FIRST SPONSOR GROUP LIMITED
AND SUBSIDIARY COMPANIES

SGX APPENDIX 7.2 ANNOUNCEMENT
FOR THE HALF YEAR ENDED
30 JUNE 2021

Contents	**Page**

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

For the half year ended 30 June 2021

	Note	The Group (Unaudited) Half year ended 30 June 2021 S$'000	2020 S$'000
Revenue	4	156,758	104,148
Cost of sales		(85,508)	(20,078)
Gross profit		71,250	84,070
Administrative expenses		(13,116)	(13,077)
Selling expenses		(6,358)	(2,809)
Other income (net)		5,531	9,989
Other gains (net)	5	10,877	1,902
Results from operating activities		68,184	80,075
Finance income		8,655	11,349
Finance costs		(13,970)	(13,566)
Net finance costs		(5,315)	(2,217)
Share of after-tax results of associates and joint ventures		10,750	(5,701)
Profit before tax	6	73,619	72,157
Tax expense	7	(5,169)	(15,152)
Profit for the period		68,450	57,005
Attributable to:			
Equity holders of the Company		68,951	58,071
Non-controlling interests		(501)	(1,066)
Profit for the period		68,450	57,005
Earnings per share (cents)			
- **Basic**		7.55	6.90
- **Diluted**		5.20	5.27

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2021

	The Group (Unaudited) Half year ended 30 June	
	2021	**2020**
	S$'000	**S$'000**
Profit for the period	68,450	57,005
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences realised on disposal of subsidiaries	3	-
Translation differences on financial statements arising from liquidation of a foreign subsidiary reclassified to profit or loss, net of tax	-	53
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	9,578	7,565
Translation differences on financial statements of foreign subsidiaries, net of tax	37,258	16,666
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	817
Total other comprehensive income for the period, net of tax	46,839	25,101
Total comprehensive income for the period	115,289	82,106
Total comprehensive income attributable to:		
Equity holders of the Company	113,233	82,324
Non-controlling interests	2,056	(218)
Total comprehensive income for the period	115,289	82,106

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at 30 June 2021

	Note	The Group		The Company	
		As at 30 June 2021 S$'000 (Unaudited)	As at 31 December 2020 S$'000 (Audited)	As at 30 June 2021 S$'000 (Unaudited)	As at 31 December 2020 S$'000 (Audited)
Non-current assets					
Property, plant and equipment		374,863	371,382	488	592
Investment properties		124,384	97,942	-	-
Subsidiaries		-	-	993,247	466,347
Interests in associates and joint ventures		885,721	549,943	9,680	9,680
Derivative assets		7,145	7,207	7,145	7,207
Other investments		189,988	57,586	-	-
Deferred tax assets		29,932	30,220	-	-
Trade and other receivables		678,047	767,027	92,900	101,238
		2,290,080	1,881,307	1,103,460	585,064
Current assets					
Development properties		851,895	530,542	-	-
Inventories		480	394	-	-
Trade and other receivables		830,939	482,401	1,714,902	1,550,386
Assets held-for-sale	10	40,569	12,818	-	-
Derivative assets		1,787	1,315	1,787	1,315
Other investments		100,584	39,500	-	-
Cash and cash equivalents		233,633	476,304	10,530	141,945
		2,059,887	1,543,274	1,727,219	1,693,646
Total assets		4,349,967	3,424,581	2,830,679	2,278,710
Equity					
Share capital		117,353	117,329	117,353	117,329
Reserves		1,667,252	1,553,818	1,285,939	1,281,256
Equity attributable to owners of the Company		1,784,605	1,671,147	1,403,292	1,398,585
Non-controlling interests		105,764	76,172	-	-
Total equity		1,890,369	1,747,319	1,403,292	1,398,585
Non-current liabilities					
Loans and borrowings	11	850,995	615,012	872,995	637,012
Derivative liabilities		26,405	37,224	26,405	37,224
Other payables		47,156	45,417	-	-
Lease liabilities		72,470	74,087	-	106
Deferred tax liabilities		12,933	10,691	-	-
		1,009,959	782,431	899,400	674,342

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)
As at 30 June 2021

		The Group		The Company	
	Note	As at 30 June 2021 S$'000 (Unaudited)	As at 31 December 2020 S$'000 (Audited)	As at 30 June 2021 S$'000 (Unaudited)	As at 31 December 2020 S$'000 (Audited)
Current liabilities					
Loans and borrowings	11	364,245	124,560	364,245	124,560
Current tax payable		36,804	43,533	1,914	2,355
Trade and other payables		571,493	348,603	153,442	76,676
Liabilities held-for-sale	10	6,824	-	-	-
Contract liabilities		457,792	372,236	-	-
Receipts in advance		1,652	1,321	-	-
Lease liabilities		2,654	2,596	211	210
Derivative liabilities		8,175	1,982	8,175	1,982
		1,449,639	894,831	527,987	205,783
Total liabilities		2,459,598	1,677,262	1,427,387	880,125
Total equity and liabilities		4,349,967	3,424,581	2,830,679	2,278,710

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2021

	Note	The Group (Unaudited) Half year ended 30 June 2021 S$'000	2020 S$'000
Cash flows from operating activities			
Profit for the period		68,450	57,005
Adjustments for:			
Depreciation of property, plant and equipment	4.1,6	6,760	4,722
Fair value (gain)/loss on:			
- derivative assets/liabilities (net)	4.1,6	(5,037)	13,146
- other investments	4.1,6	(4,445)	380
Finance income		(8,655)	(11,349)
Finance costs		13,970	13,566
(Gain)/loss on disposal of:			
- assets held-for-sale	5	(10,751)	(1,763)
- other investments	5	(115)	(229)
- property, plant and equipment (net)	5	(8)	52
- subsidiaries	5	(4)	-
Loss on liquidation of subsidiaries	5	-	37
Property, plant and equipment written off	5	1	1
Share of after-tax (profit)/loss of associates and joint ventures		(10,750)	5,701
Tax expense	7	5,169	15,152
		54,585	96,421
Changes in:			
Contract liabilities		55,523	156,752
Development properties		(22,615)	(45,435)
Inventories		(91)	164
Loans and borrowings		324,254	(11,222)
Trade and other receivables		(106,127)	32,599
Trade and other payables		(203,094)	(108,327)
Cash generated from operations		102,435	120,952
Interest received		23,855	20,976
Interest paid		(5,554)	(7,089)
Tax paid		(10,501)	(20,717)
Net cash from operating activities		110,235	114,122
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	12	(240,984)	-
Advances to associates (net)		(138,812)	(46,042)
Advances to joint ventures (net)		(102,644)	-
Return of capital from an associate		479	-
Placement of other investments		(60,262)	(11,116)
Deposits received for divestment of interests in subsidiaries		12,010	-
Dividend received from an associate		-	11,793
Dividend received from a joint venture		-	161
Interest received		7,145	10,155
Advances to non-controlling interests of subsidiaries (net)		(138,309)	-
Payment for acquisition of other investments		-	(15,998)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
For the half year ended 30 June 2021

	Note	The Group (Unaudited) Half year ended 30 June 2021 S$'000	2020 S$'000
Cash flows from investing activities (cont'd)			
Payment for additions to property, plant and equipment		(3,392)	(14,706)
Payment for investments in associates and joint ventures		(7,751)	(17,971)
Proceeds from disposal of:			
- assets held-for-sale		65,593	7,894
- other investments (non-current)		2,101	2,785
- property, plant and equipment		18	269
- subsidiaries		1	-
Net cash used in investing activities		(604,807)	(72,776)
Cash flows from financing activities			
Advances from associates (net)		104,604	18,196
Advances from non-controlling interests of subsidiaries		17,456	-
Capital contribution by non-controlling interest		7,619	-
Distribution to perpetual convertible capital securities ("PCCS") holders		-	(2,930)
Dividends paid to the owners of the Company	8	(18,260)	(12,814)
Interest paid		(6,694)	(9,688)
Issuance of ordinary shares		221	7,454
Loan from non-controlling interests		-	176
Payment of lease liabilities		(3,125)	(3,036)
Payment of transaction costs related to borrowings		(4,004)	(2,347)
Proceeds from issuance of medium term notes ("notes")		-	100,000
Repayment to an affiliate of a non-controlling interest of a subsidiary		(4,476)	-
Repurchase of notes		-	(22,000)
Proceeds from bank borrowings		765,018	436,318
Repayment of bank borrowings		(614,136)	(407,517)
Net cash from financing activities		244,223	101,812
Net (decrease)/increase in cash and cash equivalents		(250,349)	143,158
Cash and cash equivalents at beginning of the period		476,304	313,389
Effect of exchange rate changes on balances held in foreign currencies		7,678	7,268
Cash and cash equivalents at end of the period		233,633	463,815

CONDENSED STATEMENTS OF CHANGES IN EQUITY
For the half year ended 30 June 2021

	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
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 subsidiaries		-	-	-	-	-	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

CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)
For the half year ended 30 June 2021

	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		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**

CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)
For the half year ended 30 June 2021

	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	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
Group (Unaudited)												
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
Total comprehensive income for the period												
Profit for the period		-	-	-	-	-	-	58,071	58,071	-	(1,066)	57,005
Other comprehensive income												
Translation differences on financial statements arising from liquidation of a foreign subsidiary reclassified to profit or loss, 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
Total other comprehensive income		-	-	-	-	-	24,253	-	24,253	-	848	25,101
Total comprehensive income for the period		-	-	-	-	-	24,253	58,071	82,324	-	(218)	82,106

CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)
For the half year ended 30 June 2021

	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	Perpetual convertible capital securities S$'000	Non-controlling interests S$'000	Total equity S$'000
Transaction with owners, recognised directly in equity												
Contributions by and distributions to owners												
Dividends paid to the owners of the Company	8	-	-	-	-	-	-	(12,814)	(12,814)	-	-	(12,814)
Issuance of new shares pursuant to conversion of PCCS		*	2	-	-	-	-	-	2	(2)	-	-
Distribution of PCCS		-	-	-	-	-	-	(2,930)	(2,930)	-	-	(2,930)
Issuance of new ordinary shares		803	6,651	-	-	-	-	-	7,454	-	-	7,454
Transfer from statutory reserve		-	-	(109)	-	-	-	109	-	-	-	-
Total contributions by and distributions to owners		803	6,653	(109)	-	-	-	(15,635)	(8,288)	(2)	-	(8,290)
Total transactions with owners		803	6,653	(109)	-	-	-	(15,635)	(8,288)	(2)	-	(8,290)
At 30 June 2020		**102,054**	**156,966**	**39,850**	**245**	**655,029**	**5,627**	**536,186**	**1,495,957**	**146,546**	**29,902**	**1,672,405**

* Amount less than S$1,000

CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)
For the half year ended 30 June 2021

	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 conversion 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**

CONDENSED STATEMENTS OF CHANGES IN EQUITY (CONT'D)
For the half year ended 30 June 2021

	Share capital S$'000	Share premium S$'000	Capital reserve S$'000	Distributable reserve S$'000	Retained earnings S$'000	Total attributable to equity holders of the Company S$'000	Perpetual convertible capital securities S$'000	Total equity S$'000
The Company (Unaudited)								
At 1 January 2020	101,251	150,525	(5,988)	655,029	280,513	1,181,330	146,548	1,327,878
Total comprehensive income for the period								
Profit for the period	-	-	-	-	49,520	49,520	-	49,520
Total comprehensive income for the period	-	-	-	-	49,520	49,520	-	49,520
Transaction with owners, recognised directly in equity								
Contribution by and distributions to owners								
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
Total contributions by and distributions to owners	803	6,653	-	-	(15,748)	(8,292)	(2)	(8,294)
Total transactions with owners of the Company	803	6,653	-	-	(15,748)	(8,292)	(2)	(8,294)
At 30 June 2020	**102,054**	**157,178**	**(5,988)**	**655,029**	**314,285**	**1,222,558**	**146,546**	**1,369,104**

* Amount less than S$1,000

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 30 June 2021

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 2021 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 financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed interim 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 2020.

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 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

A number of amendments to the standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim 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 2020.

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 2021, the fair value of the Group's investment properties was based on the independent valuations as at 31 December 2020 and taking into account capitalised expenditure, leasing costs and straight-line rent incentives recognised during the six-month period.

Management has assessed that the inputs and assumptions used by the valuers in the valuation techniques for their valuation as at 31 December 2020, 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 2021. 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 has 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, the ongoing development of Covid-19 may cause unexpected volatility in the future fair value of investment properties subsequent to 30 June 2021.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

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 lease
- 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.

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 2021							
Segment revenue	81,049	8,354	54,538	15,667	159,608	5,839	165,447
Elimination of inter-segment revenue	-	(3,486)	-	(367)	(3,853)	(4,836)	(8,689)
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 results 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 on other investments	-	313	-	-	313	4,132	4,445
Fair value (loss)/gain on derivatives (net)	(5,331)	3,190	6,957	221	5,037	-	5,037

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 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
	2,214,148	317,314	1,406,141	332,729	4,270,332	79,635	4,349,967
Liabilities							
Segment liabilities	(1,443,339)	(61,630)	(796,460)	(126,292)	(2,427,721)	(31,877)	(2,459,598)
Other segment information:							
Capital expenditure	3,297	-	-	71	3,368	101	3,469

4.1 Reportable segments (cont'd)

Half year ended 30 June 2020	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
Segment revenue	22,433	5,772	64,933	12,920	106,058	5,449	111,507
Elimination of inter-segment revenue	-	(2,437)	-	(132)	(2,569)	(4,790)	(7,359)
External revenue	22,433	3,335	64,933	12,788	103,489	659	104,148
Profit/(loss) from operating activities	20,233	7,438	65,635	(10,291)	83,015	(2,940)	80,075
Finance income	7,447	294	905	1,413	10,059	1,290	11,349
Finance costs	(6,312)	(477)	(4)	(3,401)	(10,194)	(3,372)	(13,566)
Share of after-tax results of associates and joint ventures	5,437	(2,844)	189	(8,491)	(5,709)	8	(5,701)
Segment profit/(loss) before tax	26,805	4,411	66,725	(20,770)	77,171	(5,014)	72,157
Other material non-cash items (debit):							
Depreciation	(364)	(155)	(41)	(3,788)	(4,348)	(374)	(4,722)
Fair value loss on other investments	-	-	-	-	-	(380)	(380)
Fair value loss on derivatives (net)	(3,512)	(1,529)	(7,531)	(574)	(13,146)	-	(13,146)

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 2020							
Assets							
Segment assets	1,028,673	171,476	1,130,979	373,704	2,704,832	86,212	2,791,044
Interests in associates and joint ventures	268,784	44,560	14,393	(21,950)	305,787	(10)	305,777
	1,297,457	216,036	1,145,372	351,754	3,010,619	86,202	3,096,821
Liabilities							
Segment liabilities	(707,698)	(11,787)	(537,280)	(130,995)	(1,387,760)	(36,656)	(1,424,416)
Other segment information:							
Capital expenditure	4	-	7	13,601	13,612	1,094	14,706

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 Half year ended 30 June		**Property financing Half year ended 30 June**		**Hotel operations Half year ended 30 June**		**Total* Half year ended 30 June**	
	2021 S$'000	**2020 S$'000**	**2021 S$'000**	**2020 S$'000**	**2021 S$'000**	**2020 S$'000**	**2021 S$'000**	**2020 S$'000**
Primary geographical markets								
People's Republic of China	68,953	19,721	36,007	27,003	9,495	4,036	114,455	50,760
Europe	12,093	2,712	17,851	34,048	5,805	8,752	35,749	45,512
Others	3	-	680	3,882	-	-	683	3,882
Total revenue	81,049	22,433	54,538	64,933	15,300	12,788	150,887	100,154
Timing of revenue recognition								
Products transferred at a point in time	81,049	22,433	54,538	64,933	15,300	12,788	150,887	100,154

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.

5. Other gains (net)

Other gains (net) comprise:

	Note	The Group Half year ended 30 June 2021 S$'000	2020 S$'000
Gain/(loss) on disposal of:			
- assets held-for-sale	10,12	10,751	1,763
- subsidiaries		4	-
- other investments		115	229
- property, plant and equipment (net)		8	(52)
Loss on liquidation of subsidiaries		-	(37)
Property, plant and equipment written off		(1)	(1)
		10,877	1,902

6. Profit before tax

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

	The Group Half year ended 30 June 2021 S$'000	2020 S$'000
Depreciation of property, plant and equipment	(6,760)	(4,722)
Exchange (loss)/gain (net)	(4,998)	25,649
Fair value gain/(loss) on:		
- derivative assets/liabilities (net)	5,037	(13,146)
- other investments	4,445	(380)
Government grants*	6,732	3,294
Hotel base stocks written off	-	(694)
Hotel pre-opening expenses	-	(310)

* Government grants include S$2,141,000 (1H2020: S$2,895,000) related to various Covid-19 wage support schemes available to the Group entities which have been deducted from the payroll costs recorded in the profit or loss account.

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 2021 S$'000	 2020 S$'000
Current income tax expense	2,070	5,574
Deferred income tax expense relating to origination and reversal of temporary differences	2,755	1,770
Land appreciation tax expense	338	7,765
Withholding tax	6	43
	5,169	15,152

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 tax rates applicable to the Group's subsidiaries in the PRC and the Netherlands during the period ended 30 June 2021 are 25% (30 June 2020: 25%).

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 2020: 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 sales 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 varies 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.

8. Dividends

The condensed financial statements for the half year ended 30 June 2021 have not recognised the first 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 2021. Refer to Note 11 of the Other Information Required by Listing Rule Appendix 7.2 section for more details.

8. Dividends (cont'd)

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.

During the half year ended 30 June 2020, a final tax exempt (one-tier) ordinary dividend of 1.6 cents per share totaling S$12.8 million was paid in respect of the financial year ended 31 December 2019.

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 2021				
Financial assets measured at fair value through profit or loss				
Derivative assets	-	8,932	-	8,932
Other investments				
- Equity securities	16,490	-	-	16,490
- Debt securities	-	-	212,998	212,998
- Structured deposits	-	61,084	-	61,084
	16,490	70,016	212,998	299,504
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	-	(34,580)	-	(34,580)
As at 31 December 2020				
Financial assets measured at fair value through profit or loss				
Derivative assets	-	8,522	-	8,522
Other investments				
- Equity securities	14,344	-	43,242	57,586
- Debt securities	-	-	39,500	39,500
	14,344	8,522	82,742	105,608
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	-	(39,206)	-	(39,206)

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 2021 and 31 December 2020.

10. Assets/liabilities held-for-sale

	The Group	
	30 June 2021 S$'000	31 December 2020 S$'000
Assets held-for-sale		
Property, plant and equipment	14,138	7,773
Investment properties	26,336	5,045
Trade and other receivables	11	-
Cash and cash equivalents	84	-
	40,569	12,818
Liabilities held-for-sale		
Deferred tax liabilities	6,272	-
Trade and other payables	552	-
	6,824	-

Assets and liabilities held-for-sale relate to the following transactions:

a) On 19 May 2021, an indirect wholly-owned subsidiary of the Company entered into a conditional agreement to dilute its equity interest in a subsidiary, Dongguan East Sun No. 1 Property Management Co., Ltd. ("East Sun No. 1") which owns a site in Dongguan, Guangdong Province in the PRC, from 90% to 49.5%, by admitting two third party shareholders at the agreed commercial property value of S$26.7 million (RMB128.5 million). Accordingly, all assets and liabilities held by East Sun No. 1 were reclassified to assets held-for-sale and liabilities held-for-sale respectively as at 30 June 2021. The dilution is expected to be completed by the end of 2021.

b) 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 30 June 2021. The disposal is expected to be completed by April 2022, after which the Group would retain 18% equity interest in East Sun No. 3.

c) In May 2018, the Group entered into a sale and purchase agreement with a third party (the "Purchaser") in relation to the disposal of certain assets within the Chengdu Cityspring project for a total cash consideration of approximately RMB465.0 million, to be paid over several tranches.

   In June 2020, the Group and the Purchaser have mutually agreed to reduce the consideration of 292 car parks by RMB3.6 million to RMB16.9 million. The Purchaser also agreed to acquire another 268 additional basement car parks for a total consideration of RMB9.5 million. The total purchase consideration (including the purchase consideration of the additional 268 car parks) has hence been revised to approximately S$95.3 million (RMB470.9 million) accordingly.

   These assets were to be transferred to the Purchaser over various tranches. A gain on disposal of S$625,000 (30 June 2020: S$1,763,000) was recognised in other gains in profit or loss for the six months ended 30 June 2021, upon the receipt of sale proceeds and transfer of title of underlying assets to the Purchaser.

   As at 30 June 2021, the remaining balance included in assets held-for-sale amounted to S$11.1 million (31 December 2020: S$12.8 million).

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. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

	The Group	
	As at 30 June 2021 S$'000	**As at 31 December 2020 S$'000**
Unsecured bank loans		
- repayable within one year	364,245	124,560
- repayable after one year	773,128	537,163
Total	1,137,373	661,723
Unsecured notes		
- repayable after one year	77,867	77,849
Total	77,867	77,849
Grand total	**1,215,240**	**739,572**
Gross borrowings	1,225,033	747,624
Less:		
(i) cash and cash equivalents	(233,633)	(476,304)
(ii) other investments (current) Note 1	(61,084)	-
Net borrowings	930,316	271,320

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

12. Acquisition of and gain in control of subsidiaries

Acquisitions in the six months ended 30 June 2021

a) On 14 May 2021, FS Dongguan No. 6 Ltd, an indirect 95%-owned subsidiary of the Company, acquired 100% of the issued shares in Double Wealthy Company Limited (“Double Wealthy”), a limited liability investment holding company incorporated in Hong Kong from a third party seller for a total purchase consideration of S$237.9 million (RMB1,146.5 million) which is inclusive of a deferred consideration of S$25.9 million (RMB124.9 million). The carrying values of the assets and liabilities acquired are determined based on the provisional completion accounts. On the same day, the third party seller also assigned to FS Dongguan No. 6 Ltd its rights in respect to an unsecured loan owing by Double Wealthy for a consideration of S$85.9 million (RMB414.2 million) which is the par value of the loan. Double Wealthy’s wholly-owned subsidiary, Panyu Chuang’s Real Estate Development Co., Ltd owns amongst others the land use rights to a development site, namely, Chuang’s Le Papillon ("Le Papillon") in the Panyu district of Guangzhou, where the development of phases 1 and 2 of Le Papillon, were completed in 2012 and 2015 respectively, and phase 3 is under development.

b) On 21 May 2021, First Sponsor (Guangdong) Group Limited (“FSGD”), an indirect wholly-owned subsidiary of the Company, acquired 95% interest in the registered capital of Guangzhou Kaixiang Property Management Co., Ltd. (“Kaixiang”), a limited liability property management company incorporated in the PRC from a third party seller for a total purchase consideration of S$1.9 million (RMB9.2 million). Kaixiang owns a club house and a car park lot situated at phase 1 of Le Papillon.

The above acquisitions were accounted for as acquisitions of assets and are out of scope of IFRS 3 *Business Combinations*.

Gain in control of subsidiaries

c) Prior to 31 March 2021, the Group accounted for its 90% equity stake in Dongguan East Sun Limited (“East Sun”) and its subsidiaries (collectively, “East Sun Entities”) as unquoted equity investments measured at fair value through profit or loss account. The investment was classified as non-current financial assets in the consolidated statement of financial position and carried at fair value at the reporting date. The Group had not consolidated the East Sun Entities as it had no control over the East Sun Entities since it does not have any power over their relevant activities and was not involved in their business activities including policy making processes. This was supported by shareholders’ agreements entered which only provided the Group with protective rights.

On 31 March 2021, the shareholders’ agreements (“SHA”) entered between FSGD, which holds a 90% equity interest in, and a third party which holds the remaining 10% equity interest in, the East Sun Entities were terminated. Upon the termination of the SHA, FSGD has obtained control over more than half of the voting power of each of the East Sun Entities as well as control over the board composition of each of the East Sun Entities. Accordingly, the East Sun Entities have become 90%-owned subsidiaries of the Group and were consolidated by the Group pursuant to IFRS 3 *Business Combinations* with effect from that date. No purchase consideration was payable by the Group for the gain in control of the entities.

The acquisition values ascribed to the non-current assets of the East Sun Entities were based on their provisional fair values at the date of the gain of control of these entities. No goodwill or gain on bargain purchase has arisen from the gain in control of the East Sun Entities.

12. Acquisition of and gain in control 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/ gain in control of subsidiaries.

	Asset acquisitions S$'000	Business combinations S$'000	Total 1H2021 S$'000
Property, plant and equipment	-	13,528	13,528
Investment properties	-	48,990	48,990
Deferred tax assets	5,187	-	5,187
Assets held-for-sale*	-	36,166	36,166
Development properties	298,460	-	298,460
Trade and other receivables	332	12,308	12,640
Cash and cash equivalents	22,759	760	23,519
Trade and other payables	(565)	(43,597)	(44,162)
Provision for tax	-	(826)	(826)
Deferred tax liabilities	-	(7,628)	(7,628)
Shareholder's loan	(85,945)	-	(85,945)
Liabilities held-for-sale*	-	(6,475)	(6,475)
Net identifiable assets acquired	**240,228**	**53,226**	**293,454**
Shareholder's loan acquired	85,945	-	85,945
Non-controlling interests (based on share of net assets)	(15,013)	(4,904)	(19,917)
Reversal of deferred tax liabilities	-	(4,190)	(4,190)
Financial assets de-recognised	-	(44,132)	(44,132)
Total consideration	**311,160**	**-**	**311,160**
Less: Deferred consideration	(25,908)	-	(25,908)
Total consideration paid	**285,252**	**-**	**285,252**
Less:			
- Cash and cash equivalents acquired	(22,759)	(760)	(23,519)
- Deposit paid in FY2020	(20,749)	-	(20,749)
Net cash outflow/(inflow)	**241,744**	**(760)**	**240,984**

* The assets and liabilities held-for-sale relate to two subsidiaries of East Sun, namely Dongguan Wan Li Group Limited ("Wan Li") and Dongguan Wan Li No. 1 Property Management Co., Ltd. ("Wan Li No.1"). The Group had subsequently diluted its interest in the two entities from an effective 90% stake to 44.1% on 30 June 2021 upon the loss of control in these entities. The Group recorded a gain on dilution of S$10.1 million (RMB49.3 million) which is classified under other gains in the consolidated statement of profit or loss. This is before accounting for 10% share of non-controlling interest of S$1.0 million (RMB4.9 million). The Group's retained effective equity interest of 44.1% in Wan Li and Wan Li No. 1 is accounted for as investment in joint ventures. The fair value of the retained interests in joint ventures upon the loss of control was determined based on an external fair valuation exercise carried out on 30 June 2021, categorised within Level 2 in the fair value hierarchy.

13. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements.

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 2021	913,264,602	117,329
Issuance of new shares from exercise of warrants	185,244	24
Balance at 30 June 2021	913,449,846	117,353

The total number of issued ordinary shares of US$0.10 each, excluding treasury shares as at 30 June 2021 and 30 June 2020 was 913,449,846 and 801,120,542 respectively.

As at 30 June 2021 and 30 June 2020, a subsidiary of the Company held 307,682 ordinary shares, representing 0.03% and 0.04% of the Company's total number of issued ordinary shares on the two dates respectively.

As at 30 June 2021, there were:

(a) no outstanding PCCS (30 June 2020: 113,573,547)

(b) the following unexercised warrants:

	Number	Exercise Period	Exercise Price
Warrants (2019)	185,188,051 (30 June 2020: 187,064,149)	31 May 2019 to 30 May 2024	S$1.30
Warrants (2020)	227,527,140 (30 June 2020: nil)	24 March 2021 to 21 March 2029	S$1.08

As at 30 June 2021, the maximum number of ordinary shares that may be issued upon full conversion/exercise of all the PCCS, Warrants (2019) and Warrants (2020) was 412,715,191 (30 June 2020: 300,637,696), which would increase the total number of issued ordinary shares to 1,326,165,037 (30 June 2020: 1,101,758,238).

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

The Company did not hold any treasury shares as at 30 June 2021 and 30 June 2020.

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 2021 and 31 December 2020 was 913,449,846 and 913,264,602 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 2021.

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 half year ended 30 June 2021.

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 2020.

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 2021.

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	
	2021	**2020**
Earnings per share (cents)		
- basic	7.55	6.90
- diluted	5.20	5.27
Profit attributable to ordinary shareholders (S$'000)	68,951	55,141
Profit attributable to ordinary shareholders and PCCS holders (S$'000)	68,951	58,071
Weighted average number of ordinary shares in issue:		
- basic	913,035,601 [1]	799,161,494 [1]
- diluted	1,325,857,355 [1]	1,101,450,556 [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 2021	**As at 31 December 2020**	**As at 30 June 2021**	**As at 31 December 2020**
Net asset value per ordinary share (cents)	195.44	183.05	153.63	153.14
Number of issued ordinary shares (excluding treasury shares)	913,142,164 [1]	912,956,920 [1]	913,449,846	913,264,602

[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*.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:—

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

<u>Group performance</u>

Revenue and cost of sales

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

	6 months ended 30 June	
	2021	**2020**
	S$'000	**S$'000**
Revenue from sale of properties	81,049	22,433
Rental income from investment properties*	5,871	3,994
Revenue from hotel operations	15,300	12,788
Revenue from property financing	54,538	64,933
Total	156,758	104,148

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

Revenue of the Group increased by S$52.6 million or 50.5%, from S$104.1 million in 1H2020 to S$156.8 million in 1H2021. This increase was due to the increase in revenue from (i) sale of properties of S$58.6 million, (ii) hotel operations of S$2.5 million and (iii) rental of investment properties of S$1.9 million. The increase was partially offset by the decrease in revenue from property financing of S$10.4 million.

Revenue from sale of properties increased by S$58.7 million or 262.1% to S$81.1 million in 1H2021. This was due mainly to the handover of SOHO loft units in Plot F of the Millennium Waterfront project in 1H2021. The increase was partially offset by a lower number of car park lots sold in the current period. In 1H2020, there was a bulk sale of 883 carpark lots of Plot B of the Millennium Waterfront project (1H2021: 619 SOHO loft units, 1 commercial unit and 7 car park lots; 1H2020: 1,172 car park lots).

Rental income from investment properties increased by S$1.9 million or 47.0% to S$5.9 million in 1H2021. 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$2.5 million or 19.6% to S$15.3 million in 1H2021. This was due mainly to the better performance of the hotel portfolio as a whole as a result of the relaxation of the various Covid-19 related travel and lockdown restrictions in the PRC, Netherlands and Germany. There were no closure of hotels in 1H2021 as compared to 1H2020, where the Bilderberg Bellevue Hotel Dresden was closed between late March and mid-May in 2020 and the Wenjiang Holiday Inn Express from late January 2020 as a precautionary measure to curb the spread of Covid-19 then.

Revenue from property financing decreased by S$10.4 million or 16.0% to S$54.5 million in 1H2021. The decrease was due mainly to the absence of a S$15.8 million one-off loan restructuring income arising from the refinancing of the loans to 33%-owned FSMC and S$3.4 million establishment fee from the provision of a A$370 million construction facility to fund the City Tattersalls Club development project in Sydney. This is partially offset by higher revenue from the PRC property financing business achieved in 1H2021 due mainly to the higher average PRC loan book for the 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 increased by S$65.4 million or 325.9%, from S$20.1 million in 1H2020 to S$85.5 million in 1H2021.

The Group's gross profit decreased by S$12.8 million or 15.2% from S$84.1 million in 1H2020 to S$71.3 million in 1H2021. The decrease was due mainly to the lower gross profit generated from sale of properties and property financing of S$1.8 million and S$12.7 million respectively. This was partially offset by higher gross profit from rental income from investment properties and hotel operations of S$1.2 million and S$0.5 million respectively.

The Group attained a lower overall gross margin of 45.5% in 1H2021 compared to 80.7% in 1H2020. This is due mainly to the change in sales mix as the lower yielding property development business contributed a larger share of the total revenue in the current period. In addition, lower gross profit margin was made from the handover of the SOHO loft units in Plot F compared to the 100% gross profit margin achieved in 1H2020 from car park profit recognition 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. The administrative expenses of S$13.1 million in 1H2021 remain fairly consistent compared to 1H2020.

Selling expenses

Selling expenses increased by S$3.5 million or 126.3% from S$2.8 million in 1H2020 to S$6.4 million in 1H2021. The increase was due mainly to the recognition of S$4.1 million (RMB19.9 million) of sales commission expenses attributable to SOHO loft units in Plot F of the Millennium Waterfront Project in Chengdu, upon the recognition of profit on handover of these units.

Other income (net)

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.

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 stocks written off and hotel pre-opening expenses amounting to S$1.0 million in aggregate.

Other gains (net)

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.

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

Net finance costs for 1H2021 comprise S$1.8 million (1H2020: S$1.8 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 increased by S$16.5 million from a loss of S$5.7 million in 1H2020 to a profit of S$10.8 million in 1H2021. The significant increase was attributable mainly to the 30%-held Star of East River ("SoER") and 20.4%-held Emerald of the Orient ("EoO") projects, which were the key contributors to the Group's share of results in both periods. Specifically, these projects contributed a share of after tax profit of S$17.2 million in 1H2021, compared to S$5.6 million in 1H2020. In addition, there is an absence of Group's share of loan restructuring expenses incurred by the 33%-owned FSMC Group in 1H2020 amounting to S$5.2 million.

(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$3.5 million or 0.9%, from S$371.4 million as at 31 December 2020 to S$374.9 million as at 30 June 2021. The increase was due mainly to the consolidation of S$13.5 million PPE of the East Sun Entities on 31 March 2021 as disclosed in note 12(c) of the condensed interim financial statements, and the capital expenditure of S$3.8 million incurred on the purchase and renovation of office units in the SoER project to accommodate the Group's Dongguan operations. The additions were partially offset by the reclassification of two commercial properties held by East Sun No. 1 and East Sun No. 3 to assets held-for-sale amounting to S$7.5 million and depreciation charge for the period.

Investment properties increased by S$26.4 million or 27.0% from S$97.9 million as at 31 December 2020 to S$124.4 million as at 30 June 2021. The increase was due mainly to the gain in control of East Sun Entities on 31 March 2021, resulting in the consolidation of eight investment properties amounting to S$49.0 million on that date. This was partially offset by the reclassification of two investment properties amounting to S$21.9 million in aggregate to assets held-for-sale in June 2021, being properties held by East Sun No. 1 and East Sun No. 3.

Interests in associates and joint ventures increased by S$335.8 million or 61.1%, from S$549.9 million as at 31 December 2020 to S$885.7 million as at 30 June 2021. The increase was mainly attributable to the capitalisation of loans amounting to S$247.1 million (RMB1.15 billion) granted to the effectively 17.3%-held project company for the transit-oriented development in Humen, Dongguan. In addition, the Group's indirect 90%-owned subsidiary, East Sun had divested its interest in two East Sun Entities from 100% stake to 49% in June 2021. Upon the divestment, these two entities became joint ventures of the Group, with an aggregate carrying value of $51.0 million as at 30 June 2021. The accounting for the acquisition of the 18% equity interest in the Fenggang joint venture in February 2021 for a cash consideration of S$0.04 million (RMB0.2 million) was based on the joint venture's provisional fair values at the date of its acquisition. The Group has up to 12 months after the acquisition date to finalise the financial effects of its acquisition. Furthermore, the Group's share of after-tax profit from the 30%-held SoER and 20.4%-held EoO projects amounted to S$17.2 million for 1H2021 and the effect of strengthening of RMB against S$ had also boosted the carrying values of the Group's interests in its PRC associates and joint ventures.

Other investments increased by S$132.4 million or 229.9%, from S$57.6 million as at 31 December 2020 to S$190.0 million as at 30 June 2021. The increase was due mainly to the subscription of secured senior and junior 3 year-convertible bonds issued by a 49.9%-held associate with carrying value of S$173.5 million in aggregate. This was partially offset by the de-recognition of investment in East Sun Entities amounting to S$43.2 million as a result of the gain in control of these entities on 31 March 2021.

Non-current trade and other receivables decreased by S$89.0 million or 11.6%, from S$767.0 million as at 31 December 2020 to S$678.0 million as at 30 June 2021. The decrease was due mainly to the reclassification of a secured PRC property financing loan due in February 2022 with loan principal of S$120.7 million (RMB580.0 million) to current receivables, and the weakening of € against S$ resulting in the negative movement on €-denominated balances.

This was partially offset by a S$40.1 million (€25.0 million) loan disbursed to a 50%-owned joint venture in January 2021.

Current assets

Development properties increased by S$321.4 million or 60.6%, from S$530.5 million as at 31 December 2020 to S$851.9 million as at 30 June 2021. The increase was due mainly to the Group's acquisition of a development site, Le Papillon phase 3 in Panyu district of Guangzhou and the continued development of The Pinnacle project in Dongguan. The increase was partially offset by the commencement of handover of the SOHO loft units in Plot F of the Millennium Waterfront Project in Chengdu in the current period.

Trade and other receivables increased by S$348.5 million or 72.3%, from S$482.4 million as at 31 December 2020 to S$830.9 million as at 30 June 2021. The increase was due mainly to (i) the above-mentioned reclassification of property financing loan amounting to S$120.7 million (RMB580.0 million) from non-current trade receivables, (ii) disbursement of a secured property financing loan of S$187.3 million (RMB900.0 million) in February 2021 in relation to a development land in Tangxia, Dongguan, (iii) disbursement of a secured interest-free loan amounting to S$104.1 million (RMB500.0 million) to an 18%-owned joint venture for the Fenggang Project in January 2021. The increase was partially offset by (i) utilisation of deposit of S$27.7 million in respect of the acquisition of Double Wealthy, (ii) utilisation of deposit paid for the purchase of office space in the 30%-held SoER amounting to S$6.7 million (RMB32.3 million) and (iii) absence of receivables from East Sun Entities amounting to S$30.8 million (RMB152.1 million) upon the gain in control of East Sun Entities on 31 March 2021.

Assets held-for-sale increased by S$27.8 million or 216.5%, from S$12.8 million as at 31 December 2020 to S$40.6 million as at 30 June 2021. The increase was due mainly to the reclassification of assets of East Sun No. 1 and East Sun No. 3 amounting to S$29.5 million. This is partially offset by further profit recognition from the disposal of car parks of the Chengdu Cityspring project.

Current liabilities

Liabilities held-for-sale of S$6.8 million as at 30 June 2021 relate to the liabilities of East Sun No. 1 and East Sun No. 3.

Contract liabilities increased by S$85.6 million or 23.0%, from S$372.2 million as at 31 December 2020 to S$457.8 million as at 30 June 2021. This was due mainly to the cash receipts from the presale of 2 residential blocks and 1 SOHO block of The Pinnacle project amounting to S$139.0 million. The increase was partially offset by de-recognition of S$51.0 million of contract liabilities due to the handover of SOHO loft units in Plot F of the Millennium Waterfront project. Furthermore, profit recognition of Chengdu Cityspring project carparks also resulted in a reduction of S$3.2 million.

Loans and borrowings

Gross borrowings increased by S$477.4 million or 63.9%, from S$747.6 million as at 31 December 2020 to S$1,225.0 million as at 30 June 2021. This was due mainly to additional bank borrowings of S$598.5 million obtained to fund the Group's expansion into the Greater Bay Area. This was partially offset by the repayment of S$125.5 million bank borrowings in 1H2021 using the capital reduction proceeds received from a PRC subsidiary.

The Group maintained a net gearing ratio of 0.49 as at 30 June 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 started to partially hedge its currency exposure to RMB, including where PRC property development and property financing operations are not funded by onshore RMB assets, CNH-denominated borrowings would be drawn and/or financial derivative instrument(s) would be executed as appropriate. The cost of entering into hedging instruments to manage the Group's exposure to the entire RMB portfolio remains fairly expensive. As such, the Group will continue to monitor its 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 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 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 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 2021, the Group had 20 CCSs outstanding with an aggregate notional amount of €378.8 million, A$26.1 million, RMB2,557.9 million and US$25.0 million, seven FCSs with aggregate notional amounts of €243.1 million, US$96.1 million and RMB100.0 million, and five FXFs with an aggregate notional amount of €100.0 million. These financial instruments are measured at fair value with changes in fair value recognised in the profit or 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 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 zero cumulative impact to the profit or loss account. 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 2021 amounted to approximately S$9.9 million.

As at 30 June 2021, the Group recorded a cumulative net translation gain of S$63.6 million as part of reserves in its shareholders' equity. This arose from the translation of the net assets and income and expenses of the Group's foreign operations in the PRC, Europe and Australia to S$ at the exchange rates prevailing at the end of the reporting period.

Statement of cash flows of the Group

Net cash generated from operating activities amounted to S$110.2 million for 1H2021 due mainly to the net drawdown of bank borrowings of S$324.3 million and S$55.5 million cash proceeds collected mainly from the pre-sale of The Pinnacle project in Dongguan as well as interest received of S$23.9 million. This was partially offset by (i) the net disbursement of PRC property financing loans of S$91.4 million, (ii) a loan to a joint venture of S$40.2 million, (iii) net subscription of secured convertible bonds issued by an associated company of S$163.3 million to fund the Bolong Bay Garden project in Dongguan, (iv) payment of interest and income tax amounting to S$16.1 million in aggregate, and the payment of construction costs for The Pinnacle and the Millennium Waterfront projects.

Net cash used in investing activities amounted to S$604.8 million for 1H2021 due mainly to the (i) net cash outflow from the Group's acquisition of an effective 95% equity and shareholder's loan relating to the Le Papillion project in Panyu, Guangzhou, amounting to S$241.7 million, (ii) net advances to associates and joint ventures of S$241.4 million in aggregate, mainly to fund the Humen transit-oriented development project and the Fenggang project in Dongguan, (iii) net advances to non-controlling interests of S$138.3 million, out of which S$137.7 million was related to the funding of the Humen transit-oriented development project, (iv) placement of structured deposits of S$60.3 million and (v) further equity injection of S$7.8 million in aggregate into the Group's 39.9% associate to fund the City Tattersalls Club development project and the 50%-owned joint venture that owns the Le Méridien Frankfurt hotel. These cash outflows have been partially offset by (vi) the proceeds received from the disposal of assets held-for-sale of S$65.6 million, (vii) deposits received in relation to the divestment of interests in East Sun No. 1 and East Sun No. 3 of S$12.0 million in aggregate, and (viii) interest received of S$7.1 million.

Net cash from financing activities amounted to S$244.2 million for 1H2021. This was due mainly to the (i) net drawdown of bank borrowings of S$150.9 million, (ii) net advances from associates of S$104.6 million, (iii) equity contributions and advances from non-controlling interests of S$25.1 million in aggregate, mainly to fund the Humen transit-oriented development project, and (iv) the proceeds from issuance of ordinary shares of S$0.2 million. These were partially offset by (v) the payment of FY2020 second interim dividends to the shareholders of the Company of S$18.3 million, (vi) repayment to an affiliate of a non-controlling interest of S$4.5 million, (vii) interest expense and transaction costs related to borrowings amounting to SS$10.7 million in aggregate, and (viii) the payment of lease liabilities of S$3.1 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")

According to the National Bureau of Statistics ("NBS"), GDP growth slowed to 7.9% in 2Q2021 on a year on year basis, after a sharp recovery of 18.3% in 1Q2021, resulting in a 12.7% growth in the first half of the year. Nikkei Asia reported that the PRC posted slower growth of 1.3% in 2Q2021 from 1Q2021, reflecting the uneven recovery across economic sectors. Despite growth driven by strong demand both domestically and from abroad, along with continued government support for smaller enterprises, the pace was unsustainable and 2Q2021 saw manufacturing slowing and consumer demand not picking up as quickly as expected according to The Business Times. It is expected that growth would moderate later in 2021 as the government turns to reining in financial risks arising from an overheating economy. According to a poll by Reuters, the PRC is expected to grow at 8.6%, whereas Bloomberg and World Bank are expecting a GDP growth of 8.5% for 2021. The official government economic growth target remains at above 6% for 2021.

The government's property cooling measures seemed to have been effective in stabilizing property prices. In June 2021, the average new home prices in 70 major cities in the PRC grew by 0.5%, down from a 0.6% rise in May 2021, its weakest pace this year, according to Reuters' calculations based on data released by the NBS. The sharp rebound in the economy continues to fuel robust demand for properties. Compared to a year ago, new home prices rose by 4.7%, compared to 4.9% in May 2021. Deutsche Bank reported that the rise of urbanization, the three-child policy and the improving jobs market are driving contributors to the persistent housing demand. According to a Reuters poll of analysts in June 2021, home prices are expected to grow by 5% in 2021, up from a 3.3% gain expected from a similar survey in February 2021. NBS data indicated that 55 cities reported monthly gains in June 2021, falling from 62 in May 2021, with a slight increase in new home prices in tier-1 cities, while growth flatlined in tier-2 and 3 cities.

The Netherlands

According to the official government policy adviser, the Central Plan Bureau ("CPB"), the Dutch economy is expected to recover much faster from its Covid-19 slump than expected as the rollout of vaccinations has allowed businesses to reopen. Following last year's contraction of 3.7%, the CPB reported that the Dutch economy is set to grow at 3.2% for 2021, as consumers increase their spending and unemployment remains low. In its second estimate, Statistics Netherlands ("CBS") reported that GDP decreased by 0.8% in 1Q2021 relative to the previous quarter and contracted by 2.4% relative to 1Q2020. The decline was attributed to slowing household consumption but was offset by higher investments and an increased trade balance.

House prices in the Netherlands are seeing their greatest price increase in the last 20 years according to CBS, having jumped an unprecedented 20% in 2Q2021 as compared to a year ago, according to the Dutch association of realtors ("NVM"). Owner-occupied dwellings (excluding new constructions) in May 2021 were on average 12.9% more expensive than a year ago, representing the largest increase since May 2001. The NVM mentioned that the selling price for a house in the Netherlands reached a new record of €410,000 in 2Q2021. The Dutch Central Bank ("DNB") reported that house prices will further increase next year by an estimated 5.5%. Whilst the increase may be lower as compared to the estimated increase of 10% for 2021, the DNB stated that it would still remain "high from a historical perspective". The key drivers of such price increase are the enormous shortage in the housing market, low mortgage interest rates and the abolition of the transfer tax for first time buyers under 35 years old.

The CBS reported that the total number of home transactions recorded over the month of May 2021 stood at 16,126, 12.1% less than a year ago. The first five months of 2021 saw 101,707 dwellings changing owners, representing an increase of over 14.6% relative to the same period in 2020.

Company Outlook

Property Development

The Group continues to be active in the Greater Bay Area ("GBA"), especially Dongguan. During the first half of the year, the Group acquired an equity interest in three new property development projects in the GBA, two in Dongguan (Fenggang which is 18%-owned and Humen which is 48.2%-owned) and one in Panyu, Guangzhou (95%-owned). In Fenggang, subject to the successful resettlement of existing inhabitants and re-zoning, the land can be redeveloped into a predominantly residential project with a saleable residential GFA of approximately 157,500 sqm. The resettlement and re-zoning exercise is expected to be completed by 2H2022. The Group acquired a 30,000 sqm development land in Humen via a joint venture with a wholly-owned subsidiary of a HKSE-listed property development company in April 2021. The project company has commenced construction work in June 2021 to develop a predominantly residential project ("Bolong Bay Garden") with a total saleable GFA of approximately 78,400 sqm. Pre-sale of the Bolong Bay Garden project is expected to commence in 4Q2021/1Q2022. In July 2021, the Group entered into a joint venture to subscribe for a 36% equity stake in a project company that owns and will redevelop two adjacent plots of mixed-use development land in Humen, Dongguan. The project will have a saleable GFA of approximately 110,000 sqm which comprises approximately 82,000 sqm (75%) of residential GFA and 28,000 sqm (25%) of commercial GFA. Construction and pre-sale are expected to commence in 4Q2021 and 3Q2022 respectively. The Le Papillon Phase 3 project in Panyu was acquired in May 2021. Construction work has also commenced and the Group targets to launch its first residential pre-sales in 4Q2021 or 1Q2022.

Construction work for the Group's 17.3%-owned Time Zone (previously known as Humen TOD project) in Dongguan has been progressing well. In relation to Phase 1.1, pre-sale launch for the first four residential blocks (980-units) is expected to occur in August 2021, followed by two SOHO loft blocks (648-units) in September 2021 and two additional residential blocks (308-units) before the end of 2021. Barring any unforeseen circumstances, Phase 1.2, which comprises seven residential and two SOHO loft blocks, is expected to launch for pre-sales in phases from 1Q2022.

The Group also expects to recognise profit from the fully sold residential component of The Pinnacle project from 4Q2021.

In Chengdu, the development of Plot F of the Millennium Waterfront project has been successfully completed with 85% of the SOHO loft units sold handed over in 1H2021. The retail and commercial spaces at Plot F are currently 88% leased. In October 2020, the Company stated that it was approached by an independent third party with regard to the Group's interests in the Chengdu Millennium Waterfront project, including Plot E, the last development plot of the project, and that discussions were on-going. In February 2021, the Company further stated that it was in concurrent discussions with other third parties which have expressed similar interest. The Company wishes to update that all discussions have been terminated and no transaction has materialised from such discussions. Following the successful development of Plot F, Plot E comprising 2,800 SOHO units, 37,500 sqm of lettable commercial space and a medical facility with a GFA of 74,200 sqm will be developed in two phases.

The Group has completed the development of the 33%-owned Terraced Tower project in Rotterdam, which marks the Group's first residential development project in the Netherlands and involved the transformation of an aged office building into a new landmark residential building with 344 apartments supported by commercial and retail amenities. Handover of the fully sold out project to purchasers started on 1 July 2021.

In Amsterdam, the irrevocable building permit to redevelop and increase the net lettable floor area of the Dreeftoren office property to 15,600 sqm of office space (currently 8,722 sqm) and 1,600 sqm of commercial space (currently nil), and to develop a new 312-unit (lettable floor area of 20,300 sqm) residential tower adjacent to the office building was obtained in March

2020. To further enhance value, the Group is currently exploring the feasibility of reducing the number of underground levels in the parking garage from two to one. The Group intends to commence development in 4Q2021.

Application for the Stage 2 development approval in relation to the Group's 39.9%-owned City Tattersalls Club development project at Pitt Street, Sydney, Australia was submitted in March 2021. Stage 2 development approval is expected to be granted subject to, among other things, the purchase by the developer trust of a specified amount of heritage floor space. In the meantime, the developer trust has purchased 7,002 sqm of heritage floor space which, based on its estimates, will substantially fulfil such condition. The developer trust will purchase additional heritage floor space, if required, to satisfy such condition. Construction is expected to commence in 3Q2022 and complete in 1H2026 while the pre-sale launch of the residential apartment units is expected to be in 2Q2022. The Group will be providing construction financing to the developer trust as part of its property financing business.

Property Holding

Despite the Covid-19 pandemic weighing on the hospitality industry, the Group managed to improve both the revenue and gross profit of its property holding arm due mainly to higher hotel revenue contribution from the Chengdu Wenjiang hotels and hotspring operations. The Crowne Plaza Chengdu Wenjiang and Holiday Inn Express Chengdu Wenjiang Hotspring Hotel in the PRC have returned to a performance level similar to pre-Covid-19 times.

In January 2020, the Group's 90%-owned Dongguan East Sun Limited entered into an agreement with a third party to divest a 51% controlling equity interest in Dongguan Wan Li Limited ("Wan Li"), valuing the properties held by Wan Li at RMB320.0 million, which represents a premium of approximately 100% over its allocated cost. This divestment was completed on 30 June 2021 and generated a net gain of S$9.1 million to the Group.

In May and June 2021, the Group entered into two agreements to divest a 40.5% and 72% effective equity interest in two properties within the East Sun Portfolio (namely Wentang Recycling Factory and Liaobu Factory respectively) at a substantial premium of 219% and 128% over the allocated cost of RMB40.3 million and RMB61.4 million respectively. Completion of the divestment of each of Wentang Recycling Factory and Liaobu Factory is expected to be in December 2021 and April 2022 respectively. The Wentang Recycling Factory was demolished to make way for higher density industrial buildings to be constructed in due course.

Overall occupancy of the Group's European operating hotels remained lacklustre in 1H2021 although performance picked up in the later months due mainly to a gradual easing of measures in June 2021. Nevertheless, the outlook for the Group's Dutch operating hotels remains uncertain as restrictions were re-implemented in July 2021 following a resurgence of Covid-19 cases. The Group expects the performance of its European operating hotel portfolio to remain weak.

In May 2021, TVHG Budget Amsterdam II B.V. ("TVHG"), the tenant of the two hotels at the Arena Towers in Amsterdam Southeast, commenced preliminary relief proceedings against the Group's wholly-owned subsidiary, FS NL Property 2 B.V., for a partial rent suspension until such time that the Covid-19 restrictions are lifted or the hotels' turnover returns to pre-Covid-19 levels. On 9 June 2021, the Amsterdam preliminary relief judge issued a favourable ruling, rejecting all of TVHG's claims. While the timeline for appeal against the ruling issued by the preliminary relief judge has expired, there is no assurance that TVHG will not pursue further legal action to seek a rent discount.

Property Financing

Excluding the one-off loan restructuring income arising from the refinancing of the FSMC loans and establishment fee from the provision of a A$370 million construction facility to fund the redevelopment of the City Tattersalls Club development project, property financing income increased by S$8.5m from 1H2020 arising mainly from a higher average return from the PRC PF business.

In connection with the economic difficulties resulting from the Covid-19 pandemic, the Group granted a borrower of a RMB580 million loan, secured on a Guangzhou city hotel with a 44% loan-to-value, a short term deferral of interest payments. The borrower was allowed to defer 50% of the monthly interest payments for a few months in 2020 by one year. The borrower has fully repaid the deferred interest for the relevant periods.

In November 2020, the Group commenced legal action against a borrower group in the Shanghai court to recover an aggregate loan principal of RMB330 million and associated interest under two cross collateralised loans with an average loan-to-value of 53%. In March 2021, the Group entered into a settlement agreement with the borrower group, which formed the basis of a ruling issued by the Shanghai court on 30 March 2021. The principal terms of the court ruling include, among others, a repayment schedule for the loan principal and interest, including default interest. However, the borrower group failed to fully comply with the fourth instalment payment which was due on 30 June 2021. On 12 July 2021, the Group filed a court application to inter alia seek the auction sale of the mortgaged assets in accordance with the court ruling.

Owing to the slight recovery in the performance of the Dutch Bilderberg hotel portfolio which is 95% owned by FSMC, the 33%-owned FSMC group was able to meet its interest payments for 2Q2021. However, it has elected to continue deferring interest payments for 1Q2021 on the loans extended by the Group in accordance with the terms of the loan agreement. The Group does not expect any recoverability issue for the deferred interests and loan principals given its significant influence over FSMC.

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	First 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 2021.

(d) Record date

7 September 2021.

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
30 July 2021

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 2021 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

30 July 2021