		
- investment properties	-	(5,010)
- property, plant and equipment	(14,706)	(16,251)
Payment for investments in associates and joint ventures	(17,971)	(79,869)

	Half year ended 30 June	
	2020 S\$'000	2019 S\$'000
Proceeds from disposal of:		
- assets held-for-sale	7,894	34,270
- investment properties	-	1,842
- other investments (non-current)	2,785	-
- property, plant and equipment	269	-
<b>Net cash used in investing activities</b>	<b>(72,776)</b>	<b>(484,329)</b>
<b>Cash flows from financing activities</b>		
Advances from associates (net)	18,196	71,462
Distribution to perpetual convertible capital securities ("PCCS") holders	(2,930)	(516)
Dividends paid to the owners of the Company	(12,814)	(10,331)
Interest paid	(9,688)	(3,729)
Issuance of shares	7,454	-
Loan from a third party	-	46,490
Loan from non-controlling interests	176	-
Payment of lease liabilities	(3,036)	(2,815)
Payment of transaction costs related to:		
- borrowings	(2,347)	(900)
- PCCS	-	(1,200)
Proceeds from issuance of PCCS	-	147,649
Proceeds from issuance of medium term notes	100,000	-
Repurchase of medium term notes	(22,000)	-
Proceeds from bank borrowings	436,318	322,220
Repayment of bank borrowings	(407,517)	(270,324)
Redemption of PCCS	-	(952)
<b>Net cash from financing activities</b>	<b>101,812</b>	<b>297,054</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>143,158</b>	<b>(32,835)</b>
Cash and cash equivalents at beginning of the period	313,389	125,711
Effect of exchange rate changes on balances held in foreign currencies	7,268	(825)
<b>Cash and cash equivalents at end of the period</b>	<b>463,815</b>	<b>92,051</b>

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
<b>Group</b>											
At 1 January 2020	101,251	150,313	39,959	245	655,029	(18,626)	493,750	1,421,921	146,548	30,120	1,598,589
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	58,071	58,071	-	(1,066)	57,005
<b>Other comprehensive income</b>											
Translation differences on financial statements arising from liquidation of a foreign subsidiary, net of tax	-	-	-	-	-	53	-	53	-	-	53
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	7,565	-	7,565	-	-	7,565
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	15,818	-	15,818	-	848	16,666
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	-	817	-	817	-	-	817
<b>Total other comprehensive income</b>	-	-	-	-	-	24,253	-	24,253	-	848	25,101
<b>Total comprehensive income for the period</b>	-	-	-	-	-	24,253	58,071	82,324	-	(218)	82,106



	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
<b>Transaction with owners, recognised directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Dividends paid to the owners of the Company	-	-	-	-	-	-	(12,814)	(12,814)	-	-	(12,814)
Issuance of new shares pursuant to conversion of Perpetual Convertible Capital Securities ("PCCS")	*	2	-	-	-	-	-	2	(2)	-	-
Distribution of PCCS	-	-	-	-	-	-	(2,930)	(2,930)	-	-	(2,930)
Issuance of new shares	803	6,651	-	-	-	-	-	7,454	-	-	7,454
Transfer from statutory reserve	-	-	(109)	-	-	-	109	-	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>803</b>	<b>6,653</b>	<b>(109)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,635)</b>	<b>(8,288)</b>	<b>(2)</b>	<b>-</b>	<b>(8,290)</b>
<b>Total transactions with owners</b>	<b>803</b>	<b>6,653</b>	<b>(109)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,635)</b>	<b>(8,288)</b>	<b>(2)</b>	<b>-</b>	<b>(8,290)</b>
<b>At 30 June 2020</b>	<b>102,054</b>	<b>156,966</b>	<b>39,850</b>	<b>245</b>	<b>655,029</b>	<b>5,627</b>	<b>536,186</b>	<b>1,495,957</b>	<b>146,546</b>	<b>29,902</b>	<b>1,672,405</b>

\* Amount less than S\$1,000.

	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
<b>Group</b>											
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
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	38,857	38,857	-	98	38,955
<b>Other comprehensive income</b>											
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)
<b>Total other comprehensive income</b>	-	-	-	-	-	(12,197)	-	(12,197)	-	(633)	(12,830)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	(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
<b>Transaction with owners, recognised directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
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)
<b>Total contributions by and distributions to owners</b>	<b>19,846</b>	<b>140,492</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,847)</b>	<b>149,491</b>	<b>(14,737)</b>	<b>-</b>	<b>134,754</b>
<b>Changes in ownership interests in subsidiaries</b>											
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	32,816	32,816
Derecognition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	(11,763)	(11,763)
<b>Total changes in ownership interests in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,053</b>	<b>21,053</b>
<b>Total transactions with owners</b>	<b>19,846</b>	<b>140,492</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,847)</b>	<b>149,491</b>	<b>(14,737)</b>	<b>21,053</b>	<b>155,807</b>
<b>At 30 June 2019</b>	<b>101,251</b>	<b>150,313</b>	<b>36,607</b>	<b>245</b>	<b>655,029</b>	<b>657</b>	<b>380,580</b>	<b>1,324,682</b>	<b>146,548</b>	<b>32,231</b>	<b>1,503,461</b>

	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
<b>The Company</b>								
At 1 January 2020	101,251	150,525	(5,988)	655,029	280,513	1,181,330	146,548	1,327,878
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	49,520	49,520	-	49,520
<b>Total comprehensive income for the period</b>	-	-	-	-	49,520	49,520	-	49,520
<b>Transaction with owners, recognised directly in equity</b>								
<b>Contribution by and distributions to owners</b>								
Dividends paid to the owners of the Company	-	-	-	-	(12,818)	(12,818)	-	(12,818)
Issuance of new shares pursuant to conversion of PCCS	*	2	-	-	-	2	(2)	-
Distribution of PCCS	-	-	-	-	(2,930)	(2,930)	-	(2,930)
Issuance of new shares	803	6,651	-	-	-	7,454	-	7,454
<b>Total contributions by and distributions to owners</b>	803	6,653	-	-	(15,748)	(8,292)	(2)	(8,294)
<b>Total transactions with owners of the Company</b>	803	6,653	-	-	(15,748)	(8,292)	(2)	(8,294)
<b>At 30 June 2020</b>	<b>102,054</b>	<b>157,178</b>	<b>(5,988)</b>	<b>655,029</b>	<b>314,285</b>	<b>1,222,558</b>	<b>146,546</b>	<b>1,369,104</b>

\* Amount less than S\$1,000.

	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
<b>The Company</b>								
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
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	16,366	16,366	-	16,366
<b>Total comprehensive income for the period</b>	-	-	-	-	16,366	16,366	-	16,366
<b>Transaction with owners, recognised directly in equity</b>								
<b>Contribution by and distributions to owners</b>								
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)
<b>Total contributions by and distributions to owners</b>	19,846	140,492	-	-	(10,851)	149,487	(14,737)	134,750
<b>Total transactions with owners of the Company</b>	19,846	140,492	-	-	(10,851)	149,487	(14,737)	134,750
<b>At 30 June 2019</b>	<b>101,251</b>	<b>150,525</b>	<b>(5,988)</b>	<b>655,029</b>	<b>215,198</b>	<b>1,116,015</b>	<b>146,548</b>	<b>1,262,563</b>

**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.**

<b>Ordinary shares issued and fully paid</b>	<b>Number of Shares</b>	<b>Share Capital (S\$'000)</b>
Balance at 1 January 2020	795,384,155	101,251
Issuance of new shares from:		
- conversion of PCCS	2,690	*
- exercise of warrants	5,733,697	803
Balance at 30 June 2020	<u>801,120,542</u>	<u>102,054</u>

\* Amount less than S\$1,000.

The total number of issued ordinary shares of US\$0.10 each, excluding treasury shares as at 30 June 2020 and 30 June 2019 was 801,120,542 and 795,384,155 respectively.

As at 30 June 2020 and 30 June 2019, a subsidiary of the Company held 307,682 ordinary shares, representing 0.04% of the Company's total number of issued ordinary shares on the two dates respectively.

As at 30 June 2020, pursuant to the 2019 Rights Issue<sup>1</sup> on 31 May 2019, 113,573,547 (30 June 2019: 113,576,237) Perpetual Convertible Capital Securities ("PCCS") and 187,064,149 (30 June 2019: 192,797,846) warrants were outstanding. Assuming (a) full conversion of the PCCS 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 300,637,696 (30 June 2019: 306,374,083) new ordinary shares will be issued, which will increase the total number of issued ordinary shares to 1,101,758,238 on the two dates respectively.

As at 30 June 2020, a subsidiary of the Company held 30,768 warrants (30 June 2019: 30,768).

The Company did not hold any treasury shares as at 30 June 2020 and 30 June 2019.

**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 2020 and 31 December 2019 was 801,120,542 and 795,384,155 respectively.

<sup>1</sup> 2019 Rights Issue refers to the rights issue of up to S\$147.6 million in aggregate principal amount of 3.98% Perpetual Convertible Capital Securities ("PCCS") in the denomination of S\$1.30 for each PCCS, on the basis of one PCCS for every seven existing ordinary shares, at an issue price of S\$1.30 for each PCCS, with up to 113,576,237 free detachable warrants, on the basis of one warrant for every one PCCS subscribed for. 79,221,609 warrants were also allotted and issued on 31 May 2019, on the basis of one warrant for every ten existing ordinary shares, pursuant to a bonus issue.

**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 half year ended 30 June 2020.

**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 half year ended 30 June 2020.

**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.**

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 2019.

**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 2020.

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.

	6 months ended 30 June	
	2020	2019
Earnings per share (cents)		
- basic	6.90	5.35
- diluted	5.27	4.58
Profit attributable to ordinary shareholders (S\$'000)	55,141	38,341
Profit attributable to ordinary shareholders and PCCS holders (S\$'000)	58,071	38,857
Weighted average number of ordinary shares in issue:		
- basic	799,161,494 <sup>2</sup>	716,472,206 <sup>2</sup>
- diluted	1,101,450,556 <sup>2</sup>	848,333,649 <sup>2</sup>

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 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
Net asset value per ordinary share (cents)	205.10	197.27	170.90	166.95
Number of issued ordinary shares (excluding treasury shares)	800,812,860 <sup>2</sup>	795,076,473 <sup>2</sup>	801,120,542	795,384,155

<sup>2</sup> Excludes 307,682 shares in the Company held by a subsidiary 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

**Group performance**

**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:

	6 months ended 30 June	
	2020 S\$'000	2019 S\$'000
Revenue from sale of properties	22,433	50,998
Rental income from investment properties	3,994	6,148
Revenue from hotel operations	12,788	25,957
Revenue from property financing	64,933	41,672
Total	104,148	124,775

Revenue of the Group decreased by S\$20.6 million or 16.5%, from S\$124.8 million in 1H2019 to S\$104.1 million in 1H2020. This decrease was due to the decrease in revenue from (i) sale of properties of S\$28.6 million, (ii) hotel operations of S\$13.2 million and (iii) rental of investment properties of S\$2.2 million. The decrease was partially offset by the increase in revenue from property financing of S\$23.3 million.

Revenue from sale of properties decreased by S\$28.6 million or 56.0% to S\$22.4 million 1H2020. This was due mainly to no handover of residential and commercial units in the Millennium Waterfront project in 1H2020 compared to 1H2019. The decrease was partially offset by a higher number of car park lots sold in the current period, which included a bulk sale of 883 carpark lots of Plot B of the Millennium Waterfront project (1H2020: 1,172 car park lots; 1H2019: 2 residential units, 110 commercial units and 183 car park lots).

Rental income from investment properties decreased by S\$2.2 million or 35.0% to S\$4.0 million in 1H2020. The decrease was due mainly to the effect of deconsolidation of a subsidiary in June 2019 which owns an investment property.

Revenue from hotel operations decreased by S\$13.2 million or 50.7% to S\$12.8 million in 1H2020 due to the weaker performance of the hotel portfolio as a whole due to the impact of Covid-19 and the closure of the Bilderberg Bellevue Hotel Dresden between late March and mid-May and the Wenjiang Holiday Inn Express from late January 2020. The Wenjiang Holiday Inn Express remains partially closed now. It will be opened when there is an overflow of business from the Wenjiang Crowne Plaza.

Revenue from property financing increased by S\$23.3 million or 55.8% to S\$64.9 million in 1H2020. The increase was due mainly to loan restructuring income arising from the refinancing of the FSMC loans of S\$15.8 million, establishment fee of S\$3.4 million from the provision of a A\$370 million construction facility to fund the redevelopment of the City Tattersalls Club in Sydney, and higher interest income of S\$2.5 million generated from a higher average secured PRC loan portfolio in the current period.

Cost of sales mainly comprises land costs, development expenditure and cost adjustments (if any), borrowing costs, depreciation charge and other related expenditure. Cost of sales decreased by S\$18.3 million or 47.7%, from S\$38.4 million in 1H2019 to S\$20.1 million in 1H2020.

The Group's gross profit marginally decreased by S\$2.3 million or 2.7% from S\$86.4 million in 1H2019 to S\$84.1 million in 1H2020.

The Group achieved higher overall gross margin of 80.7% in 1H2020 compared to 69.2% in 1H2019. This is due mainly to the change in sales mix as the higher yielding property financing business contributed a larger share of the total revenue in the current period. In addition, car park sales were recognised at 100% gross profit margin since the car park lots were carried at nil book costs.

### **Administrative expenses**

Administrative expenses mainly comprise staff costs, 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 decreased by S\$7.1 million or 35.2%, from S\$20.2 million in 1H2019 to S\$13.1 million in 1H2020. The decrease was due mainly to lower staff costs in 1H2020 and the professional fees incurred in March 2019 in relation to the acquisition of the Bilderberg Bellevue Hotel Dresden.

### **Other income/(expenses) (net)**

In 1H2020, the Group recorded other income of S\$10.0 million which comprised mainly net foreign exchange gain of S\$25.6 million, partially offset by net fair value loss on financial derivatives of S\$13.1 million, and hotel base stock written off and hotel pre-opening expenses amounting to S\$1.0 million in aggregate.

In 1H2019, the Group recorded other expenses of S\$10.5 million which comprised mainly net foreign exchange loss of S\$8.6 million, hotel base stock written off and hotel pre-opening expenses of S\$1.1 million in total, partially offset by net fair value gain on financial derivatives of S\$1.4 million.

### **Other gains (net)**

Other gains of S\$1.9 million recorded in 1H2020 comprised mainly the gain on disposal of certain commercial spaces of the Chengdu Cityspring project (classified as assets held for sale) of S\$1.8 million.

### **Net finance (costs)/income**

Net finance costs for 1H2020 comprise S\$1.8 million (1H2019: S\$1.7 million) of amortisation of lease liabilities recorded under IFRS 16.

### **Share of after-tax results of associates and joint ventures**

Share of after-tax results of associates and joint ventures decreased by S\$10.5 million from a profit of S\$4.8 million in 1H2019 to a loss of S\$5.7 million in 1H2020. The significant decrease was attributable mainly to the Group's share of loan restructuring expenses incurred by the 33%-owned FSMC Group and lower hotel profit contribution from the Bilderberg hotels due to the Covid-19 pandemic.

**(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\$23.0 million or 6.6%, from S\$345.8 million as at 31 December 2019 to S\$368.8 million as at 30 June 2020. The increase was due mainly to the refurbishment of the Crowne Plaza Utrecht Centraal Station Hotel which has commenced operations in early June 2020, as well as room renovations carried out for the Bilderberg Bellevue Hotel Dresden.

Other investments increased by S\$13.8 million or 18.5%, from S\$74.6 million as at 31 December 2019 to S\$88.4 million as at 30 June 2020. The increase was due mainly to the net acquisition of quoted equity investments of S\$10.6 million in 1H2020.

**Current assets**

Development properties increased by S\$59.2 million or 15.2%, from S\$390.0 million as at 31 December 2019 to S\$449.3 million as at 30 June 2020. The increase was due mainly to the development of the Pinnacle project in Dongguan and Plot F of the Millennium Waterfront Project in Chengdu.

**Loans and borrowings**

Gross borrowings increased by S\$110.3 million or 17.5%, from S\$628.9 million as at 31 December 2019 to S\$739.2 million as at 30 June 2020. This was due mainly to the issuance of S\$100.0 million in principal amount of 3.29% fixed rate notes due 2025 ("Notes") in February 2020, of which S\$22.0 million was repurchased by the Group in June 2020.

The Group maintained a net gearing ratio of 0.16 as at 30 June 2020.

**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"), forex swaps ("FCS") and forex forwards ("FXF") 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. In January 2020, the Group subscribed for units in a 39.9%-owned project development trust to redevelop the City Tattersalls Club in Sydney. 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 2020, the Group had 21 CCSs outstanding with an aggregate notional amount of €502.1 million, A\$36.1 million, RMB630.6 million and US\$25.0 million; four FCS with aggregate notional amounts of i) €72.2m million and ii) US\$53.0 million, and three FXF with an aggregate notional amount of €50.0 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 net positive impact to the retained earnings arising from the various financial derivatives and underlying foreign currency denominated assets as at 30 June 2020 amounted to approximately S\$13.3 million.

As at 30 June 2020, the Group recorded a cumulative net translation gain of S\$5.6 million as part of reserves in its shareholders' equity. This arose from the translation of the net assets and income and expenses of the Group's foreign operations in the PRC, Europe and Australia to S\$ at the exchange rates prevailing at the end of the reporting period.

We currently do not have a formal hedging policy with respect to our RMB foreign exchange exposure and have not used any financial hedging instruments to actively 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. However, the Group has started to hedge its new exposure to the PRC property development and property financing operations to the extent that these are not funded by onshore RMB assets by drawing CNH-denominated borrowings and/or executing the appropriate financial derivative instrument(s). We will continue to monitor our foreign exchange exposure vis-à-vis the associated hedging 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**

Net cash from operating activities amounted to S\$114.1 million in 1H2020 due mainly to the cash proceeds collected from the pre-sale of five residential blocks of The Pinnacle, Chang'an which were launched since April 2020 of S\$148.3 million (RMB747.3 million).

Net cash used in investing activities of S\$72.8 million in 1H2020 was due mainly to the (i) net advances to associates of S\$46.0 million, (ii) placement of structured deposits of S\$11.1 million, (iii) net acquisition of quoted equity investments of S\$16.0 million, (iv) payments for additions of property, plant and equipment of S\$14.7 million in relation to the fit out of the Crowne Plaza Utrecht Centraal Station Hotel and rooms renovation of the Bilderberg Bellevue Hotel Dresden, and (v) the subscription of units in the 39.9%-owned project development trust amounting to S\$18.0 million to redevelop the iconic 125-year old City Tattersalls Club in Sydney. This was partially offset by dividend received of S\$11.8 million from the 30%-owned associated company that develops the Star of East River project as the PRC project company carried out a capital reduction exercise in June 2020, interest received of S\$10.2 million and proceeds from disposal of assets held-for-sale and other investments of S\$10.7 million in aggregate.

Net cash from financing activities amounted to S\$101.8 million in 1H2020 due mainly to net proceeds from medium term notes issued and bank borrowings of S\$78.0 million and S\$28.8 million respectively, advances from an associate of S\$18.2 million and proceeds from issuance of shares of S\$7.5 million. This was partially offset by payment of dividends to the shareholders of the Company of S\$12.8 million, the payment of interest expense, transaction costs related to borrowings, and lease liabilities of S\$9.7 million, S\$2.6 million and S\$3.0 million respectively, and distributions to PCCS holders of S\$2.9 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")**

China's Caixin Services Purchasing Managers Index ("PMI") hit a 10-year high of 58.4 in June 2020, up from 55 in May 2020. As the service sector accounts for almost 50% of the country's GDP, these latest figures indicate a positive pickup in economic activity and act as a signal of economic expansion in the PRC after months of contraction as it battled to contain the Covid-19 pandemic earlier this year. The observed uptick of the PRC economy is supported by the consensus of economists surveyed by Nikkei who estimate that the PRC economy expanded by 1.1% during 2Q2020, rebounding from a 6.8% contraction in the previous quarter. The chief economist at ICBC added that recovery is expected to be subdued with the average forecast of full-year growth for 2020 reduced to 1.6%, down from 3.3% in a previous survey conducted in March 2020. A senior economist at ABN AMRO has also cut their PRC growth forecast from 3.0% to 2.0%. Economists and analysts cite the fear of external headwinds such as a possible "second wave" of coronavirus cases in the country and worry over the ongoing US-PRC trade frictions which appear to have also impacted the technology and finance sectors.

The Business Times reported that home prices in the PRC rose at its fastest pace in the six months up to May 2020 on the back of the rapid recovery in the property market from the coronavirus shutdowns. Prices of new homes across 70 major cities excluding state-subsidised housing increased by 0.49% in May, up from 0.42% in April with home values in the secondary market gaining by 0.24%, the fastest pace in the last seven months. It was also reported that residential sales in May 2020 exceeded pre-coronavirus levels in almost half of the 28 cities monitored by China Real Estate Information Corp., and hit a two-year high in cities such as Shanghai and Hangzhou. A separate article in The Business Times indicated cheaper credit and incremental policy easing as the key drivers for the recovery in the property market.

Bloomberg also highlighted that a boost in credit availability drove developers' land purchases in May to the highest level seen in the first five months of 2020. However, analysts are divided on the outlook for the rest of 2020. The head of the PRC real estate research at UBS expects prices to hold broadly stable because of the positive funding environment which will enable developers to hold off price cuts for cash flow turnover. On the other hand, the head of research for the PRC at Jones Lang LaSalle expected the housing market to encounter headwinds as he voiced concerns over the effects of the Covid-19 pandemic, possible economic downturn, shrinking family wealth and the level of market liquidity.

## **The Netherlands**

It was announced in a June 2020 Dutch Central Planning Bureau (“CPB”) press release that the social distancing measures introduced in the Netherlands have led to an unprecedented decline in economic activity during the period from late February to late April of between 10% and 15%, compared to 2019. Uncertainty over the pandemic has led the CPB to revise its June projections assuming various scenarios. The base case assuming moderate recovery indicated that GDP would decrease by 6.0% in 2020 compared to a 1.8% growth in 2019. Statistics Netherlands (“CBS”) reported a GDP decline of 1.5% in 1Q2020 as compared to 4Q2019. The unemployment rate has been forecasted to grow to 5.0% this year, up from 3.4% in 2019 and is projected to increase to 7% in the next year under the CPB’s baseline scenario. The CPB further estimated that should a second wave of coronavirus trigger another lockdown, the unemployment rate will climb further to 10.0% and government debt will increase to over 75% of GDP.

A June 2020 report by the Ministry of Home Affairs showed that the Netherlands is currently facing a shortage of 331,000 homes or approximately 4.2% of the housing stock. It was further reported that the authorities are targeting to reduce the shortage to 2.0% by 2035. To achieve this, it was indicated that 845,000 new homes need to be created within the next 10 years taking into account the expected increase in inhabitants. In 2019, 81,500 new homes were created (71,500 built and 10,000 converted). However, that number is expected to fall to 55,000 in 2020 and just 50,000 in 2021 on the back of issues surrounding the control of nitrogen emissions and pollutants as well as a lack of construction sites. As the housing shortage woes continue in the Netherlands, housing prices have risen by an average of 7.7% in May 2020 although there were fewer transactions recorded according to CBS. Home prices are now on average 48% higher than the lowest price level seven years ago in June 2013. While the Dutch land registry figures indicate that 18,300 homes were transacted in May (down 7% compared to a year ago in May 2019), overall transactions were 5% higher for the first 5 months of 2020 compared to the same period in 2019.

It was also reported on the news website dutchnews.nl that Amsterdam employers’ organisations have warned that up to 80% of businesses in some sectors could go into bankruptcy because of Covid-19. In a similar vein, demand for Dutch hotel overnight stays has been severely impacted by the pandemic. Figures from the STR Benelux Hotel Review report indicated that occupancy and room rate for Dutch hotels in May 2020 decreased by more than 86% and 39% respectively as compared to that in May 2019.

## **Company Outlook**

### **Property Development**

The Group has teamed up with, inter alia, two reputable state-owned enterprises – China Poly Group (the JV partner for the Group’s Skyline Garden project) and China State Railway Group (collectively “Consortium”) to successfully bid for a mixed use development land on 29 June 2020 at the winning price of RMB6.6 billion. The land will be developed into a transit-oriented development in excess of 1 million sqm GFA encompassing a major transport hub including the Guangzhou-Hong Kong High-speed Railway Humen Station, Guangzhou-Shenzhen Intercity Railway Humen Station, Dongguan Metro Line 2 Humen Station and Dongguan Humen Bus Interchange. The Guangzhou-Hong Kong High-speed Railway is directly linked to Beijing in the north via Guangzhou, and Kowloon, Hong Kong in the south via Shenzhen. The Group has an approximately 17% effective equity interest in the joint venture.

Buying sentiments in the Dongguan property market have exceeded the Group's expectations after normal business activities resumed in late February 2020. Almost all the SOHO units in the Star of East River project and saleable residential units in the Emerald of the Orient project were sold as of 30 June 2020. Similarly, The Pinnacle project launched five residential blocks for sale in phases since April 2020 which were also almost fully sold soon after their respective launches. The current overwhelming demand has triggered price control measures from the Dongguan municipal. Another residential block in The Pinnacle project was launched for pre-sale on 14 July 2020 and has since sold more than 85%. The Group will pace its future sales launch of the remaining two residential blocks in The Pinnacle project and five residential blocks in the Skyline Garden project as appropriate.

The Group also recognised development profit of RMB47.9 million in 1H2020 from the sale and leaseback of 883 carpark lots in Plot B of the Millennium Waterfront project which were carried at nil cost on the Group's balance sheet. The Group is discussing with potential bulk buyers for the approximately 2,500 remaining unsold carpark lots in the other three residential plots of the Millennium Waterfront project and will continue to evaluate its options for Plot E, the last development plot of the project.

In the Netherlands, in light of the prevailing market conditions and effects of the Covid-19 pandemic, the Group is re-assessing the feasibility of the proposed new residential and office redevelopment project of the Dreeftoren Amsterdam, acquired for €11.7 million in a bank foreclosure exercise conducted by the Dutch court in September 2016. In addition, the Group is reconsidering its plan to convert the bare shell hotel in Milan, acquired for €10.7 million in January 2019, into a high density youth hostel. The Group will proceed with the redevelopment once there is a sound business case for these projects.

### **Property Holding**

The positive outlook of the Dongguan property market augurs well for the Group's East Sun and Wanli investments as some of these outdated Dongguan properties are located in certain districts with good redevelopment potential. In January 2020, the Group's 90%-owned Dongguan East Sun Limited signed an agreement to divest a 51% controlling equity interest in Dongguan Wan Li Group Limited valuing its five properties ("Wanli Portfolio") at RMB320 million which is approximately 100% premium over its allocated cost. A RMB50 million non-refundable deposit has been received and the remaining consideration will be paid by 2022. The new investor will take the lead in the re-zoning application for the Wanli Portfolio.

The Group's 33%-owned FSMC completed the sale of Villa Nuova (a 1,428 sqm office property in Zeist, the Netherlands) on 31 January 2020 at an approximately 8% premium over its allocated cost. The property was 100% leased with a lease term expiring on 1 June 2022 and FSMC has been enjoying an annual net rental yield of more than 10% since its purchase in November 2015. The sale of Villa Nuova allows FSMC to focus its attention on its other more significant property assets and to recycle capital for other opportunities.

The Covid-19 pandemic had a significant adverse impact on the Dutch and German hospitality industry. After taking into account, among other things, the recommendations of the respective third party managers, the operations of 13 out of the 16 hotels owned and operated by the Group, comprising Holiday Inn Express Wenjiang Chengdu Hotel, Bilderberg Bellevue Hotel Dresden in Germany and the 11 hotels in the Dutch Bilderberg hotel portfolio, were temporarily suspended from 26 January 2020, 23 March 2020 and 3 April 2020 respectively. Since then, demand for hotel rooms has gradually improved although it remains weak. As of 30 June 2020, all except for one (being Bilderberg Garden Amsterdam) out of the 13 hotels that were temporarily closed (due to the outbreak of the Covid-19 pandemic) have re-opened. The Group has also commenced operations of the newly developed 144-room Crowne Plaza Utrecht Centraal Station Hotel on 2 June 2020. The Group has received subsidies from the Dutch and German authorities under the relevant wage subsidy programs which have mitigated the operating losses of its Dutch and German hospitality operations arising from the Covid-19 pandemic. Further subsidies are expected to be received pursuant to the application of the wage subsidy programs in the Netherlands and Germany until 1 October 2020 and until at least March 2021, respectively.

The Group is also seeking legal advice from its German lawyers as to, among others, its legal recourse against mhp Parkhotel GmbH, the tenant for the Group's 50%-owned Le Méridien Frankfurt hotel, for, among others, the non-payment of rent. As at 21 July 2020, the rental arrears amounted to €1.0 million, excluding VAT.

Investment property valuations are conducted annually and reported at the end of the financial year. At the moment, there are no clear indications of cap rate changes. For the Group's hotels classified as property, plant and equipment, in view of the expected decline in operating cash flows due to the impact of Covid-19, it is still too preliminary to conclude on the exact decline in value of the assets. The Board will perform an impairment assessment on the property, plant and equipment at the end of the year based on the then prevailing conditions.

### Property Financing

On the PRC property financing ("PF") front, all interest payments by borrowers have been current except for the two borrower groups to which the Group has given consent for the short term deferral of interest payments in view of the economic difficulties resulting from the Covid-19 pandemic. The Group will seek to expand its property financing loan book prudently.

For the European PF loans, the Group has restructured all loans extended to the 33%-owned FSMC group. Interest obligations have been duly met up to 30 June 2020.

## 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	1.1 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	1.1 Singapore cents per ordinary share

### (c) Date payable

1 October 2020.

### (d) Record date

17 September 2020.

## 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  
FIRST SPONSOR GROUP LIMITED

Neo Teck Pheng  
Group Chief Executive Officer and Executive Director  
23 July 2020

# **FIRST SPONSOR GROUP LIMITED**

**(Registration No. AT-195714)**

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## **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 six months ended 30 June 2020 to be false or misleading in any material respect.

On behalf of the Board of Directors

Ho Han Leong Calvin  
Non-Executive Chairman

Neo Teck Pheng  
Group Chief Executive Officer  
and Executive Director

23 July 2020