FIRST SPONSOR GROUP LIMITED
AND SUBSIDIARY COMPANIES

SGX APPENDIX 7.2 ANNOUNCEMENT
FOR THE HALF YEAR ENDED
30 JUNE 2023

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CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT
For the half year ended 30 June 2023

	Note	The Group (Unaudited) Half year ended 30 June 2023 S$'000	2022 S$'000
Revenue	4	135,889	115,254
Cost of sales		(70,467)	(49,026)
Gross profit		65,422	66,228
Administrative expenses		(25,944)	(18,015)
Selling expenses		(8,766)	(6,267)
Other (expenses)/income (net)		(3,170)	13,751
Other (losses)/gains (net)	5	(5)	15,224
Results from operating activities		27,537	70,921
Finance income		22,668	14,752
Finance costs		(34,294)	(21,473)
Net finance costs		(11,626)	(6,721)
Share of after-tax (loss)/profit of associates and joint ventures		(3,364)	20,685
Profit before tax	6	12,547	84,885
Tax expense	7	(4,731)	(14,130)
Profit for the period		7,816	70,755
Attributable to:			
Equity holders of the Company		10,605	71,331
Non-controlling interests		(2,789)	(576)
Profit for the period		7,816	70,755
Earnings per share (cents)			
- **Basic**		1.15	7.73
- **Diluted**		0.93	5.38

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2023

	The Group (Unaudited) Half year ended 30 June	
	2023	**2022**
	S$'000	**S$'000**
Profit for the period	7,816	70,755
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	(37,283)	(16,919)
Translation differences on financial statements of foreign subsidiaries, net of tax	(7,545)	(27,573)
Total other comprehensive income for the period, net of tax	(44,828)	(44,492)
Total comprehensive income for the period	(37,012)	26,263
Total comprehensive income attributable to:		
Equity holders of the Company	(29,580)	30,103
Non-controlling interests	(7,432)	(3,840)
Total comprehensive income for the period	(37,012)	26,263

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at 30 June 2023

	Note	The Group As at 30 June 2023 S$'000 (Unaudited)	The Group As at 31 December 2022 S$'000 (Audited)	The Company As at 30 June 2023 S$'000 (Unaudited)	The Company As at 31 December 2022 S$'000 (Audited)
Non-current assets					
Property, plant and equipment		608,668	573,132	666	789
Investment properties		174,866	175,334	-	-
Goodwill		23,527	22,874	-	-
Subsidiaries		-	-	1,689,022	1,636,191
Interests in associates and joint ventures		1,192,368	1,120,067	9,680	9,680
Derivative assets		61,452	113,440	61,452	113,440
Other investments		13,281	135,294	-	-
Deferred tax assets		30,452	40,414	-	-
Trade and other receivables		462,375	370,017	-	-
		2,566,989	2,550,572	1,760,820	1,760,100
Current assets					
Development properties		1,014,881	932,949	-	-
Inventories		1,545	1,345	-	-
Trade and other receivables		570,067	527,043	1,142,089	989,190
Derivative assets		75,936	55,942	75,936	55,942
Other investments		67,586	-	-	-
Cash and cash equivalents		177,129	270,263	17,489	15,305
		1,907,144	1,787,542	1,235,514	1,060,437
Total assets		4,474,133	4,338,114	2,996,334	2,820,537
Equity					
Share capital		118,806	118,802	118,806	118,802
Share premium		296,797	296,772	297,009	296,984
Reserves		1,340,164	1,394,691	1,066,666	1,106,711
Equity attributable to owners of the Company		1,755,767	1,810,265	1,482,481	1,522,497
Non-controlling interests		110,790	115,722	-	-
Total equity		1,866,557	1,925,987	1,482,481	1,522,497
Non-current liabilities					
Loans and borrowings	10	1,167,519	906,755	1,071,835	928,755
Derivative liabilities		2,572	354	2,572	354
Other payables		13,375	17,219	-	-
Lease liabilities		99,132	87,940	143	217
Deferred tax liabilities		59,104	59,250	-	-
		1,341,702	1,071,518	1,074,550	929,326

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)
As at 30 June 2023

	Note	The Group		The Company	
		As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)	As at 30 June 2023 S$'000 (Unaudited)	As at 31 December 2022 S$'000 (Audited)
Current liabilities					
Loans and borrowings	10	161,263	101,631	161,263	101,631
Current tax payable		15,458	65,633	3,061	3,450
Trade and other payables		1,039,305	1,150,928	269,359	263,408
Contract liabilities		39,915	16,334	-	-
Receipts in advance		1,375	3,407	-	-
Lease liabilities		3,083	2,596	145	145
Derivative liabilities		5,475	80	5,475	80
		1,265,874	1,340,609	439,303	368,714
Total liabilities		2,607,576	2,412,127	1,513,853	1,298,040
Total equity and liabilities		4,474,133	4,338,114	2,996,334	2,820,537

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2023

	Note	The Group (Unaudited) Half year ended 30 June 2023 S$'000	2022 S$'000
Cash flows from operating activities			
Profit for the period		7,816	70,755
Adjustments for:			
Depreciation of property, plant and equipment	4.1, 6	9,691	8,200
Fair value loss/(gain) on:			
- derivative assets/liabilities (net)	4.1, 6	39,607	(75,524)
- other investments	4.1, 6	1,747	221
Finance income		(22,668)	(14,752)
Finance costs		34,294	21,473
(Gain)/loss on disposal of:			
- assets and liabilities held-for-sale	5	-	(15,158)
- investment properties	5	-	(82)
- property, plant and equipment (net)	5	-*	1
Writeback of allowance for expected credit losses from trade and other receivables		(36)	-
Property, plant and equipment written off	5	5	15
Share of after-tax loss/(profit) of associates and joint ventures		3,364	(20,685)
Tax expense	7	4,731	14,130
		78,551	(11,406)
Changes in:			
Contract liabilities		24,542	(10,011)
Development properties		(91,764)	(49,850)
Inventories		(162)	(174)
Loans and borrowings		(52,686)	(8,498)
Trade and other receivables		(20,795)	544,880
Trade and other payables		(115,574)	(22,571)
Cash (used in)/ generated from operations		(177,888)	442,370
Interest received		2,694	1,090
Interest paid		(5,375)	(3,747)
Tax paid		(46,775)	(42,005)
Net cash (used in)/ from operating activities		(227,344)	397,708
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		-	6,701
(Advances to)/ repayment from associates (net)		(97)	2
Advances to joint ventures (net)		(4,145)	(1,784)
Deposit received for disposal of a joint venture		9,625	-
Interest received		19,526	12,317
Loan to a non-controlling interest of a subsidiary		(9,235)	-

* Amount less than S$1,000

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
For the half year ended 30 June 2023

	Note	The Group (Unaudited) Half year ended 30 June 2023 S$'000	2022 S$'000
Cash flows from investing activities (cont'd)			
Payment for acquisition of other investments		(505)	-
Payment for additions to property, plant and equipment		(24,622)	(1,163)
Payment for purchase of investment properties		(15)	(61,189)
Payment for investments in associates and joint ventures		(112,799)	(46,309)
Placement of other investments		-	(35,716)
Proceeds from disposal of:			
- assets and liabilities held-for-sale		-	23,900
- investment properties		-	543
- property, plant and equipment		-	3
Net cash used in investing activities		(122,267)	(102,695)
Cash flows from financing activities			
Advances from associates (net)		14,469	117,936
Advances from joint ventures (net)		47,273	-
(Repayment to) / advances from non-controlling interests of subsidiaries		(6,577)	6,083
Capital contributions by non-controlling interests		2,500	1,062
Dividends paid to the owners of the Company	8	(24,947)	(21,710)
Interest paid		(27,946)	(14,743)
Issuance of ordinary shares		29	3,571
Payment of lease liabilities		(2,993)	(7,067)
Payment of transaction costs related to borrowings		(2,736)	(3,150)
Repayment by an affiliate of a non-controlling interest of a subsidiary		7,219	-
Proceeds from bank borrowings		1,271,574	438,034
Repayment of bank borrowings		(1,017,570)	(495,826)
Net cash from financing activities		260,295	24,190
Net (decrease)/increase in cash and cash equivalents		(89,316)	319,203
Cash and cash equivalents at the beginning of the period		270,263	343,967
Effect of exchange rate changes on balances held in foreign currencies		(3,818)	(11,271)
Cash and cash equivalents at the end of the period		**177,129**	**651,899**

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the half year ended 30 June 2023

	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 2023	118,802	296,772	59,204	245	655,029	(64,103)	744,316	1,810,265	115,722	1,925,987
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	10,605	10,605	(2,789)	7,816
Other comprehensive income										
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	-	-	-	-	-	(37,283)	-	(37,283)	-	(37,283)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	-	(2,902)	-	(2,902)	(4,643)	(7,545)
Total other comprehensive income	-	-	-	-	-	(40,185)	-	(40,185)	(4,643)	(44,828)
Total comprehensive income for the period	-	-	-	-	-	(40,185)	10,605	(29,580)	(7,432)	(37,012)

FIRST SPONSOR GROUP LIMITED AND SUBSIDIARY COMPANIES

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)
For the half year ended 30 June 2023

	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	-	-	-	-	-	-	(24,947)	(24,947)	-	(24,947)
Issuance of new shares pursuant to exercise of warrants		4	25	-	-	-	-	-	29	-	29
Total contributions by and distributions to owners		4	25	-	-	-	-	(24,947)	(24,918)	-	(24,918)
Changes in ownership interests in subsidiaries											
Capital contribution by non-controlling interests		-	-	-	-	-	-	-	-	2,500	2,500
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	2,500	2,500
Total transactions with owners of the Company		4	25	-	-	-	-	(24,947)	(24,918)	2,500	(22,418)
At 30 June 2023		118,806	296,797	59,204	245	655,029	(104,288)	729,974	1,755,767	110,790	1,866,557

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)
For the half year ended 30 June 2023

	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 2023

	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**

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)
For the half year ended 30 June 2023

	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 2023	118,802	296,984	(5,988)	655,029	457,670	1,522,497
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(15,092)	(15,092)
Total comprehensive income for the period	-	-	-	-	(15,092)	(15,092)
Transaction with owners, recognised directly in equity						
Contribution by and distributions to owners						
Dividends paid to the owners of the Company	-	-	-	-	(24,953)	(24,953)
Issuance of new shares pursuant to exercise of warrants	4	25	-	-	-	29
Total contributions by and distributions to owners	4	25	-	-	(24,953)	(24,924)
Total transactions with owners of the Company	4	25	-	-	(24,953)	(24,924)
At 30 June 2023	**118,806**	**297,009**	**(5,988)**	**655,029**	**417,625**	**1,482,481**

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)
For the half year ended 30 June 2023

	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**

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the half year ended 30 June 2023

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 2023 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 2023 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 2022.

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 2023. 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 rising interest rate, inflationary cost pressures, geopolitical tension and Covid-19 pandemic have 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 2022.

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, location and type of asset. The income capitalisation approach takes into consideration the estimated net rent and a yield rate applicable to the nature, location 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 adjusted for location, age, size and other factors, if applicable.

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.

The fair value of the Group's investment properties as at 30 June 2023 was based on the independent valuations as at 31 December 2022 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 2022, 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 2023. 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 continuing interest rate hikes and rising energy costs in the European Union plus uncertainties over the Ukraine war, have increased the volatility to property markets in 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 2023.

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 varying pace of recovery from the Covid-19 pandemic on travel and tourism industries in the countries in which the Group operates its hotel operations 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 – hotels and hotspring owner

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

Half year ended 30 June 2023	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
Segment revenue	19,677	7,701	30,307	87,728	145,413	5,506	150,919
Elimination of inter-segment revenue	(967)	-	(5,075)	(4,402)	(10,444)	(4,586)	(15,030)
External revenue	18,710	7,701	25,232	83,326	134,969	920	135,889
Profit/(loss) from operating activities	12,082	5,517	12,139	2,894	32,632	(5,095)	27,537
Finance income	18,315	23	858	3,376	22,572	96	22,668
Finance costs	(21,760)	(769)	(4)	(7,784)	(30,317)	(3,977)	(34,294)
Share of after-tax (loss)/profit of associates and joint ventures	(3,679)	318	-	-	(3,361)	(3)	(3,364)
Segment profit/(loss) before tax	4,958	5,089	12,993	(1,514)	21,526	(8,979)	12,547
Other material non-cash items (debit)/credit:							
Depreciation	(656)	(66)	(2)	(8,708)	(9,432)	(259)	(9,691)
Fair value loss (net) on:							
- other investments	-	-	-	-	-	(1,747)	(1,747)
- derivatives	(2,643)	(2,490)	(19,891)	(14,583)	(39,607)	-	(39,607)
Property, plant and equipment written off	-	-	-	(5)	(5)	-	(5)

4.1 Reportable segments (cont'd)

As at 30 June 2023	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
Assets							
Segment assets	1,602,000	209,069	716,263	701,908	3,229,240	52,525	3,281,765
Interests in associates and joint ventures	1,157,288	26,032	-	-	1,183,320	9,048	1,192,368
	2,759,288	235,101	716,263	701,908	4,412,560	61,573	4,474,133
Liabilities							
Segment liabilities	(1,683,840)	(57,386)	(500,521)	(350,894)	(2,592,641)	(14,935)	(2,607,576)
Other segment information:							
Capital expenditure*	94	15	9	25,913	26,031	48	26,079

* Includes property, plant and equipment and investment properties.

4.1 Reportable segments (cont'd)

Half year ended 30 June 2022	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
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/(loss) on:							
- other investments	-	-	-	-	-	(221)	(221)
- derivatives (net)	19,418	21,253	22,567	12,286	75,524	-	75,524
Property, plant and equipment written off	(12)	-	-	-	(12)	(3)	(15)

4.1 Reportable segments (cont'd)

As at 30 June 2022	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
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
	2,569,290	262,844	835,390	676,329	4,343,853	74,704	4,418,557
Liabilities							
Segment liabilities	(1,280,862)	(17,911)	(857,698)	(202,462)	(2,358,933)	(66,591)	(2,425,524)
Other segment information:							
Capital expenditure*	200	58,361	-	600	59,161	363	59,524

* Includes property, plant and equipment and investment properties.

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	
	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000	2023 S$'000	2022 S$'000
Primary geographical markets								
PRC	15,723	18,741	13,037	24,694	9,822	8,049	38,582	51,484
Europe	2,984	2,375	10,554	13,644	73,504	40,531	87,042	56,550
Others	3	3	1,641	901	-	-	1,644	904
Total revenue	18,710	21,119	25,232	39,239	83,326	48,580	127,268	108,938
Timing of revenue recognition								
At a point in time	18,710	21,119	-	-	83,326	48,580	102,036	69,699
Over time	-	-	25,232	39,239	-	-	25,232	39,239
	18,710	21,119	-	-	83,326	48,580	127,268	108,938

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

* This excludes rental income from investment properties.

5. Other (losses)/gains (net)

Other (losses)/gains (net) comprise:

	Note	The Group Half year ended 30 June 2023 S$'000	2022 S$'000
Gain/(loss) on disposal of:			
- assets and liabilities held-for-sale		-	15,158
- property, plant and equipment (net)		-*	(1)
- investment properties		-	82
Property, plant and equipment written off		(5)	(15)
		(5)	15,224

* Amount less than S$1,000

6. Profit before tax

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

	The Group Half year ended 30 June 2023 S$'000	2022 S$'000
Depreciation of property, plant and equipment	(9,691)	(8,200)
Exchange gain/(loss) (net)	42,165	(58,365)
Fair value gain/(loss) on:		
- derivative assets/liabilities (net)	(39,607)	75,524
- other investments	(1,747)	(221)
Interest expense on lease liabilities	(1,912)	(2,547)
Government grants – wage-related*	55	704
Government grants – non wage-related	(273)	888

* 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.

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	
	2023 S$'000	**2022 S$'000**
Current income tax (credit)/expense	(3,656)	6,455
Deferred income tax expense/(credit) relating to origination and reversal of temporary differences	7,593	(500)
Land appreciation tax expense	767	8,171
Withholding tax	27	4
	4,731	14,130

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 2023 are 25% and 25.8% respectively (30 June 2022: 25% and 25.8% respectively).

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 2022: 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 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.

For the half year ended 30 June 2023, the Group recorded an underprovision for LAT for The Pinnacle project in the PRC amounting to S$10.1 million (RMB52.5 million) and a corresponding current income tax credit of S$2.5 million (RMB13.1 million) upon the settlement of LAT for Phase 1 and Phase 2 of the project. On the other hand, the Group also finalized the LAT assessment for Plots C and D of the Millennium Waterfront in Chengdu which resulted in a reversal of LAT provision amounting to S$9.4 million (RMB48.7 million) and a corresponding deferred tax charge of S$2.4m (RMB12.2 million) during the current financial period.

For the half year ended 30 June 2022, 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.

8. Dividends

The condensed interim consolidated financial statements for the half year ended 30 June 2023 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 2023. Refer to Note 11 "Other Information Required by Listing Rule Appendix 7.2" for more details.

During the half year ended 30 June 2023, final tax exempt (one-tier) ordinary dividend of 2.70 cents per share totaling S$24.9 million was paid in respect of the financial year ended 31 December 2022.

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.

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 2023				
Financial assets measured at fair value through profit or loss				
Derivative assets	-	137,388	-	137,388
Other investments				
- Equity securities	13,281	-	-	13,281
- Debt securities	-	-	67,586	67,586
	13,281	137,388	67,586	218,255
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	-	(8,047)	-	(8,047)

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 2022				
Financial assets measured at fair value through profit or loss				
Derivative assets	-	169,382	-	169,382
Other investments				
- Equity securities	14,512	-	-	14,512
- Debt securities	-	-	120,782	120,782
	14,512	169,382	120,782	304,676
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	-	(434)	-	(434)

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 2023 and 31 December 2022.

10. Loans and borrowings

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

	The Group	
	As at 30 June 2023 S$'000	As at 31 December 2022 S$'000
Unsecured bank loans		
- repayable within one year	161,263	101,631
- repayable after one year	1,089,579	828,834
Total	1,250,842	930,465
Unsecured notes		
- repayable after one year	77,940	77,921
Total	77,940	77,921
Grand total	**1,328,782**	**1,008,386**
Gross borrowings	1,338,991	1,018,726
Less: Cash and cash equivalents	(177,129)	(270,263)
Net borrowings	1,161,862	748,463

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 2023	924,156,757	118,802
Issuance of new shares from exercise of warrants	27,080	4
Balance at 30 June 2023	924,183,837	118,806

The total number of issued ordinary shares of US$0.10 each, excluding treasury shares as at 30 June 2023 and 30 June 2022 was 924,183,837 and 924,154,548 respectively.

As at 30 June 2023 and 30 June 2022, 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 2023, the unexercised warrants are as follows:

	Number	Exercise Period	Exercise Price
Warrants (2019)	184,952,816 (30 June 2022: 184,953,696)	31 May 2019 to 30 May 2024	S$1.30
Warrants (2020)	217,028,384 (30 June 2022: 217,056,793)	24 March 2021 to 21 March 2029	S$1.08

As at 30 June 2023, the maximum number of ordinary shares that may be issued upon the exercise of all Warrants (2019) and Warrants (2020) was 401,981,200 (30 June 2022: 402,010,489), which would increase the total number of issued ordinary shares to 1,326,165,037 (30 June 2022: 1,326,165,037).

As at 30 June 2023, a subsidiary of the Company held 30,768 Warrants (2019) (30 June 2022: 30,768) and 76,920 Warrants (2020) (30 June 2022: 76,920).

The Company did not hold any treasury shares as at 30 June 2023 and 30 June 2022.

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 2023 and 31 December 2022 was 924,183,837 and 924,156,757 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 2023.

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 2023.

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 2022.

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 2023.

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	
	2023	**2022**
Earnings per share (cents)		
- basic	1.15	7.73
- diluted	0.93	5.38
Profit attributable to ordinary shareholders (S$'000)	10,605	71,331
Weighted average number of ordinary shares in issue:		
- basic	923,863,930 [1]	922,915,436 [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 2023	**As at 31 December 2022**	**As at 30 June 2023**	**As at 31 December 2022**
Net asset value per ordinary share (cents)	190.04	195.95	160.41	165.00
Number of issued ordinary shares (excluding treasury shares)	923,876,155[1]	923,849,075[1]	924,183,837	924,156,757

[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

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	
	2023	**2022**
	S$'000	**S$'000**
Revenue from sale of properties*	18,710	21,119
Rental income from investment properties*	8,621	6,316
Revenue from hotel operations	83,326	48,580
Revenue from property financing	25,232	39,239
Total	135,889	115,254

** includes service fee earned from the Group's associates and joint ventures*

Revenue of the Group increased by S$20.6 million or 17.9%, from S$115.3 million in 1H2022 to S$135.9 million in 1H2023. This increase was due mainly to the increase in revenue from hotel operations of S$34.7 million and rental of investment properties of S$2.3 million. The increase was partially offset by the decrease in revenue from sale of properties of S$2.4 million and property financing of S$14.0 million.

Revenue from sale of properties decreased by S$2.4 million or 11.4% to S$18.7 million in 1H2023. Revenue recognition in 1H2023 was from the sale of 9 Plot F SOHO loft units and 5 commercial units of the Millennium Waterfront project, and 23 commercial units and 72 car park lots of The Pinnacle. In 1H2022, revenue was recognized from the sale of 40 Plot F SOHO loft units and 10 commercial units of the Millennium Waterfront project, and 1 residential unit and 3 commercial units of The Pinnacle.

Rental income from investment properties increased by S$2.3 million or 36.5% to S$8.6 million in 1H2023. The increase was due mainly to the rental contribution of S$2.8 million from the FS Han Mai Mall acquired by the Group via a foreclosure auction held in April 2022 as part of the Group's enforcement action on a defaulted property financing loan.

Revenue from hotel operations increased by S$34.7 million or 71.5% to S$83.3 million in 1H2023. The 11 Bilderberg hotels in the Netherlands of 95%-owned Queens Bilderberg (Nederland) B.V. and its subsidiaries ("QBN"), which was consolidated by the Group with effect from 2 May 2022, contributed S$41.0 million revenue to the Group in 1H2023 as compared to S$18.4 million revenue for the two months ended 30 June 2022. The rest of the European hotels also recorded an increase in their aggregate revenue by S$10.4 million or 47.1% over the revenue recorded in 1H2022. The better performance across the entire European hotel portfolio was underpinned by strong post Covid-19 travel demand. The two Wenjiang hotels and adjoining hotspring also showed a steady pick-up in revenue by S$1.8 million to S$9.8 million in 1H2023.

Revenue from property financing decreased by S$14.0 million or 35.7% to S$25.2 million in 1H2023. The decrease was due mainly to the lower average PRC PF loan book for 1H2023 of S$161.5 million (RMB838.9 million) compared to S$451.3 million (RMB2,142.8 million) for 1H2022.

Cost of sales mainly comprise land costs, development expenditure and cost adjustments (if any), borrowing costs, depreciation charge and other related expenditure. Cost of sales increased by S$21.5 million or 43.7%, from S$49.0 million in 1H2022 to S$70.5 million in 1H2023.

The Group's gross profit decreased by S$0.8 million or 1.2% from S$66.2 million in 1H2022 to S$65.4 million in 1H2023. The decrease was due mainly to the lower gross profit from property financing of S$15.5 million. This was partially offset by higher gross profit generated from sale of properties, rental income from investment properties and hotel operations of S$0.7 million, S$2.6 million and S$11.4 million respectively.

The Group attained a lower overall gross margin of 48.1% in 1H2023 compared to 57.5% in 1H2022. This was due mainly to the change in sales mix. In particular, the less profitable hotel segment contributed more to the Group's performance in 1H2023, whilst the performance in 1H2022 was contributed mainly by the higher yielding property financing segment. Depreciation charge for the hotels (including right of use assets) increased from S$7.0 million in 1H2022 to S$8.6 million in 1H2023, due mainly to the effect of the consolidation of QBN from 2 May 2022.

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$7.9 million or 44.0%, from S$18.0 million in 1H2022 to S$25.9 million in 1H2023. S$4.3 million of the increase was due to the effect of consolidation of QBN for the full six months in 2023 compared to 2 months in 2022. Staff costs (excluding QBN) also increased by S$1.5 million due to the increase in staff headcount. The absence of a S$0.8 million (RMB4.3 million) write back of legal fee provision in 1H2022 in relation to the Group's enforcement on the defaulted property financing loan also contributed to the increase in administrative expenses.

Selling expenses

Selling expenses increased by S$2.5 million or 39.9% from S$6.3 million in 1H2022 to S$8.8 million in 1H2023. S$1.4 million of the increase was attributable to the effect of consolidation of QBN from 2 May 2022. In addition, The Brilliance which launched its first two residential blocks for pre-sale in April 2023 also incurred higher advertising and promotional expenses of S$0.6 million in 1H2023.

Other (expenses)/income (net)

In 1H2023, the Group recorded other expenses of S$3.2 million which comprised mainly net fair value loss on financial derivatives of S$39.6 million, hotel management fees of S$3.0 million and fair value loss on equity securities of S$1.7 million, partially offset by net foreign exchange gain of S$42.2 million.

In 1H2022, the Group recorded other income of S$13.8 million which comprised mainly net fair value 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.

Other (losses)/gains (net)

Other losses of S$5,100 recorded in 1H2023 comprised mainly property, plant and equipment ("PPE") written off.

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

Net finance costs

Net finance costs of S$11.6 million recorded in 1H2023 increased by S$4.9 million or 73% from S$6.7 million in 1H2022. This is due mainly to the effect of rising interest rates. The net finance cost comprises S$1.9 million (1H2022: S$2.5 million) of finance expense in respect of lease liabilities recorded under IFRS 16.

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

Share of after-tax (loss)/profit of associates and joint ventures decreased by S$24.1 million from an after-tax profit of S$20.7 million in 1H2022 to after-tax loss of S$3.4 million in 1H2023. This is mainly attributable to the absence of S$22.4 million share of profit recorded by FSMC which is 33%-owned by the Group, arising from the disposal of its entire 95% equity interest in QBN to the Group.

(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

PPE increased by S$35.5 million or 6.2%, from S$573.1 million as at 31 December 2022 to S$608.7 million as at 30 June 2023. The increase was due mainly to the additions of S$17.2 million (€11.9 million) arising from the refurbishment of the Bilderberg Keizerskroon Hotel and Bilderberg Europa Hotel in 1H2023, additions of S$6.2 million (€4.3 million) by the Bilderberg Bellevue Hotel Dresden including a new parking garage and installation of solar panels, and the recognition of additional right-of-use asset of S$9.4 million (€6.5 million) due to the effect of rent indexation on the lease of the Hilton Rotterdam by the Group from the Group's 33%-owned associate.

Interests in associates and joint ventures increased by S$72.3 million or 6.5%, from S$1,120.1 million as at 31 December 2022 to S$1,192.4 million as at 30 June 2023. The increase was mainly attributable to the additional equity injection of S$97.9 million (RMB508.6 million) into the 46.6%-held Exquisite Bay project company to fund its land cost, and additional equity injection of S$9.9 million (A$11.0 million) into the 39.9%-held developer trust to fund the CTC project in Sydney. The increase was partially offset by the share of after-tax loss of associates and joint ventures amounting to S$3.4 million for the period, and the effect of depreciation of RMB against S$.

Other investments decreased by S$122.0 million or 90.2%, from S$135.3 million as at 31 December 2022 to S$13.3 million as at 30 June 2023. This was due mainly to the early redemption of secured convertible bonds due in April 2024, amounting to S$53.2 million in aggregate. These convertible bonds were issued to the Group in respect of the 48.2%-held Oasis Mansion project. In addition, the remaining junior convertible bond amounting to S$67.6 million due in April 2024 was reclassified to current assets.

Non-current trade and other receivables increased by S$92.4 million or 25.0%, from S$370.0 million as at 31 December 2022 to S$462.4 million as at 30 June 2023. The increase was due mainly to the disbursement of PF loans to third parties amounting to S$121.6 million in aggregate and the effect of the appreciation of € against S$. The increase was partially offset by the reclassification of S$36.1 million (€25.0 million) loan receivable from the 50%-held joint venture that owns the Le Méridien Frankfurt hotel, due on 31 January 2024 to current receivables as at 30 June 2023.

Current assets

Development properties increased by S$81.9 million or 8.8%, from S$933.0 million as at 31 December 2022 to S$1,014.9 million as at 30 June 2023. The increase was due mainly to the commencement of development of The Brilliance in Dongguan, in addition to the ongoing development of the Dreeftoren project in Amsterdam, Primus Bay project in Panyu district of Guangzhou and Plot E of the Millennium Waterfront project in Chengdu in the current period.

The increase was partially offset by the revenue recognition from the sale of The Pinnacle and Plot F SOHO loft units of the Millennium Waterfront project.

Trade and other receivables increased by S$43.1 million or 8.2%, from S$527.0 million as at 31 December 2022 to S$570.1 million as at 30 June 2023. The increase was due mainly to the following:

(i) reclassification of S$36.1 million (€25.0 million) loan receivable from non-current receivables as mentioned above;

(ii) additional advances to the 46.6%-held Exquisite Bay project company and 18.0%-held Fenggang joint venture amounting to S$24.6 million (RMB127.9 million) in aggregate;

(iii) prepayment for the bulk purchase of 2 low rise SOHO blocks, some high rise SOHO units, retail units and carpark lots from the 27%-held Skyline Garden project company, amounting to S$19.4 million (RMB100.8 million) in aggregate;

(iv) advances to a non-controlling interest of a subsidiary amounting to S$11.6 million (RMB60.5 million); and

(v) increase in prepaid taxes of S$13.5 million mainly attributable to Primus Bay project in Dongguan and Millennium Waterfront project in Chengdu.

The above-mentioned increase was partially offset by repayment from the 50%-held Kingsman Residence project company, 27.0%-held Egret Bay project company amounting to S$32.3 million (RMB167.6 million) in aggregate, partial repayment from non-controlling interest of a subsidiary and affiliate of a non-controlling interest of a subsidiary of S$9.6 million (RMB50.0 million) in aggregate, and repayment of balances amounting to S$7.6 million (RMB39.7 million) from the acquirer of the De Hua site upon meeting all the conditions precedent, and the effect of depreciation of RMB against S$.

Current liabilities

Contract liabilities increased by S$23.6 million or 144.4%, from S$16.3 million as at 31 December 2022 to S$39.9 million as at 30 June 2023. This was due mainly to the net cash receipts from the presale of villas and residential units of the Panyu Primus Bay project amounting to S$17.0 million, the presale of the first two residential blocks of The Brilliance amounting to S$6.9 million, and the sale of SOHO loft units in Plot F of the Millennium Waterfront project amounting to S$0.7 million. The increase was partially offset by the de-recognition of contract liabilities due to the handover of units for the various projects and the effect of depreciation of RMB against S$ during the period.

Trade and other payables decreased by S$111.6 million or 9.7% from S$1,150.9 million as at 31 December 2022 to S$1,039.3 million as at 30 June 2023. This was due mainly to the (i) net repayment of advances owing to the 49.9%-held associate, FS GBA JV Limited, amounting to $41.2 million (RMB214.0 million), (ii) repayment of advances to the 44.1%-held Wan Li joint venture company amounting to S$15.5 million (RMB80.6 million), (iii) full settlement of the accrued land cost and stamp duty of The Brilliance project site amounting to S$102.2 million (RMB531.0 million), (iv) repayment of advances from the non-controlling interests of subsidiaries amounting to S$6.0 million (RMB31.2 million) in aggregate and the effect of depreciation of RMB against S$. The decrease was partially offset by advances to the Group from the 36.0%-owned Central Mansion project company, 44.1%-held Wan Li joint venture company, 18.0%-held Fenggang joint venture company and 27.0%-held Egret Bay project company amounting to S$54.2 million (RMB281.5 million) in aggregate.

Loans and borrowings

Gross borrowings increased by S$320.3 million or 31.4%, from S$1,018.7 million as at 31 December 2022 to S$1,339.0 million as at 30 June 2023. This was due mainly to the additional loans drawn to fund (i) the development of the various Dongguan projects including the remaining land costs of The Brilliance and Exquisite Bay projects, (ii) the Dreeftoren Amsterdam redevelopment project, (iii) the equity injection into the 39.9%-owned developer trust for the CTC project in Sydney, and (iv) the refurbishment of the Bilderberg Europa Hotel and Bilderberg Keizerskroon Hotel. The increase was partially offset by loan repayment using the early redemption proceeds of convertible bonds due in 2024 issued in respect of the Oasis Mansion project.

Foreign currency risk management

The Group is exposed to the volatility of RMB due to its operations in the PRC. Therefore, any depreciation in RMB against 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 geopolitical and economic conditions and the PRC's foreign exchange regime and central bank policy.

The Group has partially managed its currency exposure to RMB by financing its PRC acquisitions and investments with a combination of RMB/CNH-denominated borrowings and/or financial derivatives whereby the end result is to achieve a corresponding RMB liability. 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 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 trust to redevelop the City Tattersalls Club in Sydney. The Group has fully hedged its Australian dollar cost base.

As at 30 June 2023, the Group had financial derivative contracts outstanding with an aggregate notional amount of €931.5 million, RMB4,619.1 million, US$72.7 million and A$96.6 million and, with remaining tenures of between approximately 1 month to 45 months. The Group does not practise hedge accounting. These financial derivatives are measured at fair value based on valuations provided by the respective counterparty banks, with changes in fair value recognised in the income statement. The fair values of the financial derivatives are dependent on various factors such as the forward foreign exchange rates, discount rates and yield curves. As such, the Group's income statement would fluctuate from time to time as adjustments are made to the fair value of the financial derivatives. A significant loss in the fair value of the financial derivatives would reduce the profit or loss of the Group. In addition, should there be any material adverse change in the fair value of the financial derivatives when the foreign currency appreciates against S$ 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 the translation of its foreign currency denominated loan assets which would have appreciated in value in S$ terms. 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 S$ would be recorded as a translation gain which is part of reserves in its shareholders' equity.

As at 30 June 2023, the financial derivatives outstanding were valued by the counterparty banks at S$129.3 million, comprising S$137.4 million of derivative assets net of S$8.0 million of derivative liabilities (31 December 2022: S$169.4 million of derivative assets net of S$0.4 million of derivative liabilities). This has resulted in a net fair value loss on the financial derivatives recorded in the income statement for the six months ended 30 June 2023 amounting to S$39.6 million. In addition, the Group recorded net foreign exchange gain amounting to S$42.2 million in the income statement for the six months ended 30 June 2023. This is due mainly to the appreciation of € against S$ from 31 December 2022 to 30 June 2023 which has resulted in the appreciation of € denominated intercompany loans granted by the Company to its subsidiaries in S$ terms. The impact is partially offset by the depreciation of CNH denominated intercompany loans granted by the Company to its subsidiaries in S$ terms.

As at 30 June 2023, the Group recorded a cumulative net translation loss of S$104.3 million as part of reserves in its shareholders' equity. This arose from the translation of the net assets and income and expenses of the Group's foreign operations in the PRC, Europe and Australia to S$ at the exchange rates prevailing at the end of the reporting period.

Statement of cash flows of the Group

Net cash used in operating activities amounted to S$227.3 million in 1H2023 due mainly to the (i) disbursement of PRC property financing loans amounting to S$111.7 million, (ii) net repayment of bank borrowings of S$52.7 million, (iii) payment of interest and income tax amounting to S$52.2 million in aggregate, and (iv) prepayment for the bulk purchase from the 27%-held Skyline Garden project company including 2 low rise SOHO blocks, amounting to S$19.4 million in aggregate. This was partially offset by (v) advance interest received amounting to S$14.0 million for a junior convertible bond in respect of the 48.2%-held Humen Oasis Mansion project group, and (vi) interest received of S$2.7 million.

Net cash used in investing activities amounted to S$122.3 million in 1H2023. This comprises the (i) additional equity investments made to the 46.6%-held Exquisite Bay project company, 39.9%-held developer trust of the City Tattersalls Club redevelopment project and 44.1%-held joint venture company owning the Dalingshan Industrial Property, amounting to S$112.8 million in aggregate, (ii) advances to the 18.0%-held Fenggang joint venture company of S$4.1 million, (iii) net advances to non-controlling interests of subsidiaries of S$9.2 million, and (iv) payment for capital expenditure of S$24.6 million for 1H2023. These cash outflows were partially offset by (v) a deposit received from a third party amounting to S$9.3 million in respect of the disposal of the Dalingshan Industrial Property, and (vi) interest received of S$19.5 million.

Net cash from financing activities amounted to S$260.3 million in 1H2023. This was due mainly to the (i) net advances from associates and joint ventures of S$61.7 million in aggregate, (ii) equity contributions from non-controlling interests of subsidiaries amounting to S$2.5 million in aggregate, mainly to fund the refurbishment of the 2 Bilderberg hotels and the Exquisite Bay development, (iii) repayment of advances from an affiliate of non-controlling interest of a subsidiary amounting to S$7.2 million and (iv) net proceeds of bank borrowings of S$254.0 million. These inflows were partially offset by the (v) payment of FY2022 final dividends to the shareholders of the Company amounting to S$24.9 million, (vi) interest paid and transaction costs related to borrowings amounting to S$30.7 million in aggregate, (vii) repayment of advances from non-controlling interests of subsidiaries amounting to S$6.6 million, and (viii) payment of lease liabilities of S$3.0 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.

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 PRC's 2Q2023 GDP only grew 0.8% quarter-on-quarter, down from an expansion of 2.2% in 1Q2023. Year-on-year, 2Q2023 GDP grew 6.3%, accelerating from the 1Q2023 GDP growth of 4.5% but this was below the anticipated growth of 7.3% by Reuters. For 2023, the central government set a growth target of around 5%, higher than the 3% recorded in 2022. In June 2023, the PRC's retail sales only grew 3.1%, slowing from a 12.7% increase in May 2023. The consumer price index in June 2023 was flat year-on-year, declining 0.2% from May 2023 and factory gate prices fell at the fastest rate since 2016 as demand for consumer and manufactured products fell. In June 2023, The People's Bank of China (PBOC) once again cut key lending rates, in a move to stimulate investment and consumption after the country's underwhelming post-pandemic recovery over the last five months. The PBOC lowered both the one-year and five-year loan prime rates by 10 basis points from 3.65% to 3.55% and from 4.3% to 4.2% respectively. The central bank also cut the medium-term lending facility rate by 10 basis points from 2.75% to 2.65%.

Home prices in the PRC dropped for the second month running in June 2023, and are likely to remain weak over the summer. Data from the China Index Academy showed that the average price of new homes in 100 cities fell 0.01% in May and June 2023, with 45 cities reporting price decrease. Value of home sales also decreased in June 2023, snapping a four-month rebound, dropping 28.1% from a year ago. According to a Reuters calculation from data provided by the National Bureau of Statistics (NBS), property sales by floor area in June 2023 dropped 28.1% year-on-year, continuing from a 19.7% fall in May 2023. Property investment fell 7.9% in 1H2023, after slumping 7.2% in the first five months of 2023 from the same period in 2022. Likewise, land purchase value by the top 100 developers also dropped 10.2% to RMB592 billion since the Evergrande debt crisis started in 2021. Despite the decline, the average home price was up by 0.01% for 1H2023 compared to the same period last year. This is due to the slight recovery in 1Q2023 resulting from pent-up demand driving up market confidence and housing prices slightly. Unfortunately, market sentiments in 2Q2023 slowed, and there was not enough momentum to maintain the price increase, which are signs that the country's property market was far from stabilising. Even the PRC's second-largest property developer by sales, Vanke, stated that the nation's property market was 'worse than expected' during its shareholder meeting in late June 2023, backtracking from a neutral assessment in March 2023. However, Vanke's Chairman, Yu Liang, reiterated that demand for housing exists in the long-term as he believes that the PRC's urban population could increase by nearly 70 million in the next decade and the country would then need to upgrade their buildings.

The Netherlands

According to the second estimate conducted by Statistics Netherlands (CBS) on 23 June 2023, GDP decreased by 0.3% in 1Q2023 relative to 4Q2022, during which GDP rose by 0.4% relative to 3Q2022. The decline in the first quarter is mainly due to a decreasing trade balance and increased withdrawal from gas storage facilities. Year-on-year, GDP increased by 1.9% in 1Q2023 relative to 1Q2022, due to a rise of investments and higher household and public consumptions. The official estimate of the Netherland's inflation rate was 5.7% in June 2023, down from 6.1% in May 2023. In June 2023, the European Central Bank (ECB) raised interest rate by a quarter of a percentage point taking the main rate to 3.5%, the highest since May 2001. This also marked the eighth consecutive rate hike since July 2022. At the end of 1H2023, the annual inflation rate in Europe was 5.5%, dropping from 6.1% in May 2023. As the inflation rate is still far from the 2% goal, the ECB President Lagarde stated that it was likely for the ECB to continue to hike rates.

According to the housing market by realtor association, NVM, housing prices in the Netherlands dropped by 8.9% since the peak in 2Q2022, but still rose 2.8% relative to 1Q2023, putting the preliminary average sale price at €395,000. In 2Q2023, 29% more homes were put up for sale as compared to the previous quarter. 39% of homes sold at above the asking price in 2Q2023 compared to 82% in 2Q2022. According to the NL Times, 2Q2023 rental prices for the free market segment in the five largest cities in the Netherlands jumped by 5% to 8% compared to 2Q2022, as the number of rental properties in the market have shrunk. In the five largest cities, there was a 27% slide in the number of rental homes placed on the market in 2Q2023 compared to 2Q2022. These were due to the government's intervention by capping rent for a big proportion of mid-valued rentals, disincentivising landlords and property investors. Rabobank Researchers acknowledged that the housing prices have slid more than expected and expect that they will on average be 5.2% lower in 2023 relative to 2022.

Australia

According to the Australian Bureau of Statistics, the 1Q2023 GDP rose marginally by 0.2%, easing from a 0.5% growth in the previous quarter, primarily due to stronger domestic demand which was offset by the increase in imports. As inflation in Australia fell to 5.6% in May 2023 from 6.5% in April 2023, the lowest in a year, the Reserve Bank of Australia (RBA) paused its interest rate hike for the second time in the past 14 meetings, leaving the cash rate at 4.1%. However, the cash rate is still at its highest in 11 years, and the RBA Governor, Philip Lowe, stated that further hikes may still be required in the future to bring inflation down to its target rate of 2% to 3% by mid-2025.

Australian home prices rose for a fourth consecutive month in June 2023 as a pressurised supply lifted valuation. The Business Times quoted that Australia's national home prices were up 1.1% in June 2023 as compared to the 1.2% increase in May 2023, after bottoming in February 2023. Sydney, the capital of New South Wales (NSW), led the way with a 1.7% surge, followed by Brisbane, the capital of Queensland, at 1.3%, due to the lack of housing supply. The number of properties listed for sale in Sydney was 18% lower in May 2023 compared to the same time last year, resulting in a more competitive market. Although interest rates have increased, according to the Australian Bureau of Statistics, property prices in 1Q2023 went up for most states, 1% across the nation and 2.1% in NSW. Rents paid by new tenants also rose by 24% since 2020, and research showed that rental prices reached were typically higher than the advertised rate. However, while property values have risen, the pace of growth has slowed due to the lower sentiment and higher interest rates.

Company Outlook

Property Development

On the property development front, pre-sales for two of the four Dongguan property development projects won in public land tender exercises in 2022, namely, the 100%-owned The Brilliance and 46.6%-owned Exquisite Bay, have commenced in late April 2023. Pre-sale for the third Dongguan property development project, namely, the 27%-owned Egret Bay, has commenced in mid-July 2023, while pre-sale for the fourth project would commence later this year, if appropriate. However, buying sentiments in the Dongguan residential property market have slowed down substantially from mid-2Q2023 due to an unexpected drop in market confidence.

In the Netherlands, the Dreeftoren Amsterdam redevelopment project is progressing well, with the completion of the refurbished office tower and new residential tower projected to be around late 2024 and 4Q2025 respectively. In relation to the proposed redevelopment of Meerparc Amsterdam into a mixed residential/office property, discussion with the municipality regarding the residential mix of the redevelopment has been challenging. Though discussions are still ongoing, the Group may re-evaluate its redevelopment plan in due course. As for the Prins Hendrikkade Amsterdam redevelopment project, the Group intends to fully renovate the freehold commercial property comprising four adjacent monumental buildings upon the expiry of its tenant's lease on 31 December 2023. The Group is currently in discussion with the municipality regarding the renovation options for the property considering its monumental status. The finalisation of the renovation options is targeted to be completed in 3Q2023.

The Group's 39.9%-owned CTC project in Sydney has also signed down a construction agreement with Richard Crookes Constructions Pty Limited as the main contractor on 23 February 2023, with a contract price comprising fixed and variable components. Construction work has since commenced in March 2023. In view of the high costs of labour and construction materials in Sydney, the developer trust will monitor and actively engage the main contractor to manage its risk and to avoid any disruption to the construction process. In terms of sales, although there appears to be a growing shortage of housing supply in the Sydney CBD, the developer trust will monitor the market before deciding on an appropriate timing to launch the residential units for pre-sale.

Property Holding

The global travel rebound post Covid-19 continues to benefit the Group's property holding business segment, with the Group's European operating hotels experiencing strengthening occupancies in 1Q2023 and realising 2Q2023 occupancies that are close to their pre-pandemic 2019 levels. Profitability of the hotels was however adversely impacted by high energy and labour costs as well as the temporary closure of two Dutch Bilderberg hotels in 1H2023 due to major renovation works. Notwithstanding the above, the European operating hotels recorded an earnings before interest, tax, depreciation and amortisation ("EBITDA") of €8.4 million in 1H2023, an improvement from the EBITDA of €6.0 million in 1H2022.

The Group also plans to embark on a major renovation of the 50%-owned Le Meridien Frankfurt whereby all the 80 rooms at the Palais wing will be totally refurbished and another 29 rooms which represent 10% of the current 300-room inventory would be added. Further, given the success of the Hampton by Hilton Utrecht Centraal Station and Hilton Rotterdam hotels, the Group plans to collaborate with Hilton once again to redevelop the bare shell 65-room Puccini Milan hotel acquired in early 2019 into a 59-room 4-star Tapestry by Hilton hotel to be ready for operations in 2025. The aforesaid major hotel renovations/redevelopment, together with the redevelopment of the three Amsterdam residential/office projects, will further enhance the recurring income and value of the Group's European property portfolio.

The Group's European properties continue to face challenges from rising energy costs as a result of the European energy crisis in 2022. As part of its sustainability effort, the Group embarked on solar panel installation projects for several European hotels which will reduce energy costs. Upon completion of the installations which is expected to be by the end of 2023, the solar panels will be able to generate approximately 10% of total usage of electricity in FY2022, translating to approximately €0.2m of savings per annum.

In the PRC, the Chengdu Wenjiang hotels recorded an EBITDA of RMB10.9 million in 1H2023 as compared to an EBITDA of RMB3.6 million in 1H2022 during which both hotels were intermittently used as Covid-19 quarantine hotels.

The 1H2023 income contribution from the Dutch office portfolio has increased by approximately 11.3% in local currency terms due mainly to indexation of rental income, with the exception of the Mondriaan Tower Amsterdam arising from the exit of its anchor tenant, Delta Lloyd in 2022. However, this vacancy has been partially filled up and the leasing of the remaining vacant space is ongoing. There are also several potential tenants which are viewing the property.

Property Financing

In late June 2023, the Group's property financing arm provided a RMB580 million senior loan to a partnership which ultimately holds a strata-titled residential property located in Pudong, Shanghai that is substantially leased out.

Notwithstanding the aforementioned new loan, the Group's loan book in the PRC has reduced compared to 1H2022. In the Netherlands, the Group's loan book has also shrunk as compared to 1H2022 due to a substantial partial loan repayment by FSMC arising from the sale of its 95% equity interest in the Dutch Bilderberg hotel portfolio to the Group in May 2022. Overall, revenue from the property financing business segment decreased by 35.7% in 1H2023 from 1H2022.

The Group will continue to monitor the market and capitalise on any good property financing opportunities as they arise.

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

2 October 2023.

(d) Record date

15 September 2023.

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
27 July 2023

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 2023 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

27 July 2023