



**FIRST SPONSOR GROUP LIMITED
AND SUBSIDIARY COMPANIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT
FOR THE HALF YEAR ENDED
30 JUNE 2022**

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FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

For the half year ended 30 June 2022

		The Group (Unaudited) Half year ended 30 June	
	Note	2022 S\$'000	2021 S\$'000
Revenue	4	115,254	156,758
Cost of sales		(49,026)	(85,508)
Gross profit		<u>66,228</u>	<u>71,250</u>
Administrative expenses		(18,015)	(13,116)
Selling expenses		(6,267)	(6,358)
Other income (net)		13,751	5,531
Other gains (net)	5	15,224	10,877
Results from operating activities		<u>70,921</u>	<u>68,184</u>
Finance income		14,752	8,655
Finance costs		(21,473)	(13,970)
Net finance costs		<u>(6,721)</u>	<u>(5,315)</u>
Share of after-tax profit (net) of associates and joint ventures		<u>20,685</u>	<u>10,750</u>
Profit before tax	6	84,885	73,619
Tax expense	7	(14,130)	(5,169)
Profit for the period		<u>70,755</u>	<u>68,450</u>
Attributable to:			
Equity holders of the Company		71,331	68,951
Non-controlling interests		(576)	(501)
Profit for the period		<u>70,755</u>	<u>68,450</u>
Earnings per share (cents)			
- Basic		7.73	7.55
- Diluted		<u>5.38</u>	<u>5.20</u>

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 June 2022

	The Group (Unaudited) Half year ended 30 June	
	2022 S\$'000	2021 S\$'000
Profit for the period	70,755	68,450
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences realised on disposal of a subsidiary	-	3
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	(16,919)	9,578
Translation differences on financial statements of foreign subsidiaries, net of tax	(27,573)	37,258
Total other comprehensive income for the period, net of tax	(44,492)	46,839
Total comprehensive income for the period	<u>26,263</u>	<u>115,289</u>
Total comprehensive income attributable to:		
Equity holders of the Company	30,103	113,233
Non-controlling interests	(3,840)	2,056
Total comprehensive income for the period	<u>26,263</u>	<u>115,289</u>

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

As at 30 June 2022

Note	The Group		The Company	
	As at 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)	As at 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)
Non-current assets				
Property, plant and equipment	615,846	356,058	926	343
Investment properties	176,679	125,204	-	-
Goodwill	38,924	-	-	-
Subsidiaries	-	-	1,181,869	1,162,661
Interests in associates and joint ventures	1,032,747	1,027,535	9,680	9,680
Derivative assets	84,428	46,209	84,428	46,209
Other investments	201,771	201,992	-	-
Deferred tax assets	37,848	37,419	-	-
Trade and other receivables	301,524	491,775	90,137	105,733
	<u>2,489,767</u>	<u>2,286,192</u>	<u>1,367,040</u>	<u>1,324,626</u>
Current assets				
Development properties	779,965	704,679	-	-
Inventories	1,437	376	-	-
Trade and other receivables	433,687	946,133	1,340,642	1,360,670
Assets held-for-sale	10	15,869	-	-
Derivative assets	26,561	6,334	26,562	6,334
Other investments	35,241	-	-	-
Cash and cash equivalents	651,899	343,932	10,129	137,946
	<u>1,928,790</u>	<u>2,017,323</u>	<u>1,377,333</u>	<u>1,504,950</u>
Total assets	<u>4,418,557</u>	<u>4,303,515</u>	<u>2,744,373</u>	<u>2,829,576</u>
Equity				
Share capital	118,802	118,357	118,802	118,357
Reserves	1,756,244	1,744,725	1,283,467	1,294,875
Equity attributable to owners of the Company	<u>1,875,046</u>	<u>1,863,082</u>	<u>1,402,269</u>	<u>1,413,232</u>
Non-controlling interests	<u>117,987</u>	<u>115,772</u>	<u>-</u>	<u>-</u>
Total equity	<u>1,993,033</u>	<u>1,978,854</u>	<u>1,402,269</u>	<u>1,413,232</u>
Non-current liabilities				
Loans and borrowings	11	937,749	1,011,950	959,749
Derivative liabilities	7,789	24,584	7,789	24,584
Other payables	9,362	9,719	-	-
Lease liabilities	90,167	68,513	281	-
Deferred tax liabilities	60,035	13,632	-	-
	<u>1,157,303</u>	<u>1,054,197</u>	<u>1,020,020</u>	<u>984,333</u>

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)

As at 30 June 2022

	Note	The Group		The Company	
		As at 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)	As at 30 June 2022 S\$'000 (Unaudited)	As at 31 December 2021 S\$'000 (Audited)
Current liabilities					
Loans and borrowings	11	37,917	151,158	37,917	151,158
Current tax payable		61,144	90,151	2,034	1,959
Trade and other payables		981,090	840,864	276,891	273,412
Liabilities held-for-sale	10	-	3,223	-	-
Contract liabilities		180,079	173,904	-	-
Receipts in advance		195	3,420	-	-
Lease liabilities		2,702	2,368	148	106
Derivative liabilities		5,094	5,376	5,094	5,376
		<u>1,268,221</u>	<u>1,270,464</u>	<u>322,084</u>	<u>432,011</u>
Total liabilities		<u>2,425,524</u>	<u>2,324,661</u>	<u>1,342,104</u>	<u>1,416,344</u>
Total equity and liabilities		<u>4,418,557</u>	<u>4,303,515</u>	<u>2,744,373</u>	<u>2,829,576</u>

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2022

		The Group (Unaudited) Half year ended 30 June	
	Note	2022 S\$'000	2021 S\$'000
Cash flows from operating activities			
Profit for the period		70,755	68,450
Adjustments for:			
Depreciation of property, plant and equipment	4.1, 6	8,200	6,760
Fair value (gain)/loss on:			
- derivative assets/liabilities (net)	4.1, 6	(75,524)	(5,037)
- other investments	4.1, 6	221	(4,445)
Finance income		(14,752)	(8,655)
Finance costs		21,473	13,970
(Gain)/loss on disposal of:			
- assets and liabilities held-for-sale	5	(15,158)	(10,751)
- investment properties	5	(82)	-
- other investments	5	-	(115)
- property, plant and equipment (net)	5	1	(8)
- subsidiaries	5	-	(4)
Property, plant and equipment written off	5	15	1
Share of after-tax (profit)/loss of associates and joint ventures		(20,685)	(10,750)
Tax expense	7	14,130	5,169
		<u>(11,406)</u>	<u>54,585</u>
Changes in:			
Contract liabilities		(10,011)	55,523
Development properties		(49,850)	(22,615)
Inventories		(174)	(91)
Loans and borrowings		(8,498)	324,254
Trade and other receivables		544,880	(144,680)
Trade and other payables		(22,571)	(142,444)
Cash generated from operations		<u>442,370</u>	<u>124,532</u>
Interest received		1,090	1,758
Interest paid		(3,747)	(5,554)
Tax paid		(42,005)	(10,501)
Net cash generated from operating activities		<u>397,708</u>	<u>110,235</u>
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	12	6,701	(240,984)
Repayment from/(advances to) associates (net)		2	(138,812)
Advances to joint ventures (net)		(1,784)	(102,644)
Return of capital from an associate		-	479
Placement of other investments		(35,716)	(60,262)
Deposits received for divestment of interests in subsidiaries		-	12,010
Interest received		12,317	7,145
Advances to non-controlling interests of subsidiaries (net)		-	(138,309)

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

For the half year ended 30 June 2022

		The Group (Unaudited) Half year ended 30 June	
	Note	2022 S\$'000	2021 S\$'000
Cash flows from investing activities (cont'd)			
Payment for additions to property, plant and equipment		(1,163)	(3,392)
Payment for purchase of investment properties		(61,189)	-
Payment for investments in associates and joint ventures		(46,309)	(7,751)
Proceeds from disposal of:			
- assets and liabilities held-for-sale		23,900	65,593
- investment properties		543	-
- other investments (non-current)		-	2,101
- property, plant and equipment		3	18
- subsidiaries		-	1
Net cash used in investing activities		(102,695)	(604,807)
Cash flows from financing activities			
Advances from associates (net)		117,936	104,604
Advances from non-controlling interests of subsidiaries		6,083	17,456
Capital contribution by non-controlling interests		1,062	7,619
Dividends paid to the owners of the Company	8	(21,710)	(18,260)
Interest paid		(14,743)	(6,693)
Issuance of ordinary shares		3,571	220
Payment of lease liabilities		(7,067)	(3,125)
Payment of transaction costs related to borrowings		(3,150)	(4,004)
Repayment to an affiliate of a non-controlling interest of a subsidiary		-	(4,476)
Proceeds from bank borrowings		438,034	765,018
Repayment of bank borrowings		(495,826)	(614,136)
Net cash from financing activities		24,190	244,223
Net increase/(decrease) in cash and cash equivalents		319,203	(250,349)
Cash and cash equivalents at the beginning of the period		343,967	476,304
Effect of exchange rate changes on balances held in foreign currencies		(11,271)	7,678
Cash and cash equivalents at the end of the period		651,899	233,633

Significant non-cash transactions

During the six months ended 30 June 2022, an amount of S\$4.5 million (€3.0 million) advanced to a joint venture was capitalised as additional investment into the joint venture. In addition, please refer to note 12(a) of the condensed interim financial statements for further information on the non-cash settlement of the Group's purchase consideration for a 95% equity interest in Queens Bilderberg (Nederland) B.V..

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the half year ended 30 June 2022

	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	Non-controlling interests S\$'000	Total equity S\$'000
Group (Unaudited)										
At 1 January 2022	118,357	293,645	57,276	245	655,029	91,671	646,859	1,863,082	115,772	1,978,854
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	71,331	71,331	(576)	70,755
Other comprehensive income										
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	(16,919)	-	(16,919)	-	(16,919)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	(24,309)	-	(24,309)	(3,264)	(27,573)
Total other comprehensive income	-	-	-	-	-	(41,228)	-	(41,228)	(3,264)	(44,492)
Total comprehensive income for the period	-	-	-	-	-	(41,228)	71,331	30,103	(3,840)	26,263

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the half year ended 30 June 2022

	Note	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	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	8	-	-	-	-	-	-	(21,710)	(21,710)	-	(21,710)
Issuance of new shares pursuant to exercise of warrants		445	3,126	-	-	-	-	-	3,571	-	3,571
Total contributions by and distributions to owners		445	3,126	-	-	-	-	(21,710)	(18,139)	-	(18,139)
Changes in ownership interests in subsidiaries											
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	-	-	-	-	4,993	4,993
Capital contribution by non-controlling interests		-	-	-	-	-	-	-	-	1,062	1,062
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	6,055	6,055
Total transactions with owners of the Company		445	3,126	-	-	-	-	(21,710)	(18,139)	6,055	(12,084)
At 30 June 2022		118,802	296,771	57,276	245	655,029	50,443	696,480	1,875,046	117,987	1,993,033

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the half year ended 30 June 2022

	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	Non-controlling interests S\$'000	Total equity S\$'000
Group (Unaudited)										
At 1 January 2021	117,329	286,411	53,678	245	655,029	19,346	539,109	1,671,147	76,172	1,747,319
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	68,951	68,951	(501)	68,450
Other comprehensive income										
Exchange differences realised on disposal of a subsidiary	-	-	-	-	-	3	-	3	-	3
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	9,578	-	9,578	-	9,578
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	34,701	-	34,701	2,557	37,258
Total other comprehensive income	-	-	-	-	-	44,282	-	44,282	2,557	46,839
Total comprehensive income for the period	-	-	-	-	-	44,282	68,951	113,233	2,056	115,289

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the half year ended 30 June 2022

	Note	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	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		-	-	-	-	-	-	5	5	-	5
Issuance of new shares pursuant to exercise of warrants	24	196	-	-	-	-	-	-	220	-	220
Total contributions by and distributions to owners		24	196	-	-	-	-	5	225	-	225
Changes in ownership interests in subsidiaries											
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	-	-	-	-	19,917	19,917
Capital contribution by non-controlling interests		-	-	-	-	-	-	-	-	7,619	7,619
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	27,536	27,536
Total transactions with owners of the Company		24	196	-	-	-	-	5	225	27,536	27,761
At 30 June 2021		117,353	286,607	53,678	245	655,029	63,628	608,065	1,784,605	105,764	1,890,369

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the half year ended 30 June 2022

	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Distributable reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
The Company (Unaudited)						
At 1 January 2022	118,357	293,857	(5,988)	655,029	351,977	1,413,232
Total comprehensive income for the period						
Profit for the period	-	-	-	-	7,184	7,184
Total comprehensive income for the period	-	-	-	-	7,184	7,184
Transaction with owners, recognised directly in equity						
Contribution by and distributions to owners						
Dividends paid to the owners of the Company	-	-	-	-	(21,718)	(21,718)
Issuance of new shares pursuant to exercise of warrants	445	3,126	-	-	-	3,571
Total contributions by and distributions to owners	445	3,126	-	-	(21,718)	(18,147)
Total transactions with owners of the Company	445	3,126	-	-	(21,718)	(18,147)
At 30 June 2022	118,802	296,983	(5,988)	655,029	337,443	1,402,269

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the half year ended 30 June 2022

	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Distributable reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
The Company (Unaudited)						
At 1 January 2021	117,329	286,623	(5,988)	655,029	345,592	1,398,585
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,488	4,488
Total comprehensive income for the period	-	-	-	-	4,488	4,488
Transaction with owners, recognised directly in equity						
Contribution by and distributions to owners						
Dividends paid to the owners of the Company	-	-	-	-	(1)	(1)
Issuance of new shares pursuant to exercise of warrants	24	196	-	-	-	220
Total contributions by and distributions to owners	24	196	-	-	(1)	219
Total transactions with owners of the Company	24	196	-	-	(1)	219
At 30 June 2021	117,353	286,819	(5,988)	655,029	350,079	1,403,292

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS For the half year ended 30 June 2022

1. Corporate and group information

First Sponsor Group Limited (“the “Company”) is incorporated in the Cayman Islands and has its registered office at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are those relating to investment holding, property development and sales, property investment, hotel ownership and operations and provision of property financing services.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”), and the Group’s interests in equity-accounted investees.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with IFRSs, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Singapore dollar (S\$) which is the Company’s functional currency and all values are rounded to the nearest thousand (S\$’000), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

The Group has applied various new accounting standards and interpretations of accounting standards for the first time for the annual period beginning on 1 January 2022. The application of these standards and interpretations did not have a material effect on the condensed interim consolidated financial statements.

2.2 Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Given the Covid-19 pandemic has caused and will likely cause significant disruptions to economic activities, the uncertainties associated with accounting estimates and assumptions may also be increased accordingly. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.3. Fair value measurement for investment properties

The Group engaged independent real estate valuation experts to assess the fair value of the Group's investment properties as at the end of each financial year. Such fair values are determined by the real estate valuation experts using recognised valuation techniques.

The valuation of the investment properties is generally derived based on the discounted cash flow, income capitalisation and market comparable methods. The discounted cash flow method takes into consideration the estimated net rent (using the current and projected average rental rates and occupancy) and a discount rate applicable to the nature and type of asset in question. The income capitalisation approach takes into consideration the estimated net rent and a yield rate applicable to the nature and type of asset in question. The market comparable method takes into consideration the sales of similar properties that have been transacted in the open market.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions that are relevant to the valuation if such information is reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

For the unaudited half year results for the period ended 30 June 2022, the fair value of the Group's investment properties that existed as at 31 December 2021 was based on the independent valuations as at 31 December 2021 and taking into account capitalised expenditure, leasing costs and straight-line rent incentives recognised during the six-month period. The investment properties acquired in the current period ended 30 June 2022 are carried at cost and will be subject to independent valuation as at 31 December 2022.

Management has assessed that the inputs and assumptions used by the valuers in the valuation techniques for their valuation as at 31 December 2021, such as rental yields, cash flows, capitalisation rate and discount rate, remain appropriate and reflect the current market conditions of the People's Republic of China ("PRC") and the Netherlands as at 30 June 2022. An external valuation of the Group's investment properties will be performed as at the end of the financial year, in line with IFRS 13 *Fair Value Measurement* guidance.

The outbreak of Covid-19, recent interest rate hike and rising energy costs in the European Union plus uncertainties over the Ukraine war, have increased the volatility to property markets in the PRC and the Netherlands, resulting in increased uncertainty of the assumptions adopted in the valuation process. Consequently, these ongoing developments may cause unexpected volatility in the future fair value of investment properties subsequent to 30 June 2022.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period, except for its hotel operations which are subject to domestic and international economic conditions and seasonality factors. In addition, the adverse impact of the Covid-19 pandemic on travel and tourism industries in the countries in which the Group operates its hotel operations and the varying pace of recovery could materially affect the Group's hotel operations, financial conditions and results of operations.

4. Segment and revenue information

The Group is organised into the following main business segments:

- Property development – development and/or purchase of properties for sale
- Property investment – development and/or purchase of investment properties (including hotels) for rental income
- Property financing – provision of interest-bearing loans to associates, joint ventures and third parties, subscription of debt securities, and vendor financing arrangements
- Hotel operations – operations of hotels and hotspring owned or leased by the Group

These operating segments are reported in a manner consistent with internal reporting provided to the Group CEO and Group CFO who are responsible for allocating resources and assessing performance of the operating segments.

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

4.1 Reportable segments

	Property development S\$'000	Property investment S\$'000	Property financing S\$'000	Hotel operations S\$'000	Total reportable segments S\$'000	Unallocated S\$'000	Consolidated S\$'000
Half year ended 30 June 2022							
Segment revenue	21,119	8,978	43,341	49,164	122,602	5,814	128,416
Elimination of inter-segment revenue	-	(3,615)	(4,102)	(584)	(8,301)	(4,861)	(13,162)
External revenue	21,119	5,363	39,239	48,580	114,301	953	115,254
Profit/(loss) from operating activities	17,972	23,241	32,989	4,098	78,300	(7,379)	70,921
Finance income	10,680	87	381	1,404	12,552	2,200	14,752
Finance costs	(12,938)	(700)	(42)	(3,913)	(17,593)	(3,880)	(21,473)
Share of after-tax profit/(loss) of associates and joint ventures	(273)	382	-	20,577	20,686	(1)	20,685
Segment profit/(loss) before tax	15,441	23,010	33,328	22,166	93,945	(9,060)	84,885
Other material non-cash items (debit)/credit:							
Depreciation	(701)	(267)	(44)	(6,875)	(7,887)	(313)	(8,200)
Fair value gain (net) on:							
- other investments	-	-	-	-	-	(221)	(221)
- derivatives	19,418	21,253	22,567	12,286	75,524	-	75,524
Property, plant and equipment written off	(12)	-	-	-	(12)	(3)	(15)

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

4.1 Reportable segments (cont'd)

	Property development S\$'000	Property investment S\$'000	Property financing S\$'000	Hotel operations S\$'000	Total reportable segments S\$'000	Unallocated S\$'000	Consolidated S\$'000
As at 30 June 2022							
Assets							
Segment assets	1,604,627	204,421	835,390	676,329	3,320,767	65,043	3,385,810
Interests in associates and joint ventures	964,663	58,423	-	-	1,023,086	9,661	1,032,747
	<u>2,569,290</u>	<u>262,844</u>	<u>835,390</u>	<u>676,329</u>	<u>4,343,853</u>	<u>74,704</u>	<u>4,418,557</u>
Liabilities							
Segment liabilities	<u>(1,280,862)</u>	<u>(17,911)</u>	<u>(857,698)</u>	<u>(202,462)</u>	<u>(2,358,933)</u>	<u>(66,591)</u>	<u>(2,425,524)</u>
Other segment information:							
Capital expenditure*	<u>200</u>	<u>58,361</u>	<u>-</u>	<u>600</u>	<u>59,161</u>	<u>363</u>	<u>59,524</u>

* Includes property, plant and equipment and investment properties.

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

4.1 Reportable segments (cont'd)

	Property development S\$'000	Property investment S\$'000	Property financing S\$'000	Hotel operations S\$'000	Total reportable segments S\$'000	Unallocated S\$'000	Consolidated S\$'000
Half year ended 30 June 2021							
Segment revenue	81,049	8,354	59,212	15,667	164,282	5,839	170,121
Elimination of inter-segment revenue	-	(3,486)	(4,674)	(367)	(8,527)	(4,836)	(13,363)
External revenue	81,049	4,868	54,538	15,300	155,755	1,003	156,758
Profit/(loss) from operating activities	1,929	17,733	61,277	(4,036)	76,903	(8,719)	68,184
Finance income	5,466	83	28	1,428	7,005	1,650	8,655
Finance costs	(6,268)	(432)	(2)	(3,718)	(10,420)	(3,550)	(13,970)
Share of after-tax profit/(loss) of associates and joint ventures	16,313	2,624	(129)	(8,057)	10,751	(1)	10,750
Segment profit/(loss) before tax	17,440	20,008	61,174	(14,383)	84,239	(10,620)	73,619
Other material non-cash items (debit)/credit:							
Depreciation	(74)	(347)	(43)	(6,014)	(6,478)	(282)	(6,760)
Fair value gain/(loss) on:							
- other investments	-	313	-	-	313	4,132	4,445
- derivatives (net)	(5,331)	3,190	6,957	221	5,037	-	5,037

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

4.1 Reportable segments (cont'd)

	Property development S\$'000	Property investment S\$'000	Property financing S\$'000	Hotel operations S\$'000	Total reportable segments S\$'000	Unallocated S\$'000	Total S\$'000
As at 30 June 2021							
Assets							
Segment assets	1,410,429	242,115	1,401,650	340,613	3,394,807	69,439	3,464,246
Interests in associates and joint ventures	803,719	75,199	4,491	(7,884)	875,525	10,196	885,721
	<u>2,214,148</u>	<u>317,314</u>	<u>1,406,141</u>	<u>332,729</u>	<u>4,270,332</u>	<u>79,635</u>	<u>4,349,967</u>
Liabilities							
Segment liabilities	<u>(1,443,339)</u>	<u>(61,630)</u>	<u>(796,460)</u>	<u>(126,292)</u>	<u>(2,427,721)</u>	<u>(31,877)</u>	<u>(2,459,598)</u>
Other segment information:							
Capital expenditure*	<u>3,297</u>	<u>-</u>	<u>-</u>	<u>71</u>	<u>3,368</u>	<u>101</u>	<u>3,469</u>

* Includes property, plant and equipment and investment properties.

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

4.2 Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Property development		Property financing		Hotel operations		Total*	
	Half year ended		Half year ended		Half year ended		Half year ended	
	30 June		30 June		30 June		30 June	
	2022	2021	2022	2021	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Primary geographical markets								
People's Republic of China	18,741	68,953	24,694	36,007	8,049	9,495	51,484	114,455
Europe	2,375	12,093	13,644	17,851	40,531	5,805	56,550	35,749
Others	3	3	901	680	-	-	904	683
Total revenue	21,119	81,049	39,239	54,538	48,580	15,300	108,938	150,887
Timing of revenue recognition								
Products transferred at a point in time	21,119	81,049	39,239	54,538	48,580	15,300	108,938	150,887

Revenue contribution from a single region is disclosed separately when it exceeds 10% of the Group's revenue respectively.

* This excludes rental income from investment properties.

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

5. Other gains (net)

Other gains (net) comprise:

		The Group Half year ended 30 June	
	Note	2022 S\$'000	2021 S\$'000
Gain/(loss) on disposal of:			
- assets and liabilities held-for-sale	10	15,158	10,751
- subsidiaries		-	4
- other investments		-	115
- property, plant and equipment (net)		(1)	8
- investment properties		82	-
Property, plant and equipment written off		(15)	(1)
		<u>15,224</u>	<u>10,877</u>

6. Profit before tax

Profit before tax is after (debiting)/crediting the following:

	The Group Half year ended 30 June	
	2022 S\$'000	2021 S\$'000
Depreciation of property, plant and equipment	(8,200)	(6,760)
Exchange loss (net)	(58,365)	(4,998)
Fair value gain/(loss) on:		
- derivative assets/liabilities (net)	75,524	5,037
- other investments	(221)	4,445
Interest expense on lease liabilities	(2,547)	(1,779)
Government grants – wage-related*	704	2,191
Government grants – non wage-related	888	4,541
	<u>888</u>	<u>4,541</u>

* These relate to various Covid-19 wage support schemes available to the Group entities which have been deducted from the respective payroll costs recorded in the profit or loss account.

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7. Taxation

The Group calculates the income tax expense for the period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group Half year ended 30 June	
	2022 S\$'000	2021 S\$'000
Current income tax expense	6,455	2,070
Deferred income tax (credit)/ expense relating to origination and reversal of temporary differences	(500)	2,755
Land appreciation tax expense	8,171	338
Withholding tax	4	6
	<u>14,130</u>	<u>5,169</u>

The Company is established under the laws of the Cayman Islands and is not subject to income tax in that jurisdiction. The Company is a Singapore tax resident from the Year of Assessment 2015 onwards.

The Group's operations are mainly in the PRC and the Netherlands. Pursuant to the PRC and Dutch Corporate Income Tax Law, the statutory headline tax rates applicable to the Group's subsidiaries in the PRC and the Netherlands during the period ended 30 June 2022 are 25% and 25.8% respectively (30 June 2021: 25% for both countries).

Withholding tax arising from the distribution of dividends

The Group's determination as to whether to accrue for withholding taxes arising from the distribution of dividends by certain subsidiaries is subject to judgement on the timing of the payment of the dividends. The Group considered the applicable withholding tax rate to be 5% to 10% (30 June 2021: 5% to 10%).

PRC Land Appreciation Tax ("LAT")

LAT is levied on properties developed by the Group for sale in the PRC, at prevailing progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of the sale of properties less deductible expenditures including lease charges of land use rights, borrowing costs and relevant development expenditures. However, the implementation and settlement of LAT vary amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their LAT calculations and payments with the local tax authorities. The final outcome could be different from the amounts that were initially recorded, and any differences will impact the LAT expenses and the related provision in the period in which the differences realise. Accordingly, judgement is required in determining the amount of land appreciation and the related LAT provision.

The Group has made additional LAT provision for its Chengdu Cityspring project in the PRC amounting to S\$6.5 million (RMB30.8 million) and a corresponding deferred tax credit of S\$1.6 million (RMB7.7 million) during the current financial period, based on its best estimates taking into consideration the ongoing LAT settlement exercise.

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8. Dividends

The condensed interim consolidated financial statements for the half year ended 30 June 2022 have not recognised the interim dividends declared after the end of the reporting period as a liability. The dividends will be accounted for in shareholders' equity as an appropriation of 'Retained earnings' in the period ending 31 December 2022. Refer to Note 11 of the Other Information Required by Listing Rule Appendix 7.2 section for more details.

During the half year ended 30 June 2022, a second interim tax exempt (one-tier) ordinary dividend of 2.35 cents per share totaling S\$21.7 million was paid in respect of the financial year ended 31 December 2021.

During the half year ended 30 June 2021, a second interim tax exempt (one-tier) ordinary dividend of 2.0 cents per share totaling S\$18.3 million was paid in respect of the financial year ended 31 December 2020.

9. Fair value measurement

The Group classifies financial assets and liabilities measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities **(Level 1)**;
- b) Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) **(Level 2)**; and
- c) Inputs for the asset or liability which are not based on observable market data (unobservable inputs) **(Level 3)**

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
As at 30 June 2022				
Financial assets measured at fair value through profit or loss				
Derivative assets	-	110,989	-	110,989
Other investments				
- Equity securities	15,565	-	-	15,565
- Debt securities	-	-	186,206	186,206
- Structured deposits	-	35,241	-	35,241
	<u>15,565</u>	<u>146,230</u>	<u>186,206</u>	<u>348,001</u>
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	-	(12,883)	-	(12,883)

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

9. Fair value measurement (cont'd)

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
As at 31 December 2021				
Financial assets measured at fair value through profit or loss				
Derivative assets	-	52,543	-	52,543
Other investments				
- Equity securities	15,786	-	-	15,786
- Debt securities	-	-	186,206	186,206
	<u>15,786</u>	<u>52,543</u>	<u>186,206</u>	<u>254,535</u>
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	-	(29,960)	-	(29,960)

The carrying amounts of the Group's financial instruments measured at cost or amortised cost are not materially different from their fair values as at 30 June 2022 and 31 December 2021.

10. Assets/liabilities held-for-sale

	The Group	
	30 June 2022	31 December 2021
	S\$'000	S\$'000
Assets held-for-sale		
Property, plant and equipment	-	1,885
Investment properties	-	13,949
Cash and cash equivalents	-	35
	<u>-</u>	<u>15,869</u>
Liabilities held-for-sale		
Deferred tax liabilities	-	3,014
Trade and other payables	-	209
	<u>-</u>	<u>3,223</u>

On 15 June 2021, an indirect wholly-owned subsidiary of the Company entered into a conditional agreement to dispose 72% of its 90% equity interest in a subsidiary, Dongguan East Sun No. 3 Property Management Co., Ltd. ("East Sun No. 3") which owns a factory in Dongguan, to a third party at the agreed commercial property value of S\$29.1 million (RMB140.0 million). Accordingly, all assets and liabilities held by East Sun No. 3 were reclassified to assets held-for-sale and liabilities held-for-sale respectively as at 31 December 2021.

On 25 April 2022, the Group disposed the entire 90% equity interest in East Sun No. 3 instead, and East Sun No. 3 ceased to be a subsidiary of the Company from that date. As a result of the said divestment, the Group recorded its attributable share of gain on disposal of assets and liabilities held for sale of S\$15.2 million (RMB71.8 million) under "Other gains" in the profit of loss in the current period ended 30 June 2022.

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

11. Loans and borrowings

The Group's net borrowings refer to aggregate borrowings from banks and financial institutions and fixed rate notes issued by the Company, after deducting cash and cash equivalents and structured deposits. The unamortised balance of transaction costs has not been deducted from the gross borrowings.

	The Group	
	As at 30 June 2022 S\$'000	As at 31 December 2021 S\$'000
Unsecured bank loans		
- repayable within one year	37,917	151,158
- repayable after one year	912,047	859,864
Total	949,964	1,011,022
Unsecured notes		
- repayable after one year	77,903	77,885
Total	77,903	77,885
Grand total	1,027,867	1,088,907
Gross borrowings	1,036,703	1,100,155
Less:		
(i) cash and cash equivalents	(651,899)	(343,932)
(ii) other investments (current) ^{Note 1}	(35,241)	-
Net borrowings	349,563	756,223

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

12. Acquisition of subsidiaries

- a) On 2 May 2022, FS NL Hotels Group B.V. (“FSNLHG”), a wholly-owned subsidiary of the Company, acquired 95% equity interest in Queens Bilderberg (Nederland) B.V. (“QBN”) from FSMC NL Property Group B.V. (“FSMC”), an indirect 33%-owned associated company of the Company, for a consideration amounting to approximately S\$135.2 million (€89.9 million). On the same day, FSNLHG took over the rights and benefits to and in the shareholder loans owing by QBN to FSMC for S\$108.8 million (€72.5 million) which is equal to the amount of the shareholder loans outstanding on that day. S\$243.8 million (€162.3 million) of the total purchase consideration was settled by the Group via a set off against loans and interest receivable owing by FSMC to the Group of an equivalent amount.

The Group recognised its 33% share of FSMC’s gain of disposal of QBN amounting to S\$22.4 million (€14.9 million) under share of profits of associates in the profit of loss. QBN and its subsidiaries (“QBN group”) have become 95%-owned indirect subsidiaries of the Company from 2 May 2022 and were consolidated by the Group pursuant to IFRS 3 *Business Combinations* with effect from that date. The QBN group owns a portfolio of 11 hotels in The Netherlands. A provisional goodwill on acquisition of S\$40.2 million (€26.8 million) has been derived based on a purchase price allocation exercise carried out by FSNLHG. As allowed by IFRS3, the Group has up to 12 months to finalise the financial effects of its acquisition.

- b) On 28 April 2022, First Sponsor (Guangdong) Group Limited, an indirect wholly-owned subsidiary of the Company, acquired the remaining 70% equity interest in Dongguan Aoshou No. 2 Real Estate Development and Management Co., Ltd (“Aoshou No. 2”), a 30%-owned indirect associated company of the Company, from a third party seller for a cash consideration of S\$441 (RMB2,069). Aoshou No. 2 became a wholly-owned subsidiary of the Company after that. This acquisition was accounted for as an acquisition of assets and is hence out of scope of IFRS 3 *Business Combinations*.

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12. Acquisition of subsidiaries (cont'd)

Identifiable assets acquired and liabilities assumed

The following table summarises the aggregated recognised amounts of assets acquired and liabilities assumed at the respective dates of acquisition of subsidiaries.

	Total 1H2022 S\$'000
Property, plant and equipment (including right of use assets)	288,553
Inventories	936
Trade and other receivables	5,577
Cash and cash equivalents	6,897
Trade and other payables	(33,155)
Deferred tax liabilities	(47,742)
Lease liabilities	(11,889)
Contract liabilities	(405)
Shareholder's loan	(108,918)
Net identifiable assets acquired	99,854
Non-controlling interests (based on share of net assets)	(4,993)
Shareholder's loan acquired	108,918
Goodwill arising from acquisition	40,240
Net identifiable assets owned	-*
Total consideration	244,019
Less:	
- Cash and cash equivalents acquired	(6,897)
- set off against loans and interest receivable from vendor	(243,823)
Net cash inflow	(6,701)

* Amount less than S\$1,000

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

- 1(a) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 1 January 2022	920,848,886	118,357
Issuance of new shares from exercise of warrants	3,305,662	445
Balance at 30 June 2022	924,154,548	118,802

The total number of issued ordinary shares of US\$0.10 each, excluding treasury shares as at 30 June 2022 and 30 June 2021 was 924,154,548 and 913,449,846 respectively.

As at 30 June 2022 and 30 June 2021, a subsidiary of the Company held 307,682 ordinary shares, representing 0.03% and 0.03% of the Company's total number of issued ordinary shares on the two dates respectively.

As at 30 June 2022, the unexercised warrants are as follows:

	Number	Exercise Period	Exercise Price
Warrants (2019)	184,953,696 (30 June 2021: 185,188,051)	31 May 2019 to 30 May 2024	S\$1.30
Warrants (2020)	217,056,793 (30 June 2021: 227,527,140)	24 March 2021 to 21 March 2029	S\$1.08

As at 30 June 2022, the maximum number of ordinary shares that may be issued upon the exercise of all Warrants (2019) and Warrants (2020) was 402,010,489 (30 June 2021: 412,715,191), which would increase the total number of issued ordinary shares to 1,326,165,037 (30 June 2021: 1,326,165,037).

As at 30 June 2022, a subsidiary of the Company held 30,768 Warrants (2019) (30 June 2021: 30,768) and 76,920 Warrants (2020) (30 June 2021: 76,920).

The Company did not hold any treasury shares as at 30 June 2022 and 30 June 2021.

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

- 1(b) 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 2022 and 31 December 2021 was 924,154,548 and 920,848,886 respectively.

- 1(c) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/or use of treasury shares during the half year ended 30 June 2022.

- 1(d) 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, cancellation and/or use of subsidiary holdings during the half year ended 30 June 2022.

- 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 2021.

- 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 2022.

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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	
	2022	2021
Earnings per share (cents)		
- basic	7.73	7.55
- diluted	5.38	5.20
Profit attributable to ordinary shareholders (S\$'000)	71,331	68,951
Weighted average number of ordinary shares in issue:		
- basic	922,915,436 ¹	913,035,601 ¹
- diluted	1,325,857,355 ¹	1,325,857,355 ¹

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 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
Net asset value per ordinary share (cents)	202.96	202.39	151.74	153.47
Number of issued ordinary shares (excluding treasury shares)	923,846,866 ¹	920,541,204 ¹	924,154,548	920,848,886

¹ 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*.

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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 value added tax) for the period under review is as follows:

	6 months ended 30 June	
	2022 S\$'000	2021 S\$'000
Revenue from sale of properties	21,119	81,049
Rental income from investment properties*	6,316	5,871
Revenue from hotel operations	48,580	15,300
Revenue from property financing	39,239	54,538
Total	<u>115,254</u>	<u>156,758</u>

* includes service fee earned from the Group's European associates

Revenue of the Group decreased by S\$41.5 million or 26.5%, from S\$156.8 million in 1H2021 to S\$115.3 million in 1H2022. This decrease was due mainly to the decrease in revenue from sale of properties of S\$59.9 million and property financing of S\$15.3 million. The decrease was partially offset by the increase in revenue from hotel operations of S\$33.3 million and rental of investment properties of S\$0.4 million.

Revenue from sale of properties decreased by S\$59.9 million or 73.9% to S\$21.1 million in 1H2022. This was due mainly to the first-time profit recognition of the SOHO loft units in Plot F of the Millennium Waterfront project in 1H2021. Revenue recognition in 1H2022 was from the sale of 40 Plot F SOHO loft units and 10 commercial units of the Millennium Waterfront project; compared to the 619 Plot F SOHO loft units, 1 commercial unit and 7 car park lots recognised in 1H2021.

Rental income from investment properties increased by S\$0.4 million or 7.6% to S\$6.3 million in 1H2022. The increase was due mainly to the contribution from the East Sun Entities which were consolidated by the Group with effect from 31 March 2021.

Revenue from hotel operations increased by S\$33.3 million or 217.5% to S\$48.6 million in 1H2022. The 11 Bilderberg hotels in the Netherlands owned by QBN which was consolidated by the Group with effect from 2 May 2022 contributed S\$18.4 million revenue to the Group for the two months ended 30 June 2022. The rest of the European hotels recorded an increase in revenue of S\$16.3 million or 281% over 1H2021. The better performance across the entire European hotel portfolio was underpinned by the strong demand arising from the removal of the Covid-19 restrictions. Crowne Plaza Utrecht Central Station hotel reopened its rooms operations in January 2022 after a pause of 4 months. The increase was partially offset by the S\$1.4 million or 15% decrease in aggregate revenue from the two Wenjiang hotels and adjoining hotspring which were negatively impacted as a result of the hotels being selected as quarantine hotels intermittently during 1H2022.

Revenue from property financing decreased by S\$15.3 million or 28.1% to S\$39.3 million in 1H2022. The decrease was due mainly to the lower average PRC PF loan book for 1H2022 of S\$451.3 million (RMB2,142.8 million) compared to S\$565.2 million (RMB2,753.0 million) for 1H2021.

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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\$36.5 million or 42.7%, from S\$85.5 million in 1H2021 to S\$49.0 million in 1H2022.

The Group's gross profit decreased by S\$5.1 million or 7.0% from S\$71.3 million in 1H2021 to S\$66.2 million in 1H2022. The decrease was due mainly to the lower gross profit from sale of properties and property financing of S\$7.4 million and S\$13.6 million respectively. This was partially offset by higher gross profit generated from rental income from investment properties and hotel operations of S\$0.3 million and S\$15.6 million respectively.

The Group attained a higher overall gross margin of 57.5% in 1H2022 compared to 45.5% in 1H2021 which was impacted by the first time handover of the lower yielding Plot F SOHO units.

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.

The administrative expenses increased by S\$4.9 million or 37.4%, from S\$13.1 million in 1H2021 to S\$18.0 million in 1H2022. This mainly comprised a S\$2.1 million increase in staff costs and another S\$2.1 million increase attributable to the consolidation of QBN group's administrative expenses since 2 May 2022.

Selling expenses

The selling expenses of S\$6.3 million in 1H2022 remain fairly consistent compared to 1H2021.

Other income (net)

In 1H2022, the Group recorded other income of S\$13.8 million which comprised mainly net gain on financial derivatives of S\$75.5 million, partially offset by net foreign exchange loss of S\$58.4 million, hotel management fees of S\$1.6 million and fair value loss on equity securities of S\$0.2 million.

In 1H2021, the Group recorded other income of S\$5.5 million which comprised mainly fair value gain on equity securities of S\$4.4 million and government grants from the PRC of S\$2.1 million.

Other gains (net)

Other gains of S\$15.2 million recorded in 1H2022 comprised mainly the gain on disposal of assets and liabilities held-for-sale of East Sun No. 3 of S\$15.2 million arising from the Group's divestment of its entire 90% equity interest in East Sun No. 3 in April 2022.

Other gains of S\$10.9 million recorded in 1H2021 comprised mainly the gain on dilution of assets and liabilities held-for-sale of Wan Li and Wan Li No.1 of S\$10.1 million in aggregate, and the gain on disposal of certain commercial spaces of the Chengdu Cityspring project (classified as assets held-for-sale) of S\$0.6 million.

Net finance costs

Net finance costs of S\$6.7 million recorded in 1H2022 increased by S\$1.4 million from S\$5.3 million in 1H2021. The net finance cost comprises S\$2.5 million (1H2021: S\$1.8 million) of amortisation of lease liabilities recorded under IFRS 16.

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

Share of after-tax profit/(loss) of associates and joint ventures increased by S\$9.9 million from S\$10.8 million in 1H2021 to S\$20.7 million in 1H2022. The 33%-held FSMC contributed S\$24.8 million of the increase comprising S\$22.4 million (€14.9 million) share of its gain on disposal of QBN to the Group. This is partially offset by a S\$15.9 million decline in aggregate profit contribution by the 30%-held Star of East River ("SoER") and 20.4%-held Emerald of the Orient ("EoO") projects. These projects were the key contributors to the Group's share of results in 1H2021 due to their handover activity then.

(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 ("PPE") increased by S\$259.8 million or 73.0%, from S\$356.1 million as at 31 December 2021 to S\$615.8 million as at 30 June 2022. The increase was due mainly to the acquisition of the Bilderberg hotel portfolio held by QBN group on 2 May 2022 which contributed additions to PPE of S\$288.5 million, as disclosed in note 12(a) of the condensed interim consolidated financial statements. This is partially offset by depreciation charge for the period and the effect of the weaker € and RMB against S\$ during the financial period. € and RMB has each depreciated by approximately 5.2% and 2.2% respectively against S\$ from the end of 2021 to the end of June 2022.

Investment properties increased by S\$51.5 million or 41.1% from S\$125.2 million as at 31 December 2021 to S\$176.7 million as at 30 June 2022. The increase was due mainly to the acquisition of a retail mall in Pudong, Shanghai ("Pudong Mall") through a foreclosure auction held in April 2022 as part of the Group's debt recovery process in respect of a defaulted property financing loan to a third party secured on the retail mall amongst other collateral. The retail mall's carrying value as at 30 June 2022 amounted to S\$57.6 million (RMB277.1 million), which is based on the gross auction price of RMB281.9 million plus associated stamp duty and net of VAT.

Goodwill of S\$38.9 million (€26.8 million) as at 30 June 2022 arose from the Group's acquisition of the entire 95% equity interest in QBN from 33%-held FSMC on 2 May 2022 as disclosed in note 12(a) of the condensed interim consolidated financial statements, which was translated at the closing rate as at 30 June 2022. As disclosed in note 12(a), the acquisition goodwill has been determined on a provisional basis, which may be adjusted accordingly on a retrospective basis upon finalisation of the purchase price allocation within twelve months from the acquisition. The goodwill will be subject to impairment assessment at the end of the financial year.

Interests in associates and joint ventures increased by S\$5.2 million or 0.5%, from S\$1,027.5 million as at 31 December 2021 to S\$1,032.7 million as at 30 June 2022. The increase was mainly attributable to the significant profit contribution from FSMC from its disposal of QBN in May 2022, as well as additional equity injection by the Group to fund the 39.9%-held City Tattersalls Club ("CTC") redevelopment project in Sydney. The above was partially offset by the impact of the depreciation of € and RMB against S\$.

Non-current trade and other receivables decreased by S\$190.3 million or 38.7%, from S\$491.8 million as at 31 December 2021 to S\$301.5 million as at 30 June 2022. The decrease was due mainly to FSMC's repayment of loans to the Group arising from FSMC's disposal of QBN. The non-current loans due from FSMC reduced by S\$184.0 million from S\$318.0 million (€207.4 million) as at 31 December 2021 to S\$134.0 million (€92.2 million) as at 30 June 2022. The depreciation of € against S\$ also led to a decrease in the S\$ equivalent amount of the non-current loans due from the Group's other associates and joint ventures.

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Current assets

Development properties increased by S\$75.3 million or 10.7%, from S\$704.7 million as at 31 December 2021 to S\$780.0 million as at 30 June 2022. The increase was due mainly to the commencement of the Dreeftoren development project in Amsterdam and the continued development of the Primus Bay project in Panyu district of Guangzhou, The Pinnacle project in Dongguan and Plot E1 of the Millennium Waterfront Project in Chengdu in the current period. In addition, the Group has recognised right of use assets in respect of the various ground leases of the Dreeftoren development project entered in April 2022 which amounted to S\$16.3 million as at 30 June 2022. This is included as part of the development property balance of the Dreeftoren project.

Trade and other receivables decreased by S\$512.4 million or 54.2%, from S\$946.1 million as at 31 December 2021 to S\$433.7 million as at 30 June 2022. The decrease was due mainly to the following:

- (i) The repayment of S\$266.0 million (RMB1,280.0 million) of PRC property financing loans;
- (ii) The repayment of S\$155.9 million (RMB750.0 million) in aggregate of loan receivables from the 36%-held joint venture project company developing the Hefu project (formerly known as Humen Boyong project) and the 18%-owned Fenggang joint venture company;
- (iii) The reduction in loan receivables from FSMC of S\$68.1 million from S\$136.0 million (€88.7 million) as at 31 December 2021 to S\$67.9 million (€46.7 million) as at 30 June 2022 due to its disposal of QBN.
- (iv) The reduction in loan principal and interest receivable of S\$46.1 million (RMB214.1 million) in aggregate from S\$69.5 million (RMB326.9 million) as at 31 December 2021 to S\$23.4 million (RMB112.8 million) pertaining to the defaulted loan secured on the Pudong Mall that the Group acquired via an auction held in April 2022. The RMB214.1 million reduction represents the estimated net auction proceeds received comprising the RMB281.9 million gross winning auction price less RMB0.3 million auction expenses, and RMB60 million estimated tax and RMB7.5 million rental deposit payable on behalf of the borrower.

The above-mentioned decrease was partially offset by a deposit of S\$17.1 million (RMB82.5 million) paid for a land bidding exercise in Dongguan and the higher interest accrued on convertible bonds issued to a 49.9%-owned associated company of S\$8.8 million.

With the disposal of East Sun No. 3 in April 2022, the assets held-for-sale and liabilities held-for-sale balances reduced to nil as at 30 June 2022.

Current liabilities

Contract liabilities increased by S\$6.2 million or 3.6%, from S\$173.9 million as at 31 December 2021 to S\$180.1 million as at 30 June 2022. This was due mainly to the net cash receipts from the presale of commercial and SOHO units of The Pinnacle project amounting to S\$7.3 million, and presale of villas and residential units of the Panyu Primus Bay project amounting to S\$1.1 million. The increase was partially offset by the de-recognition of S\$1.8 million of contract liabilities due to the handover of SOHO loft units in Plot F of the Millennium Waterfront project.

Trade and other payables increased by S\$140.2 million or 16.7% from S\$840.9 million as at 31 December 2021 to S\$981.1 million as at 31 June 2022. This was due mainly to the (i) advances from associated companies, namely the 17.3%-held Humen Time Zone project company and the 48.2%-held Oasis Mansion project company, amounting to S\$174.3 million (RMB838.7 million) in aggregate, (ii) estimated taxes payable on behalf of the former owner of the Pudong Mall amounting to S\$12.5 million (RMB60 million) and rental deposit assumed of S\$1.6 million (RMB7.5 million) as part of the purchase of the Pudong Mall through a foreclosure auction, and (iii) an advance from a non-controlling interest of a subsidiary of S\$5.9 million. The increase

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was partially offset by a repayment of advances from the 36.0%-owned Humen Boyong joint venture project company of S\$36.6 million (RMB176.2 million), and the settlement of deferred consideration of S\$18.9 million (RMB91.1 million) in relation to the Group's acquisition of the 95% equity interest in an entity which indirectly owns the development site for the Primus Bay project in Panyu district of Guangzhou.

Loans and borrowings

Gross borrowings decreased by S\$63.5 million or 5.8%, from S\$1,100.2 million as at 31 December 2021 to S\$1,036.7 million as at 30 June 2022. This was due mainly to the repayment of bank borrowings amounting to S\$110.0 million (RMB515.0 million) using part of the capital reduction proceeds received from Yong Chang in late 2021. The decrease was partially offset by the loan drawdowns of (i) S\$15.8 million (€10.5 million) in aggregate to mainly finance the Dreeftoren development project in the Netherlands and advances to the 50%-held joint venture that owns the Le Méridien Frankfurt hotel in Germany which was subsequently capitalised as equity investment, (ii) S\$13.4 million to partially fund the distribution of second interim dividend due on 1 April 2022, (iii) S\$7.6 million (A\$7.5 million) in aggregate to fund the City Tattersall's Club redevelopment project in Sydney, Australia and (iv) S\$13.5 million to partially fund the deferred consideration owing to the third party vendor in respect of the Group's acquisition of the Primus Bay project in Panyu district of Guangzhou.

The Group recorded an improved net gearing ratio of 0.18 as at 30 June 2022 (0.38 as at 31 December 2021).

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 it pays to its shareholders in S\$ or will require the Group 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.

The Group has partially managed its currency exposure to RMB, including where PRC operations are not funded by onshore RMB assets, RMB/CNH-denominated borrowings would be drawn and/or financial derivatives whereby the end result is to achieve a corresponding RMB liability would be executed as appropriate. The cost of entering into such financial derivatives to manage the Group's exposure to the entire RMB portfolio remains fairly expensive. As such, the Group will continue to monitor and manage its foreign exchange exposure, taking into account the associated costs of RMB/CNH-denominated borrowings and/or financial derivatives, and take appropriate actions when necessary. There is no assurance as to the effectiveness and success of such foreign currency risk exposure management actions that the Group might or might not take.

Since the Group's entry to the Dutch and German property markets in February 2015 and January 2018 respectively, the Group has managed its currency exposure to Euro by financing all its Dutch and German acquisitions with a combination of Euro-denominated borrowings and/or financial derivatives whereby the end result is to achieve a corresponding Euro liability.

Since January 2020, the Group subscribed for units in a 39.9%-owned project development trust to redevelop the CTC in Sydney. The Group has fully hedged its Australian dollar cost base.

As at 30 June 2022, the Group had 35 financial derivatives outstanding with an aggregate notional amount of €831.8 million, US\$72.7 million, A\$26.1 million and RMB2,957.9 million, with remaining tenures of between approximately 2 months to 57 months. Under these financial derivatives, the Group would have to pay the fixed notional amounts denominated in €, A\$, US\$ and CNH and receive fixed amounts of S\$1,766.6 million and US\$219.8 million in aggregate. The Group does not practise hedge accounting. These financial derivatives are measured at fair value based on valuation by the respective counterparty banks, with changes in fair value recognised in the income statement. The fair values of the financial derivatives are

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dependent on various factors such as the forward foreign exchange rates, discount rates and yield curves. As such, the Group's income statement would fluctuate from time to time as adjustments are made to the fair value of the financial derivatives. A significant loss in the fair value of the financial derivatives would reduce the profit or loss of the Group. In addition, should there be any material adverse change in the fair value of the financial derivatives when the foreign currency appreciates against the S\$ in the case of financial derivatives with the end result of achieving a corresponding foreign currency liability, the Company is subject to the risk that the counterparty banks for such trades will require it to provide additional financial security, earmark credit facilities for settlement of the financial derivatives, and/or close out or liquidate the financial derivatives at prevailing prices, resulting in a net financial liability owing by the Company to the banks. Conversely, under such scenario, the Group should expect to record a foreign exchange gain in its income statement on its foreign currency denominated loan assets which would have appreciated in value. This would partially mitigate the negative impact of fair value loss on the financial derivatives. To the extent that the Group's internal funding structure is not done fully via foreign currency denominated loan assets, but rather with equity, the appreciation of the foreign currency against the S\$ would be recorded as a translation gain which is part of reserves in its shareholders' equity.

As at 30 June 2022, the financial derivatives were valued by the counterparty banks at S\$98.1 million, comprising S\$111.0 million of derivative assets net of S\$12.9 million of derivative liabilities. A S\$75.5 million net fair value gain on the financial derivatives was recorded in the income statement for the six months ended 30 June 2022. In addition, the Group recorded net foreign exchange loss amounting to S\$58.4 million in the income statement for the six months ended 30 June 2022. This loss mainly arose from the revaluation of €-denominated intercompany loans granted by the Company to its subsidiary. In particular, the significant net foreign exchange loss was the result of the depreciation of € against S\$ from 31 December 2021 to 30 June 2022 which has partially offset the fair value gain on the €-denominated financial derivatives.

As at 30 June 2022, the Group recorded a cumulative net translation gain of S\$50.4 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.

Statement of cash flows of the Group

Net cash generated from operating activities amounted to S\$397.7 million for 1H2022 due mainly to the (i) net repayment of PRC property financing loans of S\$427.5 million, (ii) net auction proceeds of S\$58.5 million (RMB281.6 million) received from the court in May 2022 in relation to the foreclosure auction of the Pudong Mall which the Group participated in April 2022 and won, and (iii) interest received of S\$23.4 million. This was partially offset by net repayment of bank borrowings of S\$8.5 million, payment of interest and income tax amounting to S\$45.7 million in aggregate, and the payment of construction costs for The Pinnacle, Panyu Primus Bay and the Millennium Waterfront projects amounting to S\$49.6 million in aggregate.

Net cash used in investing activities amounted to S\$102.7 million for 1H2022. This comprises the (i) payment made by the Group for the Pudong Mall amounting to S\$61.2 million (RMB290.2 million) which is inclusive of stamp duty, (ii) additional equity investments made to the 36%-owned Hefu Project company and the 50%-owned joint venture that owns the Le Méridien Frankfurt hotel, amounting to S\$46.3 million in aggregate, and (iii) placement of structured deposits of S\$35.7 million. These cash outflows were partially offset by the (iv) sales proceeds received in relation to the Group's divestment of its entire 90% interest in East Sun No. 3 amounting to S\$23.9 million and (v) interest received of S\$12.3 million.

Net cash from financing activities amounted to S\$24.2 million for 1H2022. This was due mainly to the (i) net advances from associates of S\$117.9 million, (ii) equity contributions and advances from non-controlling interests of S\$7.1 million in aggregate, mainly to fund the Humen Time Zone project, and (iii) proceeds from issuance of ordinary shares of S\$3.6 million. These inflows were partially offset by the (iv) payment of FY2021 second interim dividends to the shareholders of the Company amounting to S\$21.7 million, (v) net repayment of bank borrowings of S\$57.8

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million, (vi) interest expense and transaction costs related to borrowings amounting to S\$17.9 million in aggregate, and (viii) payment of lease liabilities of S\$7.1 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)

The Straits Times reported that the GDP for the PRC shrank by 2.6% in 2Q2022 relative to 1Q2022, largely due to the lockdowns imposed in major cities across the country. On a year-on-year basis, GDP growth grew by 0.4% as compared to 2Q2021, short of a forecasted gain of 1.0% according to a Reuters poll of analysts. Including the year-on-year growth of 4.8% in 1Q2022, overall GDP growth was 2.5% for the first half of the year. As the economy started to re-open in June 2022, there were signs of improvement with the surveyed urban jobless rate decreasing slightly to 5.5% in June 2022 from 5.9% in May 2022. The various lockdowns are expected to have an adverse impact on growth as ING estimated that a full month of lockdown will result in a 2% loss of GDP for the whole of the PRC, which will widen as the lockdowns last longer. Arising from the lockdowns, Reuters reported a drop in China's retail and factory activities leading to disrupted supply chains. On the back of the country's zero-Covid policy and slowing economy, investment banks and other analysts expect the PRC's growth for 2022 to be 4%, falling short of the government's 5.5% target.

According to the National Bureau of Statistics of the PRC, following a clampdown of excessive borrowing by developers in recent years and the lockdown of various cities, new home prices in June 2022 remained steady month-on-month, after declines of 0.1% in May 2022 and 0.2% in April 2022, while property investment dropped by 5.4% in the first half of 2022 from a year ago and is expected to drop 2.5% for the full year. Property sales has also decreased by 25% in the first half of 2022 and a drop of 10% is expected for the full year. A tracking of apartment and house sales has shown year-on-year decline for 11 months straight, a record decline since the start of a private property market in the PRC in the 1990s.

Notwithstanding the relaxation of restrictions on home purchases in many of the country's largest cities and the reduction by the People's Bank of China of mortgage rates by a record amount in May 2022, Bloomberg reported that the 100 biggest property developers saw new home sales drop 43% in June 2022 from a year earlier to RMB733 billion but climb 61.2% as compared to May 2022. This was higher than the 5.6% month-on-month increase reported in May 2022. Since the end of 2021, Beijing has taken measures to help revive the property sector, such as making it easier for large and state-owned developers to raise funds, relaxing rules on escrow accounts for pre-sale funds and allowing local governments to reduce mortgage rates and down-payment ratios. The pace of the PRC's housing sales is expected to improve this year as local governments ease restrictions. The Straits Times reported that the PRC's property market is showing early signs of stabilising after months of decreasing sales.

Netherlands

According to the Statistics Netherlands (CBS), the GDP for 1Q2022 was largely unchanged relative to 4Q2021 with a growth of 0.4%. GDP for 1Q2022 grew 7.0% as compared to 1Q2021. This was largely driven by higher trade and household consumption. For the rest of the year, De Nederlandsche Bank (DNB) expects the growth of the Dutch economy to come to a standstill due to the Ukraine war and the rise in inflation. According to CNBC, based on preliminary estimates from Eurostat, inflation rate reached 8.1% in May 2022, four times the central bank's desired annual target of 2%, and hit a record high in June 2022 at 8.5% year-on-year, surpassing the prediction of 8.4% by Reuters' economists. As reported by CNBC, the European Central Bank (ECB) expects to downgrade its growth forecast and to revise its inflation projection upwards with the 2024 inflation number estimated to hit 2%, the medium-term target for the ECB. The ECB expects inflation to remain high for the next few years, at 6.8% in 2022, 3.5% in 2023 and 2.1% in 2024. To address rising inflation, the ECB raised its benchmark deposit rate by 50 basis points to zero percent on 21 July 2022, ECB's first rate increase in 11 years and ending an eight-year experiment with negative interest rates. Another hike is expected in September 2022.

Despite the rising mortgage rates, CBS reported that existing owner-occupied home prices in the Netherlands increased by 18.8% in May 2022 from the year before, with growth slowing to 16.6% in June 2022, the lowest increase since July 2021. While housing prices were 11% higher in the first half of 2022, this was lower than the 20% increase seen at the beginning of the year. NVM, the largest association of real estate agents and appraisers in the Netherlands, also reported that home price increases are slowing down as the supply in the housing market is increasing. The higher mortgage interest rates have also resulted in people borrowing less and hence overbidding less, depressing home price increase. According to Atlas Research, there is a shortage of 390,000 homes in the Netherlands, with the highest shortage seen in Amstelveen and Amsterdam, where there are 150 buyers for every 100 available homes. The NL Times reports that the Ministry of Home Affairs is looking to reduce the housing shortage to two percent by increasing the construction pace from the current 70,000 homes per year to 100,000 per year. However, Atlas Research has commented that even with the increase in construction pace, this target will only be achieved in 2030. In July 2022, NVM reported that the number of homes for sale was up by 42%, helping to ease the housing shortage which has contributed to price inflation. According to the Land Registry, 15,661 homes changed hands in June 2022, almost 12% lower than in 2021. In the first half of 2022, 91,305 homes changed ownership, 23.5% less than in the same period of 2021.

Realtors associations, NVM and VGM NL, reported that free market rent increased by an average of 11.8% per square meter (psm) in 2Q2022 compared to the same quarter last year, from €13.73 psm to €15.35 psm. This marks the biggest increase since the associations started tracking the figures in 2014. In Amsterdam, the free market rent increased by 5.1%. For social housing, the NL Times also reported that landlords were allowed to increase rents by up to 2.3%, which was last year's inflation rate.

Australia

Data from the Australian Bureau of Statistics showed a 0.8% GDP growth for Australia in 1Q2022 as compared to the previous quarter, topping market forecast of a 0.5% gain, while annual growth was 3.3% relative to 1Q2021. To arrest inflation, the Reserve Bank of Australia (RBA) lifted its cash rate by 25 basis points to 0.35% in May 2022, the first increase since 2010. This was followed by another increase of 50 basis points to 0.85% in June 2022, the highest in 22 years. At the start of July 2022, the RBA took the cash rate to 1.35%, the highest since May 2019. In total, Australia has hiked interest rates by 125 basis points this year. The increase in interest rate is the result of the RBA trying to ensure that inflation stays within the target range of 2% to 3%. Due to the rising cost of energy, food, housing and rental, consumer price inflation hit a 20-year peak of 5.1% in 1Q2022 and is expected to reach 6% in 2Q2022.

According to The Business Times, property prices in Sydney have declined 0.9% since January 2022, while the nationwide value experienced its first decline in June 2022 since 2020. Australia & New Zealand Banking Group economists predict Sydney prices will drop one-fifth by the end of 2023, while Bloomberg Intelligence predicts a fall in prices of 12% to 15%. ABC news stated

that while the cost of buying a home in Sydney remains 22.7% above pre-Covid level, the decline in value is getting larger by the month as interest rate increases.

Company Outlook

Property Development

The Group saw further expansion on the PRC property development front with two new separate residential development joint venture (“JV”) projects in Dongguan in July 2022. The first JV entered into was with a local Dongguan developer pursuant to which the Group will have an effective 44.1% equity interest in a project company which has acquired, via a public land tender exercise held on 24 June 2022, a predominantly residential development land in Dalingshan, Dongguan (“Dalingshan Land”) at an effective land cost of RMB2,165 million or RMB14,500 psm ppr. This land cost is approximately 30% lower than the recent two Dalingshan residential land parcels won by China Overseas and Poly in October 2020 and June 2021 respectively. The Dalingshan Land has a site area of approximately 42,900 sqm with a total saleable GFA of approximately 149,600 sqm comprising approximately 145,600 sqm (97%) of residential GFA and 4,000 sqm (3%) of commercial GFA.

The second project will see the Group enter into a JV agreement with, among others, China Poly Group (the JV partner for the Skyline Garden and Time Zone in Dongguan), pursuant to which the Group will have an effective 27% equity interest in a project company which has acquired, via a public land tender exercise held on 24 June 2022, a predominantly residential development land in Wanjiang, Dongguan (“Wanjiang Land”) at an effective land cost of RMB1,593 million or RMB22,200 psm ppr. The Wanjiang Land, which is located in the vicinity of the Skyline Garden and Star of East River, has a site area of approximately 31,100 sqm with a total saleable GFA of approximately 71,700 sqm comprising 70,700 sqm (99%) of residential GFA and 1,000 sqm (1%) of commercial GFA.

Buying sentiments in the Dongguan residential property market have improved after two rounds of housing policy relaxation by the local municipal in May 2022. 190 residential units of the 17.3%-owned Time Zone were sold in the 1.5-month period after the second round of policy easing was implemented on 14 May 2022, significantly higher than the 139 residential units sold in the first 4.5 months of 2022. The 48.2%-owned Oasis Mansion, which launched the pre-sale of its first residential apartment block on 31 March 2022 followed by two more residential apartment blocks on 27 May 2022, has also seen healthy results with 43% of its 318 units sold to-date. On 4 July 2022, a further round of housing policy relaxation was implemented with the removal of restrictions on the purchase of residential properties in Dongguan except for its 5 core districts.

Over in Guangzhou, the 15 completed villas, bought for RMB56.9 million as part of the May 2021 acquisition of the 95% equity interest in Primus Bay development project in Panyu, were 100% sold for RMB99 million as at end June 2022. The pre-sale for the first three residential apartment blocks (177 units) was launched on 26 May 2022 with a modest 11% of the units sold.

In the Netherlands, construction has commenced on the Dreeftoren Amsterdam redevelopment project. The refurbished office tower and the new residential tower are expected to be completed in late 2024 and 4Q2025 respectively. The Group is also in advanced discussions with the relevant authorities in relation to the redevelopment of Meerparc Amsterdam into a mixed residential/office property with a substantial increase in gross floor area.

The Group's 39.9%-owned CTC project in Sydney has also commenced the tender process for the main contractor in mid-February 2022, and targets to start construction in 3Q2022. In view of the current market conditions, the developer trust will monitor the market before deciding on an appropriate timing to launch the residential units for pre-sales. The Group is expected to take a 70.5% stake in the hotel component. The estimated room count for the hotel has increased from 101 to 110.

Property Holding

The property holding (hospitality) business segment of the Group has experienced a recovery, which was further enhanced by the Group's acquisition of a 95% equity interest in the Dutch Bilderberg hotel portfolio from the 33%-owned FSMC in May 2022, valuing the 11 hotels which have an aggregate of 1,252 rooms at €180.6 million. The Group recorded its share of gain of S\$22.4 million in 1H2022 arising from the disposal by FSMC and a provisional acquisition goodwill of S\$38.9 million as at 30 June 2022.

The Group's European operating hotels showed strong signs of recovery from the Covid-19 pandemic in 1H2022 as compared to the same period last year. The improvement in hotel trading was however weighed down by higher energy and labour costs and the termination of Covid-19 related subsidies from the Dutch and German authorities on 31 March 2022 and 30 June 2022 respectively. As a result, the European operating hotels recorded an earnings before interest, tax, depreciation and amortisation ("EBITDA") of €6.0 million in 1H2022, reversing from a loss before interest, tax, depreciation and amortisation of €5.4 million in 1H2021 after taking into account approximately €2.5 million of government subsidies (1H2021: €6.6 million).

Based on a report from ABN Amro, gas and electricity prices in the Netherlands have risen nearly five times their 2019 levels following Russia's invasion of Ukraine and forward prices for 2023 are expected to remain high due to continued uncertainties. The persistently high energy prices are likely to have an adverse impact on the operations of the Group's European operating hotels.

In the PRC, the Group's Holiday Inn Express and Crowne Plaza hotels in Chengdu were selected for use as Covid-19 quarantine hotels intermittently between February and June 2022. As a result, the trading of the PRC hotels was adversely impacted in 1H2022 with an EBITDA of RMB3.6 million (1H2021: EBITDA of RMB8.3 million).

The income contribution from the Dutch office portfolio has shown a growth of approximately 5% in local currency terms, except for the Mondriaan Tower Amsterdam due to the lease expiry of a key anchor tenant, Delta Lloyd which is the original property owner, in January 2022. This vacancy has been partly filled up by new tenants and the Group is hopeful that this would be largely filled up within the next 12 months.

Property Financing

Income from the property financing business segment has decreased by 28.1% mainly due to a reduced loan book in the PRC and the Netherlands.

Despite the successful completion of the auctions in April 2022 of the mortgaged properties in relation to the RMB330 million defaulted loans, the recovery process has been very slow due to the initial full lockdown and subsequent semi-lockdown in Shanghai. The legal title of the Pudong Mall as well as net auction proceeds of the Pudong Villa are expected to be transferred to the Group only in 3Q2022.

The Pudong Mall, which was mortgaged under the RMB280 million defaulted loan, was successfully auctioned off at RMB281.9 million. After an expected deduction of RMB67.8 million comprising estimated tax liabilities of about RMB60.0 million payable by the borrowers on the sale, tenant deposits of RMB7.5 million and auction and valuation expenses of RMB0.3 million, the net auction proceeds would amount to RMB214.1 million. Such net proceeds are insufficient to cover the outstanding loan principal, default and penalty interest and related legal fees which amounted to an aggregate of RMB367.9 million as at 30 June 2022, leaving an estimated shortfall of RMB153.8 million as at 30 June 2022.

The Pudong Villa, which was mortgaged under the RMB50 million defaulted loan, was successfully auctioned off at RMB127.8 million. After deducting estimated tax liabilities of about RMB70.0 million payable by the borrowers on the sale and auction and valuation expenses of RMB0.3 million, net auction proceeds of RMB57.5 million are expected to be received by the Group. Such net proceeds would be insufficient to cover the outstanding loan principal and

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

default and penalty interest which amounted to an aggregate of RMB64.1 million as at 30 June 2022, leaving an estimated shortfall of RMB6.6 million as at 30 June 2022.

The Group will continue to work on the recovery of the outstanding debt and pursue any shortfall under both loans via the court process.

11. Dividend information

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

21 September 2022.

(d) Record date

1 September 2022.

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.

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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
29 July 2022

FIRST SPONSOR GROUP LIMITED

(Registration No. 195714)

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 2022 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

29 July 2022