FIRST SPONSOR GROUP LIMITED
ANNUAL REPORT 2020

Artist's impression of Humen Transit-Oriented Development Project, Dongguan, PRC

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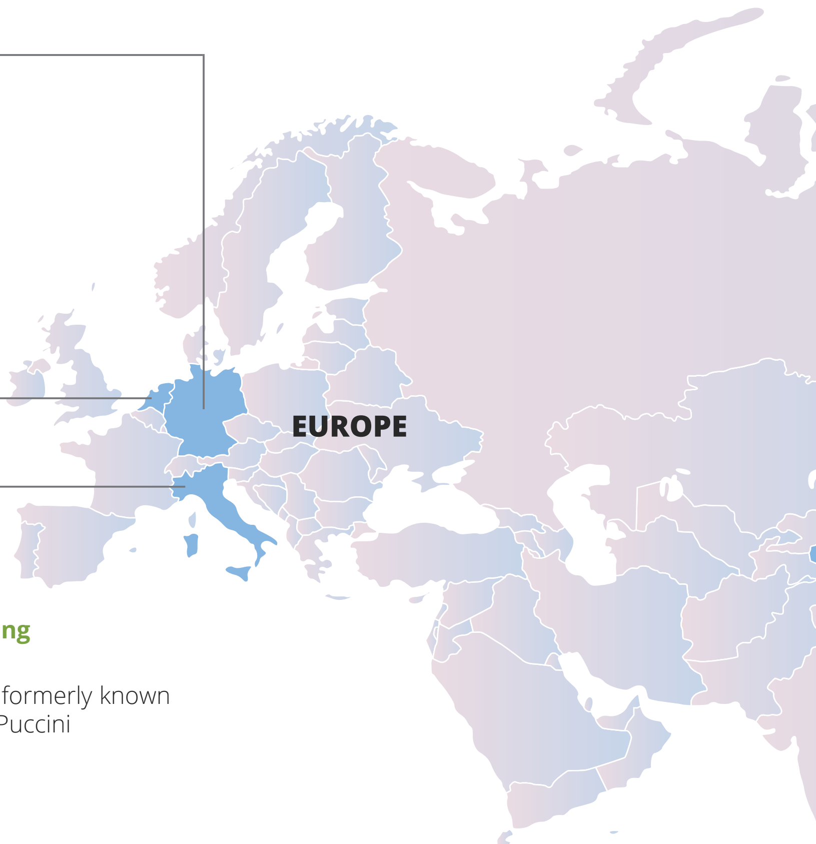
*Artist's impression of
Humen Transit-Oriented Development Project,
Dongguan, PRC*

OUR PRESENCE



Germany

Property Holding

HOTELS

Bilderberg Bellevue Hotel Dresden
Dresden

Le Méridien Frankfurt
Frankfurt

Property Financing

Italy

Property Holding

HOTELS

Bare shell hotel formerly known as Grand Hotel Puccini
Milan

The Netherlands

Property Development

Dreeftoren
Amsterdam

Meerparc
Amsterdam

The Terraced Tower
Rotterdam

Property Holding

INVESTMENT PROPERTIES

Arena Towers (Holiday Inn Amsterdam and Holiday Inn Express Amsterdam hotels)
Amsterdam

Berg & Bosch
Bilthoven

Herengracht 21
The Hague

Mondriaan Tower
Amsterdam

Munthof
Amsterdam

Oliphant
Amsterdam

Zuiderhof I
Amsterdam

HOTELS

Hampton by Hilton Utrecht Centraal Station & Crowne Plaza Utrecht Centraal Station
Utrecht

Hilton Rotterdam
Rotterdam

Bilderberg Château Holtmühle
Tegelen

Bilderberg Europa Hotel Scheveningen
The Hague

Bilderberg Garden Hotel Amsterdam
Amsterdam

Bilderberg Grand Hotel Wientjes
Zwolle

Bilderberg Hotel De Bovenste Molen
Venlo

Bilderberg Hotel De Keizerskroon
Apeldoorn

Bilderberg Hotel 't Speulderbos
Garderen

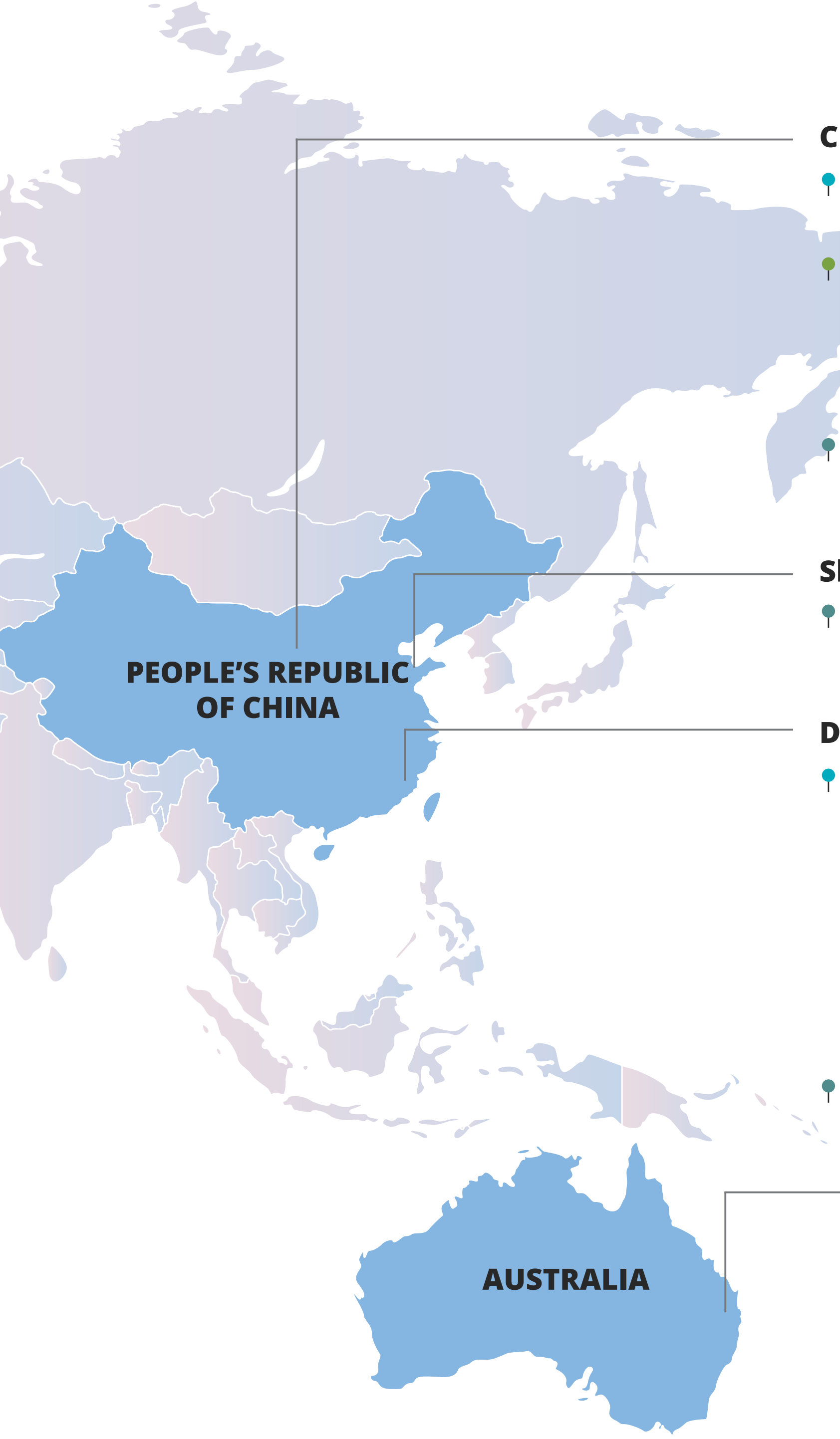
Bilderberg Kasteel Vaalsbroek
Vaals

Bilderberg Parkhotel Rotterdam
Rotterdam

Bilderberg Résidence Groot Heideborgh
Garderen

Hotel de Bilderberg
Oosterbeek

Property Financing



Chengdu, Sichuan Province

Property Development
Millennium Waterfront

Property Holding
HOTELS
Crowne Plaza Chengdu Wenjiang Hotel and Holiday Inn Express Chengdu Wenjiang Hotspring Hotel

Property Financing

Shanghai

Property Financing

Dongguan, Guangdong Province

Property Development
Emerald of the Orient

Fenggang

Humen Transit-Oriented Development ("TOD") Project

Skyline Garden

Star of East River

The Pinnacle

Property Financing

Sydney

Property Development
City Tattersalls Club

Property Financing

OUR THREE KEY OPERATING SEGMENTS

PROPERTY DEVELOPMENT

Residential and commercial property developments in tier-two cities in the PRC, namely, Chengdu and Dongguan.

Residential and commercial property developments in the Netherlands and Australia.

PROPERTY HOLDING

Hotel ownership and operations as well as investment properties held for rental income, primarily in the PRC, the Netherlands, Germany and Italy.

We plan to build our portfolio to generate a stable stream of recurrent income and future capital gain.

PROPERTY FINANCING

Loan arrangements primarily in the PRC (including via entrusted loans), the Netherlands, Germany and Australia.

FINANCIAL HIGHLIGHTS

YEAR	2015	2016	2017
	(S$'million)	(S$'million)	(S$'million)
(A) Consolidated Statement of Profit or Loss			
Property development	165.4	162.1	308.1
Property holding [1]	14.1	18.9	28.5
Property financing	36.3	18.1	47.8
Revenue	**215.8**	**199.1**	**384.4**
Property development	46.3	20.8	98.6
Property holding [1]	10.9	15.2	11.4
Property financing	36.2	15.8	43.0
Gross profit	**93.4**	**51.8**	**153.0**
Profit before tax	**91.0**	**118.4**	**121.2**
Net profit attributable to equity holders of the Company	**67.4**	**113.1**	**88.3**
Distributions of perpetual convertible capital securities	**-**	**-**	**-**
(B) Consolidated Statement of Financial Position			
Cash and cash equivalents	112.0	280.6	319.3
Other investments (current) [2]	-	-	38.9
Net debt [3]	368.8	81.3	261.7
Total assets	1,800.8	1,796.1	2,106.5
Equity attributable to owners of the Company	**974.7**	**1,024.6**	**1,080.2**
Perpetual convertible capital securities	**-**	**-**	**-**
Total equity	**978.1**	**1,029.7**	**1,086.9**
(C) Ratio Analysis			
Net gearing ratio [4]	0.38	0.08	0.24
Return on equity [5]	7.2%	11.3%	8.4%
(D) Per Share			
Net asset value (cents) [6]	165.26	173.71	183.13
Adjusted net asset value (cents) [7]	165.26	173.71	183.13
Basic earnings (cents) [8]	10.38 [9]	17.43 [9]	13.61 [9]
Diluted earnings (cents)	10.38 [9]	17.43 [9]	13.61 [9]
Dividends (tax-exempt (one-tier))			
- first interim ordinary dividend (cents)	0.7	1.0	1.0
- second interim ordinary dividend (cents)	-	-	-
- final ordinary dividend (cents)	1.0	1.0	1.2
- total dividends (cents)	1.7	2.0	2.2

2018	2019	2020
(S$'million)	(S$'million)	(S$'million)
139.4	160.0	**57.0**
55.7	71.8	**41.7**
82.3	87.4	**105.2**
277.4	**319.2**	**203.9**
65.7	78.8	**64.9**
22.0	30.5	**9.1**
73.8	79.7	**97.9**
161.5	**189.0**	**171.9**
144.5	**194.2**	**125.6**
113.0	**167.1**	**103.2**
4.5	**3.5**	**3.0**
125.7	313.4	**476.3**
39.3	-	**-**
530.7	315.5	**271.3**
2,381.8	2,760.5	**3,424.6**
1,150.5	**1,421.9**	**1,671.1**
161.3	**146.5**	**-**
1,323.5	**1,598.6**	**1,747.3**
0.40	0.20	**0.16**
9.4%	11.6%	**6.4%**
202.21	197.27	**183.05**
164.81	165.16	**162.75**
16.72	21.64	**11.97**
15.02	17.12	**8.87**
1.0	1.1	**1.1**
-	-	**2.0**
1.3	1.6	**-**
2.3	2.7	**3.1**

Notes:

(1) Property holding represents property investment and hotel operations.

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

(3) Net debt = gross borrowings less cash and cash equivalents less other investments (current) as defined in (2) above.

(4) Net gearing ratio is net debt divided by total equity including non-controlling interests and perpetual convertible capital securities ("PCCS") where applicable.

(5) Computed based on the net profit attributable to equity holders of the Company divided by the simple average equity attributable to owners of the Company (including PCCS where applicable, but excluding non-controlling interests).

(6) Computed based on the equity attributable to owners of the Company (including PCCS where applicable, but excluding non-controlling interests) and the number of shares in issue (excluding treasury shares) as at the end of each respective financial year.

(7) Computed based on net asset value per share adjusted for the full conversion of PCCS and exercise of all warrants to ordinary shares where applicable.

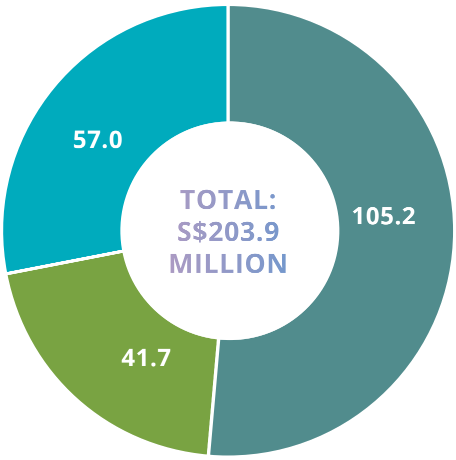
(8) Computed based on the net profit attributable to equity holders of the Company and the weighted average number of shares for the respective financial year. The weighted average number of shares excluded 307,682 shares in the Company held by a subsidiary since August 2018 which are accounted for as treasury shares in the consolidated financial statements of the Group in accordance with IAS32 *Financial Instruments: Presentation*.

(9) For comparative purposes, the number of ordinary shares for the prior years have been adjusted to include the effect of the issue of one bonus share for every ten (10) existing ordinary shares in April 2018.

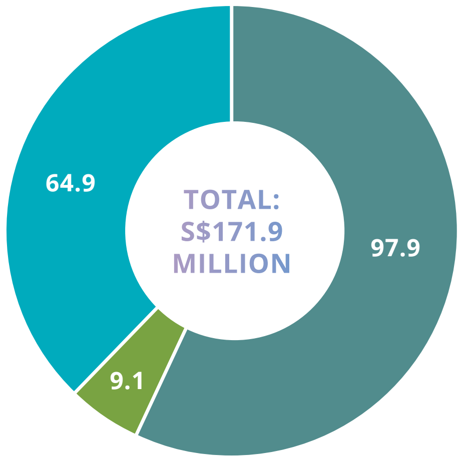
Emerald of the Orient, Dongguan, PRC

FINANCIAL HIGHLIGHTS

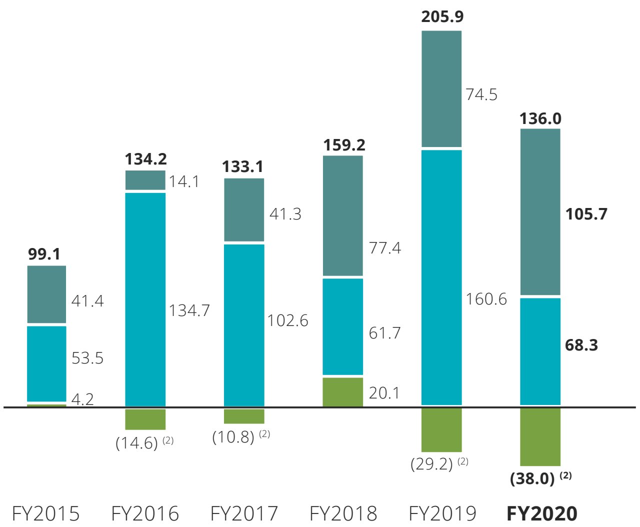
FY2020 REVENUE BY SEGMENT
(S$'MILLION)



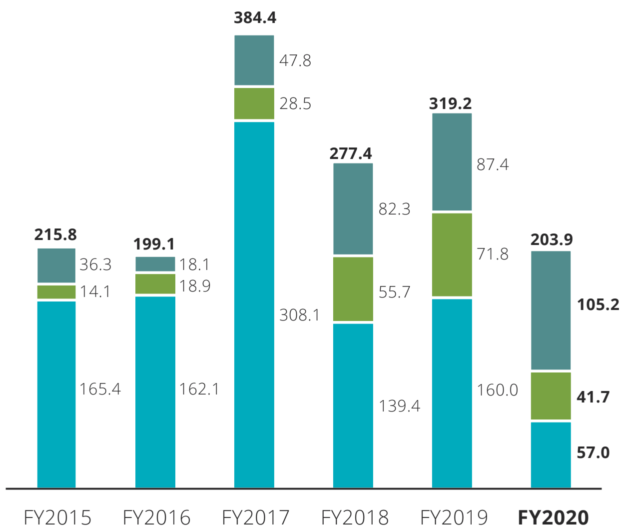
FY2020 GROSS PROFIT BY SEGMENT
(S$'MILLION)



SEGMENT PROFIT BEFORE TAX [1]
(S$'MILLION)



REVENUE BY SEGMENT
(S$'MILLION)

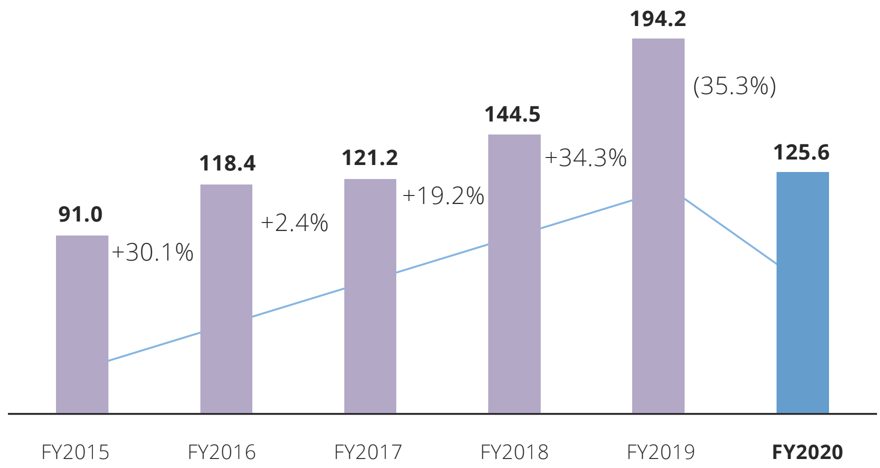


(1) This is excluding unallocated expenses of S$10.4 million (FY2019: S$11.7 million, FY2018: S$14.7 million, FY2017: S$11.9 million, FY2016: S$15.8 million and FY2015: S$8.1 million).

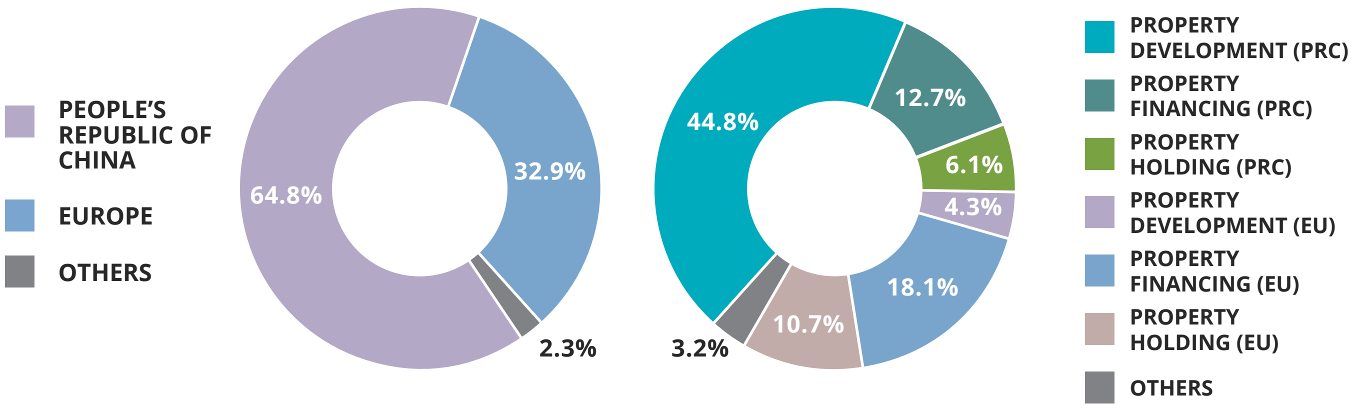
(2) This is net of impairment charge of S$4.2 millon (FY2019: S$46.2 million, FY2018: S$14.1 million, FY2017: S$9.3 million, FY2016: S$10.3 million and FY2015: Nil), depreciation charge of S$10.8 million (FY2019: S$9.0 million, FY2018: S$5.8 million, FY2017: S$5.1 million, FY2016: S$1.2 million and FY2015: S$1.2 million) and aggregate hotel pre-opening expenses and base stocks written off of S$1.2 million (FY2019: S$1.4 million; FY2018: Nil, FY2017: S$3.2 million, FY2016: S$4.9 million and FY2015: Nil).

PROPERTY DEVELOPMENT **PROPERTY HOLDING** **PROPERTY FINANCING**

PROFIT BEFORE TAX
(S$'MILLION)



TOTAL ASSETS – BY GEOGRAPHICAL AND BUSINESS SEGMENTS AS AT 31 DECEMBER 2020



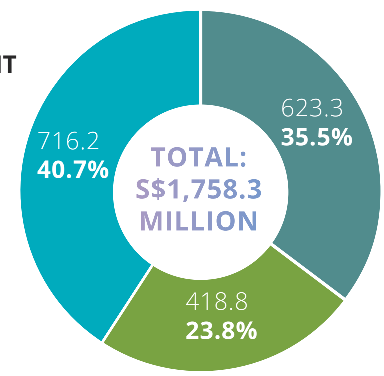
TOTAL ASSETS: S$3,424.6 MILLION

NET ASSETS BY SEGMENT AS AT 31 DECEMBER 2020 (3)
(S$'MILLION)

PROPERTY DEVELOPMENT

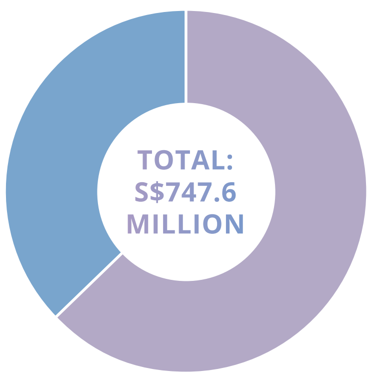
PROPERTY HOLDING

PROPERTY FINANCING



(3) This is excluding unallocated net liabilities of S$11.0 million.

DEBT (4) COMPOSITION - FIXED vs FLOATING RATE AS AT 31 DECEMBER 2020



FIXED RATE (5): 63%

FLOATING RATE: 37%

(4) Debt represents gross borrowings and are all unsecured.

(5) Done via cross currency swaps and medium term notes.

The resilient performance by the Group despite the Covid-19 outbreak can be attributed to the Group's successful business and geographical diversification. The Group continues to actively pursue further opportunities in the GBA region to capitalise on the positive outlook of the GBA development plan and to expand its property development footprint in this region.

Dear Shareholders,

On behalf of the Board of Directors, I am glad to present the 2020 Annual Report for First Sponsor Group Limited. 2020 was a difficult year due to the material adverse business impact of the Covid-19 pandemic on a significant part of the Group's operations. Despite this, the Group managed to achieve a net profit of S$103.2 million for FY2020, although this was a decrease of 38.3% compared to that of FY2019.

In recognition of our shareholders' unwavering support, the Board announced a second interim tax-exempt (one-tier) cash dividend of 2.0 Singapore cents per ordinary share in lieu of a final dividend for FY2020. This brings the total dividend declared for FY2020 to 3.1 Singapore cents per ordinary share, 14.8% higher than the FY2019 full year dividend. The Board will continue to work towards a stable dividend payout with a steady growth when appropriate, subject to the successful implementation of the Group's business strategy and prevailing market conditions amidst the current economic uncertainties arising from the Covid-19 pandemic.

The Group's European operating hotels were adversely affected by successive waves of restrictions imposed by the various governments to control the Covid-19 pandemic. This resulted in the European operating hotels incurring an overall loss before interest, tax, depreciation and amortisation ("LBITDA") of €1.1 million for FY2020 (FY2019: earnings before interest, tax, depreciation and amortisation ("EBITDA") of €17.8 million) after taking into account an estimated €8.4 million in government subsidies. The performance of the European operating hotel portfolio is expected to remain weak and uncertain in the near future. This poor performance will be further aggravated should the various government subsidies be withdrawn or if the Group's European operating hotels cease to be eligible for them in the future. The protracted nature of the Covid-19 pandemic has led to varying business challenges for some of the Group's tenants and business counterparties. The Group actively engages such tenants and counterparties to try to find a fair and reasonable solution for all parties.

In Dongguan, the Group's property development projects have seen both strong underlying demand and sales performance such as the selling out of all 830 units of the first four residential apartment blocks of Skyline Garden and 168 units of the last two residential apartment blocks of The Pinnacle on the first day of their sales launch on 31 December 2020 and 1 January 2021 respectively. The Group is hence optimistic about the mega 1 million sqm gross floor area ("GFA") Humen Transit-Oriented Development ("Humen TOD") project that was acquired in late June 2020. The Group has also been actively pursuing further opportunities in the Greater Bay Area ("GBA") region to capitalise on the positive outlook of the GBA development plan such as the acquisition of an 18% equity interest in a company that has a 100% economic interest in a real estate developer that has the rights to redevelop a plot of land (subject to the successful resettlement of existing inhabitants on the land and the obtaining of re-zoning approval) in Fenggang, Dongguan in January 2021, and the entry into a conditional sale and purchase agreement to acquire a company with a 100% equity interest in a property development project in Panyu, Guangzhou in February 2021, in which it will own an effective interest of 95% on completion.

The Group's property financing segment achieved another record year with its highest full year average PRC loan book to-date of RMB2.4 billion.

Group Performance

The Group recorded revenue and net profit of S$203.9 million (FY2019: S$319.2 million) and S$103.2 million (FY2019: S$167.1 million) respectively for FY2020. The resilient performance by the Group despite the Covid-19 outbreak can be attributed to the Group's successful business and geographical diversification. Revenue for FY2020 was lower due mainly to profit from the sale of residential units of the Millennium Waterfront project having been fully recognised in prior years and the material adverse impact of the Covid-19 pandemic on the European hospitality property holding segment. The Group's property financing segment became the key contributor to the Group's revenue and profitability, delivering a record S$97.9 million in gross profit which accounts for 57% of the Group's FY2020 total gross profit.

As at 31 December 2020, the Group's total equity, consolidated gross borrowings and consolidated net gearing ratio based on book value amounted to approximately S$1.7 billion, S$747.6 million and 0.16 respectively.

Foreign exchange exposure to RMB remains one of the key risks that the Group faces. Unlike its European and Australian investments which are substantially hedged via a combination of local currency-denominated borrowings and financial derivatives such as cross-currency swaps and foreign currency forward swaps, the Group's RMB-denominated net assets remain largely unhedged as the cost of hedging remains prohibitive. However, the Group has gradually increased its hedge against RMB exposure as compared to FY2019 and will continue to monitor the situation closely in order to adjust its RMB hedging strategy accordingly. RMB appreciated against S$ in 2020 resulting in a translation gain of S$37.0 million recorded in FY2020. As at 31 December 2020, the Group recorded a cumulative translation gain of S$19.3 million (Dec 2019: loss of S$18.6 million) arising mainly from the Group's exposure to RMB.

Property Development

The segment generated a net revenue of S$57.0 million (FY2019: S$160.0 million) and a gross profit of S$64.9 million (FY2019: S$78.8 million). The decrease in both revenue and gross profit was mainly because revenue from the development sale of Plots A to D of the Millennium Waterfront project had already been largely recognised in previous years, with revenue in FY2020 relating mainly to the bulk sale of the remaining carpark inventory. Gross profit was higher than net revenue for the year as a result of the reversal of cost provision that was no longer required.

Despite the negative economic impact arising from the Covid-19 pandemic, sales of the Group's various Dongguan property development projects have to-date been very strong. All 830 units of the first four residential apartment blocks of Skyline Garden and 168 units of the last two residential apartment blocks of The Pinnacle were sold on the first day of their sales launch on 31 December 2020 and 1 January 2021 respectively. While there will be a time lag between project sales and the accounting profit recognition, the sale proceeds collected will bolster the Group's immediate overall financial position, thereby enhancing corporate resilience.

The Group is hence optimistic about the Humen TOD project acquired in late June 2020. The project is planned to be developed over 4 phases and the sales launch for Phase 1 is expected to commence in 2H2021. Other than the Group's recent entry into Fenggang, Dongguan in January 2021 and the expected acquisition of a property development project in Panyu, Guangzhou that was recently announced in February 2021, the Group continues to actively pursue further opportunities in the GBA region to capitalise on the positive outlook of the GBA development plan and to expand its property development footprint in this region. The Group is pleased to have scaled up its property development segment exposure in the midst of this exciting development phase of the GBA.

Star of East River, Dongguan, PRC

All the residential, SOHO and office units in the Star of East River project have been fully sold as at 31 December 2020. Handover of the residential units has been completed and handover of the SOHO and office blocks is ongoing. For the project's remaining commercial podium, 85.9% of the 27,000 sqm of retail lettable floor area launched has been leased as at 31 December 2020. Due to the impact of the Covid-19 pandemic, a number of tenants have been granted rent concessions for a certain time period.

Star of East River, Dongguan, PRC

Emerald of the Orient, Dongguan, PRC

Emerald of the Orient, Dongguan, PRC

The Emerald of the Orient project sold out all 854 saleable residential units and 137 saleable villas as at 31 December 2020. Handover of these units and villas has commenced from December 2020. Out of the 222 residential units and 31 villas that have to be kept for a minimum holding period of 5 years as per land tender conditions, 192 residential units and 25 villas have been reserved by interested buyers. The average selling price for these reserved residential units and villas are at a 8% and 21% premium to the saleable residential units and villas respectively.

The Pinnacle, Dongguan, PRC

With the last two residential blocks reaching "sold out" status on the day of its sales launch on 1 January 2021, The Pinnacle project has fully sold all eight blocks of 606 residential units. 226 SOHO units are expected to be launched for pre-sale in 2Q2021. The project is expected to be handed over in phases from 4Q2021.

Artist's impression of The Pinnacle, Dongguan, PRC

Skyline Garden, Dongguan, PRC

Skyline Garden, Dongguan, PRC

Reflecting the same stellar sales performance of the Group's other Dongguan property development projects, the Skyline Garden project fully sold its first four residential apartment blocks, which comprise 830 out of 1,194 residential units at the project, on the first day of its sales launch on 31 December 2020. The last residential block is expected to be launched in 2Q2021 with buying interest likely to be similarly strong. The project also has seven blocks of 784 SOHO units and 4,400 sqm of commercial space which are required to be kept for a minimum holding period of 2 years as per land tender conditions.

Artist's impression of Humen Transit-Oriented Development Project, Dongguan, PRC

Humen TOD Project, Dongguan, PRC

On 29 June 2020, the Group, in a public land tender exercise, teamed up with, *inter alia*, two reputable state-owned enterprises – China Poly Group (the same joint venture partner of the Group's Skyline Garden project) and China State Railway Group, to win the bid to develop a Transit-Oriented Development in excess of 1 million sqm GFA in Humen, Dongguan.

The project encompasses a major transport hub which includes the Guangzhou-Hong Kong High-speed Railway Humen Station, Guangzhou-Shenzhen Intercity Railway Humen Station, Dongguan Metro Line 2 Humen Station and Dongguan Humen Bus Interchange. The Guangzhou-Hong Kong High-speed Railway is directly linked to Beijing in the north via Guangzhou, and Kowloon, Hong Kong in the south via Shenzhen.

Due to the scale of the project, development has been planned over 4 phases. Phase 1 development, which is further divided into 2 sub-phases, has started. Phase 1 development comprises, amongst others, approximately 299,500 sqm or 100% of the residential GFA and approximately 210,000 sqm or more than 50% of the SOHO GFA. The first of the sub-phases comprises approximately 162,000 sqm of residential GFA, 57,700 sqm of SOHO GFA and 11,800 of commercial and ancillary GFA. Pre-sale launches will commence from 2H2021.

New Fenggang Project, Dongguan, PRC

Capitalising on the growth and property demand momentum in Dongguan, which is one of the key cities in the GBA region, in January 2021, the Group signed a cooperation agreement in relation to, among others, the acquisition of an 18% equity stake in a local holding company ("HoldCo") and the provision of an interest free secured property financing loan of RMB500 million to HoldCo.

HoldCo has a 100% economic interest in a real estate developer which has the rights to redevelop a plot of land in Fenggang, Dongguan with a site area of about 33,800 sqm, into a predominantly residential project with saleable residential GFA of approximately 157,500 sqm (97%) and saleable commercial GFA of approximately 4,800 sqm (3%), subject to the successful resettlement of existing inhabitants on the land and the obtaining of re-zoning approval.

New Panyu Project, Guangzhou, PRC

In line with the Group's plan to expand its footprint in the GBA, in February 2021, the Group entered into a conditional sale and purchase agreement to acquire a Hong Kong-incorporated company which wholly owns a largely residential property development company in Panyu, Guangzhou ("Panyu ProjectCo"), in which it will own an effective interest of 95% on completion. The transaction is conditional upon, among other things, the seller group obtaining the necessary shareholders' approvals. The condition in relation to such shareholders' approvals is expected to be satisfied given that the majority shareholders of the seller group have provided irrevocable undertakings to vote in favour of the transaction.

Panyu is located in the geographic centre of the GBA. It is well-known as a sea transportation hub and is one of the four largest railway passenger transportation hubs in China. The project site is situated close to the city centre and is easily accessible to several schools, medical facilities, places of interest and intercity train services (under construction).

In 2012 and 2015, Panyu ProjectCo developed Phase 1 and Phase 2 of a project named "Le Papillon" which have been substantially sold. The Group will continue with the sale of the remaining units in Phase 1 and Phase 2 and, after the finalisation of some design modifications, the development of Phase 3. Phase 3 has a land area of approximately 95,771 sqm with a saleable GFA of 162,959 sqm of which residential GFA is approximately 159,925 sqm (98%) and commercial GFA is approximately 3,034 sqm (2%). Pre-sales for Phase 3 is expected to be launched in 4Q2021.

New Panyu Project, Guangzhou, PRC

Millennium Waterfront Project, Chengdu, PRC

Millennium Waterfront Project, Chengdu, PRC

The SOHO loft units of Plot F of the Millennium Waterfront project were 80.3% sold as at 31 December 2020. Plot F comprises 15 floors of 807 SOHO loft units and 5 floors of over 25,000 sqm of saleable retail space, and is expected to be completed and handed over from March 2021.

For the remaining carpark lots at Plots A to D of the Millennium Waterfront project, the Group sold a total of 3,252 carpark lots to a bulk buyer in FY2020.

In October 2020, the Group stated that it was approached by an independent third party relating to its interest in the Chengdu Millennium Waterfront project, including Plot E, the last development plot of the project. To-date, no definitive agreement has been reached with such independent third party and discussions are ongoing. The Company is in concurrent discussions with other third parties which have expressed similar interest. There is no assurance that such discussions will result in a definitive agreement or transaction. The Group will make further announcements as appropriate when there are any material updates or developments on this matter.

Artist's impression of City Tattersalls Club, Sydney, Australia

City Tattersalls Club, Sydney, Australia

In July 2020, after a successful international design competition, the winning architect finalised the development design details and the Stage 2 Development Application was submitted in early March 2021. Construction is expected to commence in 2022.

Redevelopment of Dreeftoren, Amsterdam Southeast, the Netherlands

In March 2020, the Group obtained an irrevocable building permit to redevelop and increase the net lettable floor area of the Dreeftoren Amsterdam office property by approximately 78% and to develop a new residential tower adjacent to the office property. Given the uncertain economic outlook brought about by the Covid-19 pandemic, the Group will continue to monitor market demand and construction cost before entering into any commitment in relation to the residential and office redevelopment project.

Artist's impression of Dreeftoren Amsterdam Southeast, the Netherlands

Property Holding

The Group's property holding segment, in particular its hospitality property holding business, was adversely affected by the Covid-19 pandemic and the tightening measures on travel and gatherings. This segment recorded a 42% and 70% drop in revenue and gross profit to S$41.7 million and S$9.1 million respectively in FY2020. The decrease was due mainly to lower European hotel profit resulting from the impact of the Covid-19 pandemic and the closure of the Group's hotels for a part of FY2020.

Overall occupancy of the Group's European operating hotels decreased significantly in FY2020. Reeling from a weak 1H2020, the Group saw some positive signs in 3Q2020 as travel restrictions started to ease and the summer holidays approached. However, occupancy dived again in 4Q2020 due to both a drop in leisure demand post the summer holidays as well as the tightening of measures by the various governments to control the pandemic situation due to the resurgence of Covid-19 cases. The Group's European operating hotels suffered a LBITDA of €1.1 million for FY2020 (FY2019: EBITDA of €17.8 million) after taking into account an estimated €8.4 million in government subsidies.

Fortunately, the Group's Dutch office income increased by 24.0% to S$30.0 million for FY2020 (FY2019: S$24.2 million). The growth was driven mainly by the full year higher income contribution from the Oliphant Amsterdam office building and the appreciation of € against S$.

The Netherlands

Bilderberg Kasteel Vaalsbroek, Vaals, the Netherlands

The Bilderberg Hotel Portfolio, comprising 11 owned hotels, managed to achieve a small EBITDA of €0.7 million in FY2020 (FY2019: €11.2 million) against the difficult Covid-19 backdrop, as a result of various cost management initiatives and €6.0 million in Dutch government subsidies. Demand for city hotels was low, with the regional hotels performing marginally better due to support by the occasional weekend leisure business. The hotel portfolio managed to achieve a 35.5% occupancy for FY2020 (FY2019: 70.3%).

As a result of the Covid-19 related lockdown tightening measures, the Hilton Rotterdam recorded a lower room occupancy of 26.4% (FY2019: 73.9%). Despite this significant negative impact, the hotel managed to minimise its LBITDA to €1.0 million (FY2019: EBITDA of €3.7 million) after taking into account the Dutch government subsidy of €1.1 million.

Hilton Rotterdam Hotel, Rotterdam, the Netherlands

Crowne Plaza Utrecht Centraal Station and Hampton by Hilton, Utrecht, the Netherlands

Bilderberg Bellevue Hotel Dresden, Dresden, Germany

Le Méridien Frankfurt Hotel, Frankfurt, Germany

The demand for the Hampton by Hilton was also weak. The operations of the Crowne Plaza hotel, which commenced on 2 June 2020, were substantially suspended in mid-September 2020 to reduce overheads. After taking into account the Dutch government subsidy of €0.4 million, the hotels recorded a LBITDA of €0.5 million for FY2020, although the Hampton by Hilton managed to achieve a nominal EBITDA for FY2020.

Germany

Despite the Covid-19 backdrop, the hotel managed to minimise LBITDA for FY2020 to €0.3 million (FY2019: EBITDA of €2.0 million) due mainly to the strong leisure demand during the summer holidays and the subsidies received from the German government of €0.9 million.

In March 2020, the lessee of the hotel, MHP, unilaterally closed the hotel and did not pay rent for April 2020, alleging, among others, the negative impact of the Covid-19 pandemic on the hospitality sector as grounds for such closure and non-payment. MHP also obtained a preliminary injunction to prevent the Group from drawing on a first demand guarantee for the rent for April 2020 and the Group commenced legal proceedings to set aside the preliminary injunction. In September 2020, a favourable court ruling was obtained by the Group and the preliminary injunction was set aside. The lessor received approximately €1.9 million (approximately S$3.0 million) in overdue rental payments for the period from April 2020 to September 2020, including penalty interest computed at 8.12% per annum.

The owner and lessor of the Le Méridien Frankfurt hotel subsequently reached an amicable agreement with MHP to terminate the lease with effect from 31 January 2021. The operations of the hotel, which continues to operate under the name "Le Méridien Frankfurt", have been taken over by a new lessee which is partly owned by the same shareholders of the lessor. The hotel will be managed by EVENT Hotels Group, which is also the hotel manager and minority shareholder of the Group's 12 Bilderberg hotels in the Netherlands and Germany.

The PRC

The Crowne Plaza Chengdu Wenjiang Hotel and Holiday Inn Express Chengdu Wenjiang Hotspring Hotel performed reasonably well against the Covid-19 backdrop. The hotels recorded an EBITDA of RMB7.9 million for FY2020 (FY2019: RMB10.0 million), mainly contributed by the strong 4Q2020 performance driven by stringent cost saving initiatives which resulted in a 47% increase in EBITDA to RMB6.6 million (4Q2019: RMB4.5 million) notwithstanding lower revenue for the quarter.

The Group has a 90% equity interest in Dongguan East Sun Limited ("East Sun") and Dongguan Wan Li Group Limited which own the East Sun Portfolio and the Wanli Portfolio respectively. The East Sun Portfolio and the Wanli Portfolio comprise a number of outdated commercial and industrial properties in Dongguan which were acquired in March 2017 and January 2018 for RMB260 million and RMB206 million respectively. In October 2018, one of the industrial properties in the Wanli Portfolio was disposed for RMB128.0 million, a 166% premium over its allocated cost of RMB48.0 million. In January 2020, an agreement was signed to divest a 51% controlling equity interest in Dongguan Wan Li Group Limited valuing the remaining Wanli Portfolio at RMB320 million, which is an approximately 100% premium over its allocated cost. A RMB50 million non-refundable deposit has been received and the remaining consideration is expected to be paid by late 2021 or early 2022. The new investor will take the lead in the re-zoning exercise for the Wanli Portfolio. The positive outlook of the Dongguan property market augurs well for some of these properties in the East Sun Portfolio and Wanli Portfolio which are located in certain districts with good redevelopment potential. East Sun is applying to re-zone an industrial property in the East Sun Portfolio to residential use. In relation to another industrial property owned by East Sun, it is in the process of setting up a joint venture with an owner of an adjacent property and a prospective tenant to jointly develop the 2 properties into a higher density modern industrial complex. East Sun has completed the demolition of the existing outdated building structure on its site in preparation of the re-zoning application. Thereafter, the joint venture will have a quota to re-zone another industrial property in the same district in Dongguan to residential use.

Property Financing

The Group's property financing arm was the standout performer of the year, with a higher average PRC property financing loan book of RMB2.4 billion for FY2020 compared to RMB2.2 billion in FY2019. The Group registered revenue and gross profit amounting to S$105.2 million and S$97.9 million respectively in FY2020, a 20.3% and 22.8% increase respectively over FY2019. The increase was due mainly to the loan restructuring income arising from the refinancing of the FSMC loans and the establishment fee in relation to the A$370 million construction facility to fund the redevelopment of the City Tattersalls Club in Sydney.

In connection with the economic difficulties resulting from the Covid-19 pandemic, the Group granted a short term deferral of interest payments to a borrower with a RMB580 million loan and another borrower group with two cross collateralised loans amounting to RMB330 million.

The RMB580 million loan is secured on a Guangzhou city hotel with a 44% loan-to-value ratio ("LTV"). The borrower was allowed to defer 50% of the monthly interest payments for a few months from 2Q2020 on the condition that the borrower contributes additional equity to a bank account jointly controlled by the borrower and the Group. The deferred interest will be due from April 2021.

The borrower group with two cross collateralised loans amounting to RMB330 million has been in arrears for a month's interest for 8 consecutive months since March 2020. In November 2020, the Group commenced legal action in the Shanghai court to recover the outstanding loan principal and interest. The loans are secured on, among others, a residential villa and a 5-floor retail mall in Shanghai with a combined LTV of 53.4%. In view of the positive outcome of the legal actions in respect of the 2 previous loans defaulted in December 2015 and January 2016, the Group is optimistic about the recovery exercise of the RMB330 million defaulted loans. Concurrently with the legal proceedings, the Group is also in discussions with the borrower group to explore alternative settlement solutions.

Subsequent to 31 December 2020, the Group disbursed a RMB900 million secured loan in relation to a development land in Tangxia, Dongguan in February 2021. The Group will seek to grow its PRC property financing loan book prudently.

For the European property financing loans, despite the difficult hospitality operating conditions, the 33%-owned FSMC group, which owns 95% of the Dutch Bilderberg hotel portfolio, has been able to service the interest on the loan owed to the Group in FY2020. However, FSMC may exercise its right to defer interest payment during FY2021 if the hospitality trading remains weak due to the multiple lockdowns in Europe and the traditionally weak winter season.

Corporate Social Responsibility

During this challenging time, the Group is heartened by the Corporate Social Responsibility ("CSR") activities organised by the Hilton Rotterdam team ("Team").

To thank hospital staff for their hard work and sacrifice, children of employees of the Hilton Rotterdam created heart drawings that were incorporated onto lunch boxes for 150 nurses of the Rotterdam Hospital. The lunch boxes were sponsored by one of our suppliers and prepared by the Hilton Rotterdam's kitchen team.

During the reopening of the primary schools after the summer break, the Team obtained volume discounts from one of our suppliers for disinfectant sprays for 150 schools in Rotterdam.

In December 2020, Hilton Rotterdam employees baked *pepernoten* (festive Dutch cookies) for occupants of the Ronald McDonald house in Rotterdam, which provides free accommodation that enables parents to stay with their mostly long term hospitalised children.

Employees also engaged in other acts of goodwill to the community, such as donating used clothes and bottles of soap to the homeless via organisations like the Dutch Salvation Army and sending Christmas cards to 100 solitary elderly.

Due to the Covid-19 pandemic restrictions and tightening measures, the Crowne Plaza Chengdu Wenjiang Hotel and Holiday Inn Express Chengdu Wenjiang Hotspring Hotel CSR teams were unable to participate in any CSR activities.

The Group will continue to support programs that bring communities together, have a socially and environmentally positive impact, or build and foster business-to-community relationships.

Future Prospects

Notwithstanding the various challenges arising from the Covid-19 pandemic, the Board is pleased with the good pre-sale performance achieved by the property development segment and the growth in the property financing segment's loan book. The non-hospitality related property holding segment is also stable with a good recurrent income base. We stay mindful of the delicate balance between building sustainable growth and value for our shareholders and prudent operations. As the rollout of the vaccinations to the worldwide population gathers momentum, business activities across all sectors are expected to pick up. The Board will review its business strategy on an ongoing basis to ensure that it remains relevant in the post Covid-19 new normal.

One of the Group's operational priorities is in ensuring the health and safety of our customers and staff at all our properties. As such, actions have been taken to put in place appropriate measures to address this.

The Group is backed by a strong balance sheet, substantial unutilised committed credit facilities and potential equity infusion from the exercise of outstanding warrants. Notwithstanding this, the Group remains ready to further tap into the debt and equity markets to further strengthen itself to capitalise on any new business opportunities when they arise.

Appreciation

On behalf of the Board, I would like to thank our shareholders, customers, business associates, bankers and partners for their unwavering and continued support in light of the ongoing uncertainties and wish them well in health and in our joint effort to tackle the Covid-19 pandemic. I would also like to thank my fellow Directors for their shared vision, wisdom, experience and counsel and also to the management team and staff for their hard work, dedication and commitment in their efforts to safeguard the Group's interest and contribute to the Group's growth for our shareholders, especially under the difficult working conditions during the circuit breaker/lockdown periods. We hope for a better 2021 for the world at large and a safer environment ahead.

Ho Han Leong Calvin
Chairman
10 March 2021

Artist's impression of Humen Transit-Oriented Development Project, Dongguan, PRC

RECENT MILESTONES

January 2020

Completed subscription of a 39.9% equity stake in a joint venture that will undertake the redevelopment of the iconic City Tattersalls Club along Pitt Street in Sydney.

February 2020

Issuance of S$100 million 3.29% fixed rate notes due 2025 under the S$1,000,000,000 Multicurrency Debt Issuance Programme.

January 2020

Entry by Dongguan East Sun Limited into an agreement to divest a 51% equity interest in Dongguan Wan Li Group Limited, valuing its property portfolio at RMB320 million which is approximately 100% premium over its allocated cost.

April 2020

Pre-sale launch of the first two residential blocks of The Pinnacle in Chang'an, Dongguan, PRC.

June 2020

Entry into a joint venture with, amongst others, Poly Group and China State Railway Group to develop a transit-oriented development with a gross floor area in excess of 1 million square metres encompassing the Humen Railway Station in Dongguan, PRC.

December 2020

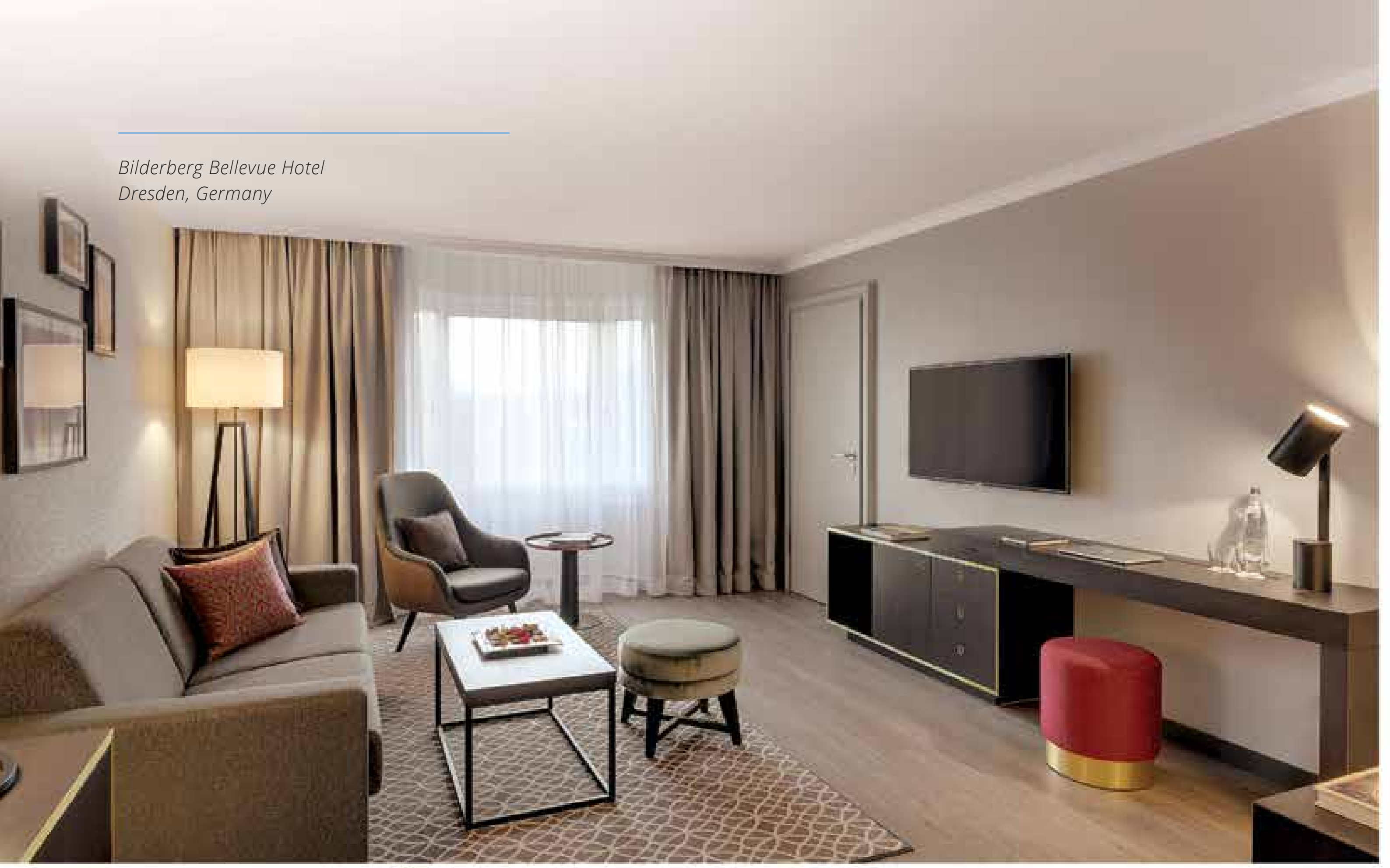
The PRC property financing business segment achieved a record full year average loan book of RMB2.4 billion.

September 2020

Completed a 1-for-4 bonus issue of warrants. Assuming all the warrants are exercised at an exercise price of S$1.08 per share, the Company will receive gross proceeds of approximately S$245.8 million.

December 2020

Sale of all 830 units of the first four residential apartment blocks of Skyline Garden and 168 units of the last two residential apartment blocks of The Pinnacle on the first day of their sales launch on 31 December 2020 and 1 January 2021 respectively.



Bilderberg Bellevue Hotel
Dresden, Germany

BOARD OF DIRECTORS

Mr Ho Han Leong Calvin
Age 69
Non-Executive Chairman

Mr Ho was appointed as the Non-Executive Chairman of the Company on 2 April 2015. Prior to this, Mr Ho served as the Non-Executive Vice-Chairman of the Company since 1 October 2007.

Mr Ho has accumulated extensive experience during his tenure as Chief Executive Officer of Singapore-incorporated Tai Tak Estates Sendirian Berhad ("Tai Tak"), having been involved in its businesses, including in plantations, listed and private equities, and property holding and development. He has also been instrumental in assisting the Group's senior management in the conceptualisation and setting of the strategic direction and corporate values of the Group.

Mr Ho holds a Higher National Diploma in Business Studies from Polytechnic of The South Bank, United Kingdom.

Mr Ho Han Khoon
Age 59
Alternate Director to Non-Executive Chairman

Mr Ho was appointed as an Alternate Director to Mr Ho Han Leong Calvin on 19 May 2014. He is currently holding the position of Executive Vice-President of Tai Tak, where he is responsible for overseeing Tai Tak group's overall business and financial strategy, investments and operations.

Mr Ho holds a Bachelor of Social Sciences Degree with Honours from the National University of Singapore.

Mr Kingston Kwek Eik Huih
Age 39
Non-Executive Director

Mr Kwek was appointed as a Non-Executive Director of the Company on 5 March 2019.

Mr Kwek is a retail investor in the U.S. stock market since 1999. Previously, he worked for Hong Leong Management Services Pte Ltd from 2010 to 2012, and currently sits on the board of various entities within the Hong Leong Group Singapore, and is concurrently a governor of the Hong Leong Foundation.

Mr Kwek holds a Masters of Arts degree from Columbia University, a Bachelor of Science degree in Finance from the Wharton School, and a Bachelor of Arts degree from the University of Pennsylvania.

Mr Neo Teck Pheng
Age 50
Group Chief Executive Officer and Executive Director

Mr Neo was appointed as the Group Chief Executive Officer and Executive Director of the Company on 1 October 2007. He has overall responsibility for management, operations and growth of the Group's businesses.

Mr Neo began his career with KPMG in 1994. In 1996, he joined Hong Leong Group Singapore and held various roles within Hong Leong Group Singapore. He was also previously the board member of various entities within Hong Leong Group Singapore.

Mr Neo holds a Bachelor of Accountancy Degree (First Class Honours) from Nanyang Technological University, Singapore.

Ms Ting Ping Ee Joan Maria
Age 65
Independent Director

Ms Ting was appointed as an Independent Director of the Company on 19 May 2014. She is currently an Independent Director of Grand Union Holdings and Investments Incorporated.

Ms Ting had spent her entire career from 1977 to 2013 at DBS Bank.

Prior to opting for early retirement in June 2013, she held the position of Managing Director, Head Corporate Credit Group with responsibility for the development, organisation and oversight of the credit approval and credit risk management functions of portfolios under Investment Banking, Financial Institutions including banks and Private Banking.

During her career with DBS Bank she had management responsibility and worked in various departments including Corporate Finance, Corporate Banking including Trade Services and Funds Transfer Operations, Global Operations Centre (responsible for the operations of all the overseas branches of DBS Bank including China, India, Taiwan, Indonesia, Malaysia, Seoul, Tokyo, London and USA), Chairman's Office and Group Credit.

Ms Ting graduated with a Bachelor of Accountancy (Honours) from the University of Singapore. She had previously served as a committee member of the Financial Industry Competency Standards Committee (and Chairman of the FICS Corporate banking Sub-Committee), the Association of Banks in Singapore/ Corporate Banking Committee, Singapore Shipping Association and the Singapore Business Federation/ Services Industries Executive Committee. She also held past directorships in Ecobulk Shipping Sdn Bhd, Singapore Petroleum Company, CWT Ltd, Singapore Biotech Ltd and Grandland Shipping Limited.

Mr Yee Chia Hsing
Age 49
Lead Independent Director

Mr Yee was appointed as the Lead Independent Director of the Company on 19 May 2014. He has more than 20 years of experience in the banking and finance industry.

He has recently taken up the position of General Manager of Entity Health, a nutraceutical brand under SGX listed iX Biopharma Ltd, where he also holds the position of Director of Corporate Affairs.

Mr Yee holds a Bachelor of Accountancy Degree (First Class Honours) from the Nanyang Technological University, Singapore. He currently serves on the Audit Committee of Ren Ci Hospital (a Singapore charity) and is an Independent Director of Ezion Holdings Limited (a company listed on SGX-ST).

Mr Yee was previously an elected Member of Parliament for Chua Chu Kang Group Representation Constituency in Singapore.

Mr Wee Guan Oei Desmond
Age 50
Independent Director

Mr Wee was appointed as an Independent Director of the Company on 6 February 2017. He is a partner and head of the Corporate Commercial and Employment & Benefits Practice Groups of Rajah & Tann Singapore LLP specialising in mergers and acquisitions, general commercial law and employment law. Mr Wee also has a particular focus in foreign direct investments into the emerging Asian economies. Mr Wee also has prior experience as a litigator as well as being the group regional legal counsel of a Hong Kong public listed company.

Mr Wee is currently the Non-Executive Chairman, Independent Director and Audit Committee member of Popular Holdings Limited. He is also a Non-Executive Director of Spartans Rugby Singapore Limited.

Mr Wee graduated with a Bachelor of Laws (Honours) from the University of Nottingham in 1994 and is admitted as an Advocate and Solicitor of the Supreme Court of Singapore and as a Barrister-at-law, Middle Temple in the United Kingdom.

SENIOR MANAGEMENT

Ms Lee Sau Hun
Group Chief Financial Officer

Ms Lee was appointed as the Group Chief Financial Officer of the Company in May 2011.

Ms Lee began her career at PricewaterhouseCoopers where her last held position was senior manager. Ms Lee then joined Hong Leong Management Services Pte. Ltd. as Vice-President (Investment) between January 2006 and April 2011, where she engaged in corporate advisory services within Hong Leong Group Singapore. She was also a director of various subsidiaries of Hong Leong Group Singapore prior to the listing of the Company.

Ms Lee holds a Bachelor of Accountancy Degree (Second Class Honours) from Nanyang Technological University, Singapore.

Mr Wang Gongyi
Chief Executive Officer (Chengdu Operations)

Mr Wang was appointed as the Chief Executive Officer (Chengdu Operations) of the Group in October 2011. He oversees the management and operations of the Group's business in Chengdu, PRC.

Prior to that, from June 1998 to May 2011, Mr Wang held the position of general manager of the former candy business operations of the Group, in charge of its general management and operations.

Mr Wang holds a Bachelor Degree in Machinery Design and Manufacturing from Sichuan Chengdu University, Chengdu, PRC. Mr Wang also achieved several awards, including the Sichuan Provincial Fourth Session of Excellent Entrepreneur award and the Model Worker award granted by the Sichuan Provincial Government.

Mr Shu Zhen
Chief Executive Officer (Guangdong Operations)

Mr Shu was appointed as the Chief Executive Officer (Guangdong Operations) of the Group in August 2012. Mr Shu is currently responsible for overseeing the Group's business operations in the Guangdong province, PRC.

Mr Shu first joined the Group in December 2007 as a Director and Vice-President of the Group's subsidiary, First Sponsor (Guangdong) Group Limited.

Mr Shu holds a Graduation Certificate in China Finance and Futures Higher Level Study from Beijing University, School of Economics, PRC.

Ms Zhang Jing
Chief Executive Officer (Shanghai Operations)

Ms Zhang was appointed as the Chief Executive Officer (Shanghai Operations) of the Group in November 2011. From her Shanghai office, Ms Zhang is responsible for the management and expansion of the Group's property financing business in the PRC.

Ms Zhang has extensive experience in the PRC financing and leasing operations from her role as general manager in various financing companies prior to joining the Group.

Ms Zhang holds a Bachelor Degree in Economics from the School of Economics, Aoyama Gakuin University, Japan.

Mr Alexander Barentsen
Chief Executive Officer (European Operations)

Mr Barentsen was appointed as the Chief Executive Officer (European Operations) of the Group in July 2019. He is based in Amsterdam, the Netherlands, and is currently responsible for the management and operations of the Group's business in Europe.

Mr Barentsen joined the Group from Queens Bilderberg (Nederland) B.V. ("QBN") which holds the Bilderberg hotel portfolio, which was acquired by the Group in 2017. Shortly after the acquisition, he was promoted to Managing Director of QBN, after having held the positions of Finance Director and Director of Property & Development in 2012 and 2005 respectively. Prior to this, from 2001, he was in internal audit and carried out several finance and projects roles at Queens Moat Houses plc, the previous owner of QBN.

Mr Barentsen holds an Executive Master of Real Estate (MRE) from TiasNimbas, the business school of Tilburg University (the Netherlands) in association with Eindhoven University of Technology (the Netherlands), a Master of Business Administration in International Hospitality Management from IMHI (France), jointly administered by Cornell University School of Hotel Administration (USA) and The ESSEC Business School (France), and a Bachelor of Business Administration from the School of Hotel Management Maastricht (the Netherlands).

Star of East River, Dongguan, PRC

First Sponsor Group Limited was incorporated in the Cayman Islands on 24 September 2007 as an exempted company with limited liability under the Cayman Companies Law. The Company is a public company listed on the Main Board of the Singapore Exchange Securities Trading Limited on 22 July 2014.

KEY CONTROLLING SHAREHOLDERS

The Group is supported by both its established key controlling shareholders, the **Hong Leong group of companies** ("Hong Leong Group Singapore"), through its shareholding interests in City Developments Limited, and **Tai Tak Estates Sendirian Berhad** ("Tai Tak").

Hong Leong Group Singapore is a globally diversified conglomerate. Its core businesses include investment holding, property holding and development, hotel ownership and management, hospitality real estate management, financial services, manufacturing, trading and distribution.

Tai Tak is a private company with a long operating history which was incorporated in Singapore in 1954. It currently invests in a wide range of businesses including plantations, listed and private equities and property holding and development.

FIRST SPONSOR GROUP LIMITED

(Cayman Islands)
(including a branch in Singapore)

SINGAPORE

17 Subsidiary Companies (include a Private Trust)

1 Associated Company

3 Joint Ventures

PEOPLE'S REPUBLIC OF CHINA

12 Subsidiary Companies

6 Associated Companies

2 Joint Ventures

EUROPE

THE NETHERLANDS

8 Subsidiary Companies

44 Associated Companies

1 Joint Venture Partnership

GERMANY

3 Subsidiary Companies

1 Joint Venture

1 Joint Venture Limited Partnership

ITALY

1 Subsidiary Company

OTHERS

BRITISH VIRGIN ISLANDS

6 Subsidiary Companies

1 Associated Company

HONG KONG

3 Subsidiary Companies

AUSTRALIA

2 Associated Companies (include a Private Trust)

Note: The above shareholding includes direct and indirect shareholdings.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Ho Han Leong Calvin
Non-Executive Chairman

Mr Ho Han Khoon
Alternate Director to Mr Ho Han Leong Calvin

Mr Kingston Kwek Eik Huih
Non-Executive Director

Mr Neo Teck Pheng
Group Chief Executive Officer and Executive Director

Ms Ting Ping Ee Joan Maria
Independent Director

Mr Yee Chia Hsing
Lead Independent Director

Mr Wee Guan Oei Desmond
Independent Director

AUDIT AND RISK COMMITTEE

Mr Yee Chia Hsing – *Chairman*
Ms Ting Ping Ee Joan Maria
Mr Ho Han Leong Calvin
(Mr Ho Han Khoon – *Alternate Director to Mr Ho Han Leong Calvin*)

NOMINATING COMMITTEE

Ms Ting Ping Ee Joan Maria – *Chairperson*
Mr Yee Chia Hsing
Mr Neo Teck Pheng

REMUNERATION COMMITTEE

Mr Wee Guan Oei Desmond – *Chairman*
Ms Ting Ping Ee Joan Maria
Mr Ho Han Leong Calvin
(Mr Ho Han Khoon – *Alternate Director to Mr Ho Han Leong Calvin*)

COMPANY SECRETARY

Ms Goh Siew Geok

SHARE REGISTRAR & SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road, #02-00
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 4399

REGISTERED OFFICE

P.O. Box 31119, Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

BUSINESS ADDRESS

63 Market Street, #06-03
Bank of Singapore Centre
Singapore 048942
Tel: (65) 6436 4920
Fax: (65) 6438 3170

AUDITORS

Ernst & Young LLP
One Raffles Quay North Tower
Level 18
Singapore 048583
(Partner-in-charge: Mr. Max Loh Khum Whai, appointment on 2 June 2020, responsible for the audit of the financial statements for the year ended 31 December 2020)

PRINCIPAL BANKERS

Bank of China
Bank of Dongguan Co., Ltd.
China Construction Bank
DBS Bank Ltd
Industrial and Commercial Bank of China
ING Bank N.V.
Oversea-Chinese Banking Corporation Limited
Sumitomo Mitsui Banking Corporation, Singapore Branch
The Bank of East Asia, Limited, Singapore Branch
The Hong Kong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

Hampton by Hilton Utrecht Centraal Station & Crowne Plaza Utrecht Centraal Station, Utrecht, the Netherlands

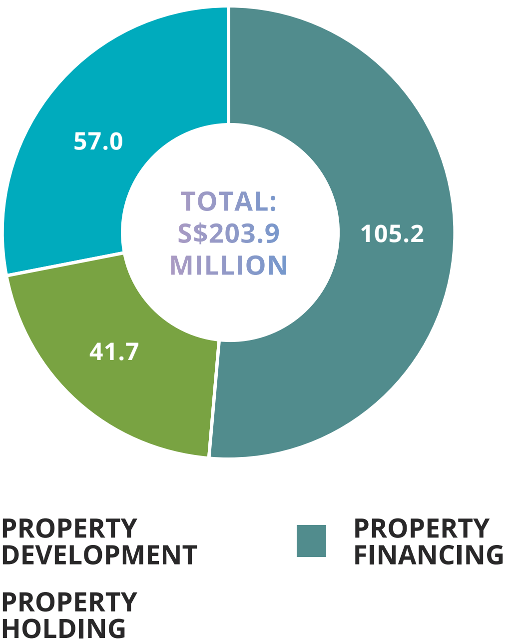
PROPERTY DEVELOPMENT

Revenue from sale of properties decreased by S$103.0 million or 64.4%, from S$160.0 million in FY2019 to S$57.0 million in FY2020. This was due mainly to no further profit being recognised in respect of residential units and profit recognised from a lower number of commercial units, from the Millennium Waterfront project in FY2020 compared to FY2019. The decrease was partially offset by the higher number of car park lots sold in FY2020. (FY2020: 4 commercial units and 3,997 car park lots; FY2019: 867 residential units, 122 commercial units and 199 car park lots).

PROPERTY HOLDING

Revenue from the property holding segment decreased by S$30.1 million or 41.8% from S$71.8 million in FY2019 to S$41.7 million in FY2020. S$27.8 million of the decrease was attributable to the weaker performance of the hotel portfolio as a whole due to the Covid-19 pandemic which resulted in lower tourist arrivals and reduction in business travel.

FY2020 REVENUE BY SEGMENT
(S$'MILLION)



PROPERTY FINANCING

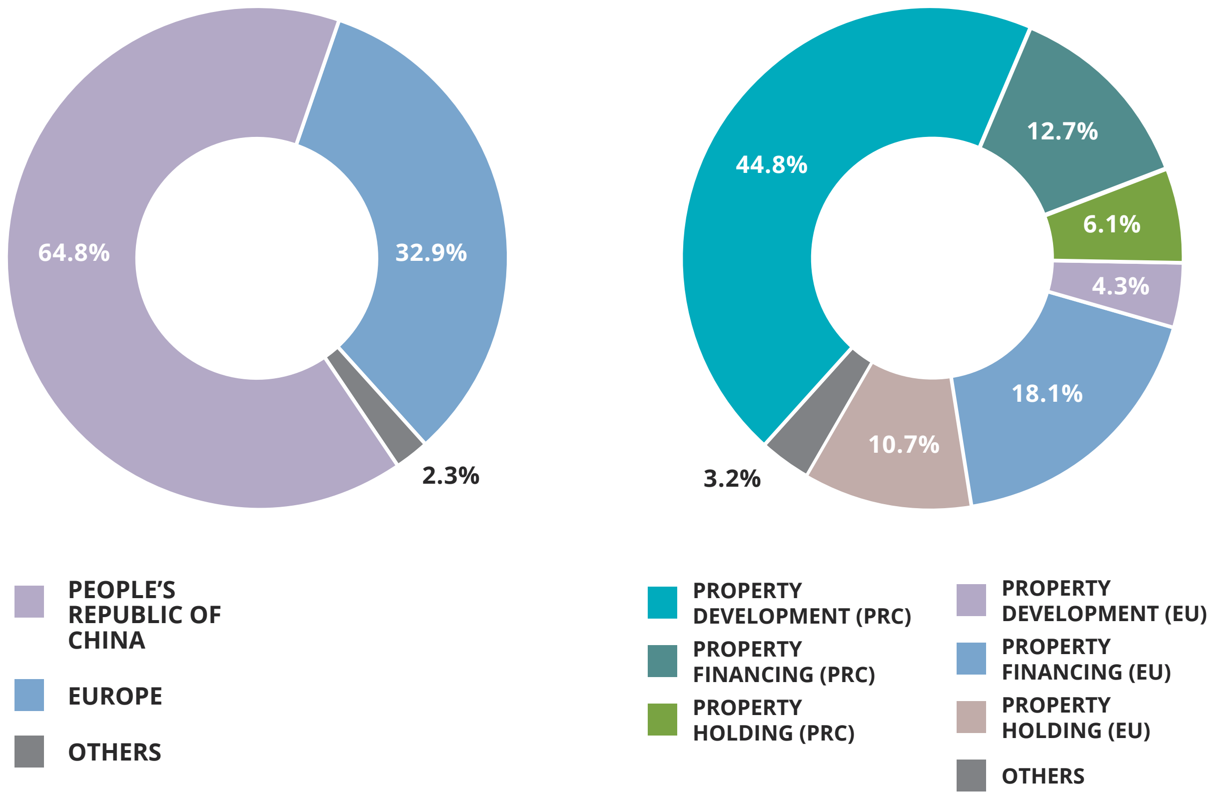
Revenue from property financing increased by S$17.8 million or 20.3% from S$87.4 million in FY2019 to S$105.2 million in FY2020. The growth was due mainly to European loan restructuring income of S$15.8 million and an establishment fee of S$3.5 million earned in respect of the future debt funding of the redevelopment of the City Tattersalls Club in Sydney in which the Group has a 39.9% equity interest. The increase was partially offset by lower interest income of S$0.7 million generated from the PRC property financing business in FY2020.

PROFIT BEFORE TAX

The Group reported profit before tax of S$125.6 million, a decrease of S$68.6 million or 35.3% compared to S$194.2 million in FY2019.

The decrease was due mainly to the absence of the aggregate S$53.3 million profit generated from the Group's disposal of the Oliphant Amsterdam office to its 33%-owned associated company, FSMC in November 2019. Weaker results from the Group's associates and joint venture companies in FY2020 also contributed to an S$83.6 million decline in the Group's profit before tax. Specifically, the Group recorded a share of loss from associates and joint venture companies of S$12.4 million in FY2020 compared to a share of profit of S$71.2 million in FY2019. The investees' performance have been negatively impacted by weaker trading performance of the Bilderberg hotels in the Netherlands, impairment charge on some of the hotels owned by the investees due to the effect of the Covid-19 pandemic, additional deferred tax charge arising from an increase in headline corporate income tax rate in the Netherlands and a prepayment penalty arising from a loan restructuring exercise in June 2020. Furthermore, profit from the first time handover of the villas and residential units of the Emerald of the Orient project, and the handover of one SOHO block and the office block of the Star of East River project in FY2020 was lower than the profit contributed from the handover of the six residential blocks of the Star of East River project in FY2019. The decrease in the Group's profit before tax was partially mitigated by lower impairment charge on property, plant and equipment of S$42.0 million. The Group recorded an impairment loss of S$46.2 million in respect of Crowne Plaza Chengdu Wenjiang and its adjoining hotspring operations compared to an impairment loss of S$4.2 million on Bilderberg Bellevue Hotel Dresden in FY2020.

**TOTAL ASSETS – BY BUSINESS AND GEOGRAPHICAL SEGMENTS
AS AT 31 DECEMBER 2020**



TOTAL: S$3,424.6 MILLION

TOTAL ASSET COMPOSITION

The Group's consolidated assets increased by S$664.1 million or 24.1% from S$2,760.5 million in FY2019 to S$3,424.6 million in FY2020.

During the financial year, the Group continued to expand its exposure to the Dongguan property development segment and invested in the mega 1 million sqm gross floor area Humen Transit-Oriented Development in Dongguan through an effective 17.3% equity interest in the project company. In addition, the Group ventured into the Australian property development market via a 39.9% equity interest in the development trust which will undertake the renovation of the premises of the 125-year old City Tattersalls Club in Sydney and develop the airspace above it into a hotel and residential apartments.

In light of the above new investments and the growth of the Group's existing Dongguan property development projects namely The Pinnacle (60%-owned) and Skyline Garden (27%-owned), the Group's gross asset composition in the PRC increased from 58.4% as at 31 December 2019 to 64.8% as at 31 December 2020. The contribution by the property development segment also grew from 37.6% as at 31 December 2019 to 49.1% at 31 December 2020, of which 44.8% was derived from the PRC.

Artist's impression of Skyline Garden, Dongguan, PRC

MAJOR PROPERTIES

As at 31 December 2020

Location/Name of Property and Brief Description	Effective Group Interest (%)	Title/Year of Expiry of Land Use Rights	Approximate Lettable Floor Area (sq m) [(1)]
INVESTMENT PROPERTIES			
THE NETHERLANDS			
1) Arena Towers *Hoogoorddreef 66 and 68, Amsterdam, the Netherlands* Comprising the Holiday Inn Amsterdam and the Holiday Inn Express Amsterdam hotels with 443 hotel rooms in aggregate, and 509 car park lots	100	Perpetual leasehold interest with ground rent paid until year 2053	17,396
2) Berg & Bosch *Professor Bronkhorstlaan 4, 4A, 6, 8, 10A–10M, 12–20 (even numbers) and 26, Bilthoven, the Netherlands* Comprising buildings, some of which are national monuments amidst a rich green landscape and 628 car park lots	33.0	Freehold	33,941
3) Mondriaan Tower *Amstelplein 6 and 8, Amsterdam, the Netherlands* Comprising office space and 249 car park lots	33.0	Freehold	24,871
4) Oliphant *Haaksbergweg 4-98 (even numbers), Amsterdam, the Netherlands* Comprising office space and 216 car park lots	33.0	Perpetual leasehold interest with indexed ground rent payable on an annual basis until year 2048	21,161
5) Zuiderhof I *Jachthavenweg 121, Amsterdam, the Netherlands* Comprising office space, archive space and 111 car park lots	33.0	Perpetual leasehold interest with ground rent paid until year 2050	12,538

Location/Name of Property and Brief Description	Effective Group Interest (%)	Title/Year of Expiry of Land Use Rights	Approximate Lettable Floor Area (sq m) [1]
6) Munthof *Reguliersdwarsstraat 50-64, Amsterdam, the Netherlands* Comprising mainly office space and 57 car park lots	33.0	Freehold	3,515
7) Herengracht 21 *Herengracht 21, The Hague, the Netherlands* Comprising 6 residential apartments	33.0	Freehold	483
Total for The Netherlands			**113,905**
GERMANY			
1) Le Méridien Frankfurt *Wiesenhüttenplatz 28, 30, 32 and Wiesenhüttenstraße 36-38, Frankfurt am Main, 60329, Germany* Comprising 300 hotel rooms and suite and 48 car park lots	50.0	Freehold	15,602
Total for Germany			**15,602**
GRAND TOTAL - INVESTMENT PROPERTIES			**129,507**

MAJOR PROPERTIES

Location/Name of Property and Brief Description	Effective Group Interest (%)	Title/Year of Expiry of Land Use Rights	Approximate Gross Floor Area (sq m) [(2)]
HOTELS			
PRC			
1) Crowne Plaza Chengdu Wenjiang Hotel & Holiday Inn Express Chengdu Wenjiang Hotspring Hotel *No. 619A/B North Phoenix Street, Wenjiang District, Chengdu, Sichuan Province PRC* Comprising 608 hotel rooms and suites, and a hotspring facility	100	Leasehold interest to year 2051	81,041
Total for PRC			**81,041**
THE NETHERLANDS			
1) Hampton by Hilton Utrecht Centraal Station & Crowne Plaza Utrecht Centraal Station *3rd floor up to and including the 9th floor of the Poortgebouw Hoog Catharijne, Boven Catharijnepoort 4, 3511 WN, and Catharijne Esplanade 13, 3511 WK, Utrecht, the Netherlands* Comprising 193-room Hampton by Hilton Utrecht Centraal Station and 144-room Crowne Plaza Utrecht Centraal Station	100	Leasehold interest to year 2069	13,822
2) Hilton Rotterdam *Weena 4-20 (even numbers), 3012 CM, Rotterdam, the Netherlands* Comprising 254 hotel rooms and suites	33.0	Freehold	20,800
3) Bilderberg Garden Hotel Amsterdam *Dijsselhofplantsoen 7, 1077 BJ, Amsterdam, the Netherlands* Comprising 124 hotel rooms and suites	31.4	Perpetual leasehold interest with indexed ground rent payable on semi-annual basis	6,920

Location/Name of Property and Brief Description	Effective Group Interest (%)	Title/Year of Expiry of Land Use Rights	Approximate Gross Floor Area (sq m) (2)
4) Bilderberg Parkhotel Rotterdam *Westersingel 70, 3015 LB,* *Rotterdam, the Netherlands* Comprising 194 hotel rooms and suites	31.4	Freehold	12,875
5) Bilderberg Europa Hotel Scheveningen *Zwolsestraat 2, 2587 VJ, Scheveningen,* *The Hague, the Netherlands* Comprising 174 hotel rooms and suites	31.4	Temporary leasehold interest with ground rent paid until year 2026	9,950
6) Bilderberg Kasteel Vaalsbroek *Vaalsbroek 1 and 5, 6291 NH,* *Vaals, the Netherlands* Comprising 130 hotel rooms and suites	31.4	Freehold	16,270
7) Hotel de Bilderberg *Utrechtseweg 261, 6862 AK,* *Oosterbeek, the Netherlands* Comprising 146 hotel rooms and suites	31.4	Freehold	12,685
8) Bilderberg Hotel De Keizerskroon *Koningstraat 7, 7315 HR,* *Apeldoorn, the Netherlands* Comprising 93 hotel rooms and suites	31.4	Freehold	7,588
9) Bilderberg Hotel 't Speulderbos *Speulderbosweg 54, 3886 AP,* *Garderen, the Netherlands* Comprising 102 hotel rooms and suites	31.4	Freehold	10,150
10) Bilderberg Résidence Groot Heideborgh *Hogesteeg 50, 3886 MA,* *Garderen, the Netherlands* Comprising 84 hotel rooms and suites	31.4	Freehold	7,530

MAJOR PROPERTIES

Location/Name of Property and Brief Description	Effective Group Interest (%)	Title/Year of Expiry of Land Use Rights	Approximate Gross Floor Area (sq m) [(2)]
11) Bilderberg Grand Hotel Wientjes *Stationsweg 7, 8011 CZ,* *Zwolle, the Netherlands* Comprising 57 hotel rooms and suites	31.4	Freehold	4,087
12) Bilderberg Hotel De Bovenste Molen *Bovenste Molenweg 12, 5912 TV,* *Venlo, the Netherlands* Comprising 82 hotel rooms and suites	31.4	Freehold	6,575
13) Bilderberg Château Holtmühle *Kasteellaan 10, 5932 AG,* *Tegelen, the Netherlands* Comprising 66 hotel rooms and suites	31.4	Freehold	5,600
Total for The Netherlands			**134,852**
GERMANY			
1) Bilderberg Bellevue Hotel Dresden *Große Meißner Straße 15, 01097,* *Dresden, Germany* Comprising 340 hotel rooms and suites	94.9	Freehold	40,678
Total for Germany			**40,678**
ITALY			
1) Bare shell hotel formerly known as Grand Hotel Puccini *Corso Buenos Aires No. 33,* *Milan, Italy* Comprising a bare shell former hotel	100	Freehold	2,980
Total for Italy			**2,980**
GRAND TOTAL - HOTELS			**259,551**

Location/Name of Property and Brief Description	Effective Group Interest (%)	Title/Year of Expiry of Land Use Rights	Project Construction Commencement Date	Expected Project Handover/ Completion Date	Site Area (sq m)	Approximate Gross Floor Area (sq m) (2)
DEVELOPMENT PROPERTIES UNDER DEVELOPMENT						
PRC						
1) Millennium Waterfront *Wenjiang District, Chengdu, Sichuan Province, PRC*						
Plots E & F Plot E is expected to comprise three blocks of approximately 2,900 SOHO units and an elder care centre of total 304,300 sq m (includes a hospital building of 69,500 sq m), 91,800 sq m of commercial / retail space and 3,200 underground car park lots Plot F comprises 15 floors of 807 SOHO loft units and 5 floors of over 25,000 sq m of saleable retail and commercial space including F&B / restaurants, cinema, supermarket and 806 underground car park lots	100	Leasehold interest to year 2051	February 2018	Expected handover of Plot F SOHO loft units in phases from March 2021	48,237	534,409
2) The Pinnacle *Chang'an Town, Dongguan, Guangdong Province, PRC* Expected to comprise eight blocks of 606 residential units, a cluster of 226 SOHO units, 2,700 sq m of retail space and 344 underground car park lots	60.0	Leasehold interest to year 2058 (commercial component); and year 2088 (residential component)	September 2019	Expected handover in phases from 4Q2021	36,404	75,200
3) Star of East River *Wanjiang District and Nancheng District, Dongguan, Guangdong Province, PRC* Comprising a retail mall and 1,201 underground car park lots	30.0	Leasehold interest to years 2054 to 2055 (commercial component)	April 2017	Completed in September 2019 and December 2020 Expected initial handover of car park lots from 1Q2021	49,136	61,808

Location/Name of Property and Brief Description	Effective Group Interest (%)	Title/Year of Expiry of Land Use Rights	Project Construction Commencement Date	Expected Project Handover/ Completion Date	Site Area (sq m)	Approximate Gross Floor Area (sq m) (2)
4) Skyline Garden *Wanjiang District, Dongguan, Guangdong Province, PRC* Expected to comprise five blocks of 1,194 residential units, seven blocks of 784 SOHO units, 4,400 sq m of commercial space and 1,813 underground car park lots All SOHO units and commercial space are to be kept for minimum holding period of 2 years as per land tender conditions	27.0	Leasehold interest to year 2059 (commercial component); and year 2089 (residential component)	November 2019	Expected handover in phases from 2022	42,343	208,000
5) Humen Transit-Oriented Development Project *Humen District, Dongguan, Guangdong Province, PRC* Expected to comprise 13 blocks of 2,460 residential units, eight blocks of 6,800 SOHO units including a 40,000 sq m hotel, three office towers with 188,800 sq m of office space, a 100,000 sq m shopping mall, 21,100 sq m of commercial/retail space, 3,730 underground car park lots, and other general amenities to be built for the municipal as per the land tender conditions	17.3	Leasehold interest to year 2060 (commercial component); and year 2090 (residential component)	January 2021	Expected handover in phases from 2023	199,000	1,052,000
Total for PRC					**375,120**	**1,931,417**

Location/Name of Property and Brief Description	Effective Group Interest (%)	Title/Year of Expiry of Land Use Rights	Project Construction Commencement Date	Expected Project Handover/ Completion Date	Site Area (sq m)	Approximate Gross Floor Area (sq m) [2]
THE NETHERLANDS						
1) Meerparc *Amstelveenseweg 638-710, Amsterdam, the Netherlands* Comprising approximately 12,200 sq m of office space, 5,646 sq m industrial space and 230 car park lots	100	Freehold	Under planning	- [3]	9,744	- [3]
2) Dreeftoren *Haaksbergweg 3-73 (odd numbers), Amsterdam, the Netherlands* Comprising office space and 207 car park lots, which upon completion of redevelopment, expected to comprise 15,571 sq m of office space, 1,501 sq m of retail/commercial space, 312 residential units and 139 car park lots	100	Perpetual leasehold interest with ground rent paid until year 2039	Under planning	- [3]	5,740	- [3]
3) The Terraced Tower *Boompjes 41-58, Rotterdam, the Netherlands* Expected to comprise 340 residential units, retail spaces and 212 car park lots	33.0	Freehold	October 2017	Expected to be completed in 2Q 2021	1,220	39,539
Total for The Netherlands					**16,704**	**39,539**
GRAND TOTAL - DEVELOPMENT PROPERTIES UNDER DEVELOPMENT					**391,824**	**1,970,956**

Notes:
1. Lettable floor area excludes car park space.
2. Gross floor area ("GFA") excludes underground GFA and/or car park area.
3. Yet to be ascertained as the development plan relating to this project is currently at the preliminary stage.

The Pinnacle,
Dongguan, PRC


御峰华庭
THEPINNACLE

Board Statement

The Board of Directors (the "Board") of First Sponsor Group Limited ("First Sponsor") is pleased to present the Group's sustainability report for the year ended 31 December 2020 ("FY2020"). Following our third sustainability report which was published as part of our Annual Report on 6 April 2020, our fourth sustainability report demonstrates First Sponsor's continued commitment to sustainability and encapsulates the Group's approach to Environmental, Social and Governance ("ESG") performance and targets for FY2020.

Over the years, First Sponsor has built up a diverse property portfolio across the PRC and Europe and has successfully grown our shareholders' funds. As we continue to grow our businesses across geographical borders and face increasing complexity and volatility challenges, we recognise the value of integrating sustainability considerations in our businesses and operations. The Board oversees the direction of sustainability efforts and takes into account sustainability issues in formulating the Group's long term strategies.

The Board also oversees the management of ESG risks and opportunities, supported by our Sustainability Steering Committee ("SSC"). Formed by senior management, our SSC reviews and re-validates the Group's material ESG factors every year. In 2020, the Board and SSC determined that the Group's six material ESG factors, selected in 2017, remain relevant to the Group's sustainability priorities. These material factors fall into four priority areas of sustainability, namely Economic Performance, Environmental Responsibility, Social Impact and Corporate Governance.

The Board has approved the disclosure of sustainability performance and targets in this report. Going forward, the Board will continue to integrate sustainability into the Group's overall business strategy and goals by focusing on the areas where the Group can make the most impact. First Sponsor will publish the sustainability report annually to update you with our progress and achievements in sustainability.

About This Report

This sustainability report summarises First Sponsor's sustainability practices and performance from 1 January 2020 to 31 December 2020.

This report, published annually, has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, as well as with the requirements of SGX-ST Listing Rules Practice Note 7.6: "Sustainability Reporting Guide".

The report covers the listed entity, First Sponsor [1], and three hotels from the Group's property holding business, namely, Crowne Plaza Chengdu Wenjiang Hotel and Holiday Inn Express Chengdu Wenjiang Hotspring Hotel in the PRC (hereafter referred together as "Wenjiang Hotels"), and Hilton Rotterdam Hotel ("Hilton Rotterdam") [2]. Unless otherwise specified, the practices, performance, and targets disclosed in this report apply to the same aforementioned reporting scope. All environmental and occupational health and safety data focuses on the three above-mentioned hotels only and excludes tenant consumption.

The Covid-19 pandemic, which began in end 2019 and is still ongoing, has had extensive and adverse impact on the global hospitality and tourism industries, including First Sponsor's hotels. In view of the disruption caused by the pandemic, we did not expand the reporting scope for our FY2020 sustainability report as planned. We hope to eventually expand our reporting scope to include all hotels which the Group has majority effective interest (with at least one year of operation).

No external assurance has been sought for this report. Please forward any enquiries or feedback to ir@1st-sponsor.com.sg.

Covid-19 and Our Response

Throughout this pandemic, First Sponsor has been committed to ensuring the safety and well-being of all our employees, customers and community. In the PRC, our Wenjiang hotels began implementing preventive actions in January 2020, following local government regulations and IHG's Covid-19 prevention plan. The Holiday Inn Express Chengdu Wenjiang Hotspring Hotel was closed for nearly 6 months in 2020, and guests were redirected to stay in Crowne Plaza Chengdu Wenjiang Hotel, streamlining operational resources. Despite the Covid-19 backdrop, the Wenjiang hotels recorded a respectable earnings before interest, tax, depreciation and amortisation of RMB7.9m for FY2020 (FY2019: RMB10.0m), mainly contributed by the strong 4Q2020 performance.

(1) Refers to the Singapore branch office of First Sponsor, which is also the corporate headquarters of the Group.
(2) The Wenjiang Hotels are jointly managed by InterContinental Hotel Group ("IHG"), while Hilton Rotterdam Hotel is managed by Hilton Worldwide Holding Inc. ("Hilton").

In the Netherlands, periods of extended lockdowns were imposed by the Government [3] to curb several waves of infection over the course of 2020, impacting Hilton Rotterdam's occupancy rates in FY2020.

First Sponsor continues to closely monitor the pandemic situation in all our locations of operation. Our offices and hotels have procedures in place to care for our stakeholders and support them as necessary.

Employees

In our hotels across Wenjiang and Rotterdam, safety protocols in place include the monitoring of employees' temperature, wearing of masks and protective equipment, regular hand washing, social distancing and strengthening of individual hygiene standards and knowledge. Premises used by employees, such as back-of-house, locker rooms and employee canteens, are equipped with hand sanitisers and are regularly disinfected and ventilated. Employees dine individually and mealtimes are staggered to reduce cross-infection. As the number of employees on the work floor were reduced in proportion to reduction in guest volume, some employees were put on furlough, although all Wenjiang hotels employees have returned to work since August 2020. Hilton Rotterdam provided its employees with free hotel parking to reduce their need to commute via public transport, and had office employees work from home. Hilton Rotterdam also remained in touch with all employees via a departmental app, conducting monthly online forums and weekly departmental huddles to keep them updated on operational protocols.

At our Singapore corporate office, working from home continues to remain the default mode of working, as regulated by the Singapore Government. Employees are allowed to spend up to half of their working time in office and the other half working from home. The office implemented other safety measures in line with government guidelines, such as staggered reporting hours, regular monitoring of employees' temperature, wearing of masks, social distancing, limiting physical meetings and SafeEntry tracking.

Strengthening Crowne Plaza Chengdu Wenjiang hotel employees' hygiene standards, such as hand-washing techniques

Customers

To ensure the safety of guests in our hotels, all guests are required to undergo temperature screening upon entry. Certain public areas have been closed and guest movement has been limited to reduce the chances of cross-infection. Rooms and common areas are ventilated and disinfected regularly, and disinfectant is provided for guests to use liberally. Social distancing is also enforced, and guests are reminded to wash their hands regularly and maintain a high standard of personal hygiene.

At our Wenjiang hotels, automatic sanitiser dispensers have been installed at common areas, hand wipes are provided to all guests, and bills are issued electronically to reduce physical contact. All operational standards comply with the IHG Clean Promise, which uses science-led protocols and service measures to enhance guest hygiene and protection across all areas in the hotels. The hotels also established a guest traceability system to share relevant guest information with the local community health committees in a timely manner.

Employee in Crowne Plaza Chengdu Wenjiang hotel disinfecting surfaces

At Hilton Rotterdam, the Hilton Clean Stay programme launched in June 2020 ensures that each room is clean, disinfected and sealed, delivering a higher standard of cleanliness and hygiene for guests. Hilton Rotterdam actively remains in contact with all customers to ensure they are safe and healthy, and restaurant guest information is stored for two weeks and shared with local authorities for tracing in the event of a positive Covid-19 case. Hilton Rotterdam also offers a 24-hour free cancellation policy for all guests who have to cancel their stays due to travel restrictions.

[3] Coronavirus Covid-19 News, Government of the Netherlands https://www.government.nl/topics/coronavirus-Covid-19/news

Suppliers

At our Wenjiang hotels, all our external suppliers must comply with safety protocols when entering hotel premises, including the wearing of masks and disinfection. Safety requirements of suppliers were strengthened. For example, poultry and livestock products are purchased only from qualified and approved suppliers, and the inspection of the raw materials' temperature, packaging and traceability at time of receipt have been tightened to ensure food safety. To increase traceability, safety certificates and invoices are requested for each delivery. Receiving platforms are disinfected immediately after receipt of materials. The hotels have also strictly prohibited the purchase, slaughter, storage, processing and cooking of wild animals and their products (including farmed wild animal products) as raw materials for food.

Since the outbreak of Covid-19, Hilton Rotterdam has remained engaged with our main suppliers, especially with suppliers of protective equipment such as masks, gloves, disinfectants and cleaning materials, to ensure no delays in delivery are experienced.

Community

To thank healthcare workers for their hard work and sacrifice, children of employees of the Hilton Rotterdam created heart drawings that were incorporated onto lunch boxes for 150 nurses of the Rotterdam Hospital. The lunch boxes were sponsored by one of our suppliers and prepared by the hotel's kitchen team.

When primary schools reopened after summer break, Hilton Rotterdam obtained volume discounts from one of our suppliers for disinfectant sprays for 150 schools in Rotterdam.

In December 2020, Hilton Rotterdam employees baked *pepernoten* (festive Dutch cookies) for occupants of the Ronald McDonald house in Rotterdam, an accommodation for parents with children who are hospitalised.

Employees also engaged in other acts of goodwill to the community, such as donating used clothes and bottles of soap to the homeless via organisations like the Dutch Salvation Army and sending Christmas cards to 100 solitary elderly.

Nagivating the post-Covid new normal

The Covid-19 pandemic has brought about significant uncertainty and disruption for governments and businesses worldwide. The tourism and hospitality industry, in particular, has borne the brunt of the economic losses due to global restrictions on movement. As a result of lower occupancy rates, our hotels reported environmental and social data that is non-standard compared to previous years. We chose to continue to report this data despite its incomparability with previous years' data as this forms the basis of the new normal – life after Covid-19.

As a show of care and concern to the local community during the difficult period of lockdown, Hilton Rotterdam lit up its rooms to form the shape of a heart in the evenings from March to May 2020 (picture on left), and to spell "LOVE" when the second lockdown began in October 2020 (picture on right).

Sustainability at First Sponsor

We believe that sustainability considerations can contribute to our overall aim to provide quality products and services and become the preferred choice for customers and investors. First Sponsor has identified four priority areas of sustainability, which support the Group's business strategy and represent key risks and opportunities. These priority areas are underpinned by the six material ESG factors as shown in the chart below.

First Sponsor's six material factors were reviewed by the SSC in 2019 with the help of an independent consultant, guided by GRI's principles for defining report content. In 2020, the SSC and Board concluded that the six material factors continue to be relevant to First Sponsor's business and stakeholders today and hence First Sponsor's material factors remain unchanged.

By holistically managing our material factors through our four high-impact areas, First Sponsor can bring about positive environmental and social value for our employees, customers and investors alike.

Economic Performance: First Sponsor aspires to create stable, long-term and healthy economic returns for our investors and shareholders. The Group strives to stay relevant and competitive, capitalising on new growth opportunities.

Environmental Responsibility: First Sponsor is committed to consuming responsibly and minimising our environmental footprint. The Group applies the Precautionary Principle [4] in the management of energy and water consumption, and carbon emissions and has adopted various resource-efficient practices.

Social Impact: As a responsible corporate citizen, First Sponsor strives to create a positive social impact. For our employees, First Sponsor seeks to create a rewarding, collaborative and inclusive working environment. The Group tailors training programmes to align with industry needs and to retain and develop the right talent for growth. First Sponsor is also committed to cultivating a strong safety culture to safeguard the health and safety of our employees and customers.

Corporate Governance: First Sponsor believes transparency and high ethical standards are essential for building stakeholder trust. First Sponsor exercises strong corporate governance to prevent corruption and monitors regulatory compliance. Robust corporate governance also lays the foundation for efficient management of ESG issues and upholds the Group's core values.

First Sponsor's consideration for ESG issues also extends to its business partners and suppliers across its value chain. When a third party service provider, such as a main contractor for project development or a hotel manager, is involved in delivering products and services, First Sponsor works closely with them to create synergy in our sustainability approach. For example, in our property holding business, First Sponsor partners with trusted hotel managers, such as InterContinental Hotel Group ("IHG") and Hilton Worldwide Holding Inc. ("Hilton") to drive sustainability practices across our properties. These groups have their own high standards and committed approach to sustainability.

(4) The Precautionary Principle was adopted by the United Nations Rio Declaration on Environment and Development in 1992. It states: 'In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.' Applying the Precautionary Principle in risk management or product development helps an organisation to reduce or to avoid negative impacts on the environment.

Our Material Factors and Targets [5]

Material Factors	FY2020 Targets	FY2020 Performance	FY2021 Targets
Economic Performance			
Economic Performance	Details of the financial performance and targets can be found in the Financial Review and the Financial Statements section of this Annual Report.		
Environmental Responsibility			
Energy, Emissions and Water	• Maintain or reduce current levels of energy and water intensity	• Energy intensity increased from 132kWh to 152 kWh per occupied room from 2019 to 2020 (see page 53) • Water intensity decreased from $1.04m^3$ in 2019 to $1.01m^3$ per occupied room in 2020 (see page 54)	• Maintain or reduce current levels of energy and water intensity from 2019 levels [6]
Social Impact			
Talent Retention and Training	• Provide performance review to all eligible employees	• All eligible [7] permanent employees received regular performance reviews (see page 57)	• Provide performance reviews to all eligible employees
Occupational Health and Safety	• Pass safety audits with no serious breaches reported • Maintain a safe workplace with zero work-related fatalities • Improve safety rates (Workplace Injury Rate) from current levels	• Passed safety audits with no serious breaches reported (see page 58) • Zero workplace fatalities (see page 59)	• Pass safety audits with no serious breaches reported • Maintain a safe workplace with zero work-related fatalities • Improve safety rates (Workplace Injury Rate) from current levels
Customer Health and Safety	• Maintain zero cases of non-compliance concerning customer health and safety	• Zero cases of non-compliance concerning customer health and safety (see page 59)	• Maintain zero cases of non-compliance concerning customer health and safety
Corporate Governance			
Regulatory Compliance	• Maintain zero incidents of confirmed corruption • Maintain zero non-compliance with all laws and regulations	• Zero incidents of confirmed corruption (see page 60) • Zero incidents of non-compliance with environmental and socio-economic laws and regulations (see page 60)	• Maintain zero incidents of confirmed corruption • Maintain zero non-compliance with all laws and regulations

(5) For information on the scope of the performance highlights and targets, please refer to the "About This Report" section on page 45.
(6) 2019 is used as base year for this target, as 2020 performance was impacted due to the Covid-19 pandemic.
(7) Exclude permanent employees who were under traineeship programs or probation.

Stakeholder Engagement

The role of stakeholder engagement is to build relationships and trust necessary to develop and implement sustainability practices and strategies together. First Sponsor regularly engages our key stakeholders, who are identified as stakeholder groups on which the Group's business operations has a significant impact or is significantly impacted by. The following table summarises how First Sponsor has interacted with our key stakeholders.

Key Stakeholders	Main Objective	Engagement Methods	Frequency	Key Topic and Concerns Raised
Shareholders and investors	To disseminate accurate and timely information on the Group's performance and strategic direction	• Release of financial results, announcements, annual reports, press releases, and other relevant disclosures through SGXNET and First Sponsor's website • Updates through one-on-one/ group meetings and investor roadshows • Annual General Meeting • Extraordinary General Meeting	• Throughout the year • Throughout the year • Once a year • When necessary	• Timely and clear communication of corporate results and business strategies
Tenants and hotel guests	To understand expectations and improve satisfaction	• Tenant engagement activities (where applicable) • Informal gatherings and networking sessions among hotel employees • Management circulars and notices	• Throughout the year	• Improvement in service provided to tenants and hotel guests and hotel operations

Key Stakeholders	Main Objective	Engagement Methods	Frequency	Key Topic and Concerns Raised
Employees	To create a safe, inclusive and rewarding working environment to sustain employee morale	• Employee surveys • Training and development programmes • Formal feedback channels (e.g. town halls, department meetings) • Informal feedback channels (e.g. lunch meetings) • Recreational and team building activities	• Twice a year and annually as the case may be • Throughout the year • Quarterly and monthly as the case may be • Throughout the year • Throughout the year	• Communication of hotels' strategic direction • Clear communication with colleagues, tenants and hotel guests
Analysts and the media	To make announcements and gain feedback	• Analysts' briefings for semi-annual and full-year results, conducted by senior management • Updates through one-on-one/group meetings	• Semi-annually	• No major concerns raised
Government and regulators	To comply with relevant laws and regulations	• Industry networking (where applicable) • Annual regulatory audits (where applicable)	• Throughout the year	• No major concerns raised

Energy, Emissions and Water

Buildings, and especially hotels, consume significant amounts of energy and water. In recognition of this, the hospitality industry is moving towards greater environmental responsibility. Green practices are also appealing to a growing number of environmentally conscious guests. First Sponsor strives to reduce our energy consumption and greenhouse gas emissions in line with the global agenda to mitigate climate change. At the same time, the Group recognises water as a scarce resource and aims to reduce our water consumption, which is mainly for hotel operations.

Considering that energy and water consumption generate some of the largest environmental impacts from our operations, it is crucial for us to actively monitor and manage our usage of these resources at our properties. We ensure proper discharge of used water, and discharge into waterways are done in accordance with local regulations. For example, at the Wenjiang Hotels, sewage from the hotel kitchen is drained by a grease separator, which separates waste oil for recovery and processing by a qualified company. Sewage from guest rooms is treated by the septic tank and discharged into the municipal sewage system. Over at Hilton Rotterdam, water used in guest rooms, for cleaning activities and plant watering are discharged by sewer pipes directly into street sewers. Water from the kitchen is passed through a grease separator before being discharged into the street sewers.

The hotels place great importance on consuming responsibly. Guided by global standards set by IHG and Hilton, the hotels have established respective resource management frameworks to better manage and monitor resource consumption. These frameworks set out the structure of an Energy Committee to govern and champion the conservation of water and energy, as well as other environmental causes such as supply chain management and waste reduction. The Energy Committee closely tracks and monitors energy and water consumption. To encourage the best environmental practices, the environmental performance of the hotels is compared with other IHG or Hilton peers. Good performance is recognised by the various energy saving reward mechanisms.

In spite of the ongoing pandemic, our hotels remain committed to environmental responsibility. In 2020, Hilton Rotterdam launched initiatives to recycle plastic waste and replace plastic covers on linen trolleys with resuable covers. In guest rooms, non-LED lights that had blown were replaced with LED lights. Hilton Rotterdam continued to maintain its achievements in sustainability for 2020 as captured by LightStay, Hilton's environmental and social impact performance management platform, certified under internationally recognised standards ISO 9001 Quality Management, 14001 Environmental Management and ISO 50001 Energy Management.

Crowne Plaza Chengdu Wenjiang Hotel also continued efforts to promote efficient energy consumption in 2020, replacing its 28-watt lights in the parking lots with 14-watt LED lights, installing motion sensor lights in the back of house and kitchen areas, and descaling four of its boilers to maintain energy efficiency. Following a strict audit by the Chengdu Tourist Bureau, the hotel was awarded 'Green Hotel' status by the local government in May 2020.

The Wenjiang Hotels have in place various facility installations, operational standards and initiatives to improve resource efficiency, in the areas of:

Energy

- Equipping parking lots with electric vehicle charging points
- Installing an energy meter system for real-time recording and accurate analysis of energy consumption
- Installing an intelligent lighting control system for hotel common areas
- Installation of glass panels in the lobby and other areas for admission of natural light
- Equipping the heating, ventilation and air-conditioning system with temperature control and valve control
- Implementation of a temperature control scheme according to the hotels' winter and summer operating conditions
- Sealing restaurant windows with 3M foil to increase insulation

Water

- Installing water-saving faucets and shower nozzles in hotel rooms
- Equipping the steam system with a condensate water collector for recycling

Waste

- Recovering hotel garbage and waste to be treated by relevant qualified and state-approved recycling companies

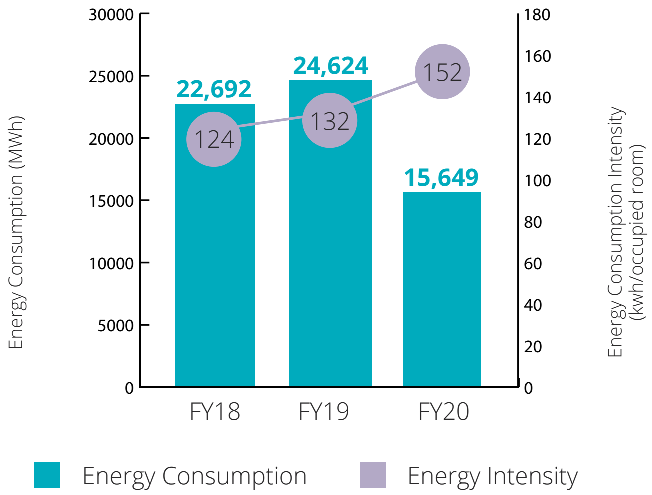
Procurement

- Use of suppliers who meet the requirements of IHG, such as using recyclable and degradable paper straws as plastic straws are strictly prohibited

To inspire a sense of ownership of environmental sustainability among employees, the hotels incorporated environmental education as part of the formal training for employees and organised various activities to raise awareness on environmental issues. In particular, IHG has made efforts to reach out to employees at all levels, by including Green Aware training as part of the new hire induction programme at the Wenjiang Hotels, and introducing carbon emission indicators in the performance evaluations of hotel general managers. The Green Meeting project aims to encourage participants to use non-disposables and reduce consumption of bottled water and paper cups.

In our property development business, the Group is equally committed to promoting environmental sustainability and resource efficiency. Our Munthof and Oliphant office buildings in Amsterdam have a range of environmentally friendly and energy efficient features that earned them 'Excellent' and 'Very Good' ratings respectively under BREEAM certification, a third-party certification by the Dutch Green Building Council.

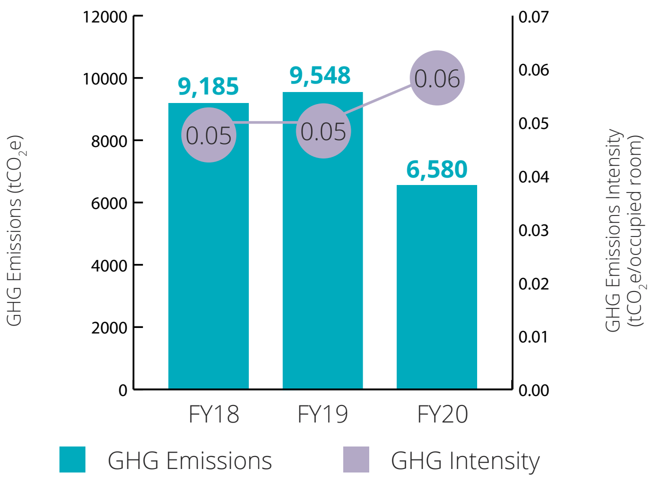
Energy Cosumption and Intensity



The Group's total energy consumption consists of electricity, heating and gas consumption, which are monitored from metering tables. In 2020, the Group's total electricity consumption was 6,367 mega-watt hours ("MWh"), heating consumption was 2,437 MWh, and gas consumption was 6,845 MWh. The Group's total energy consumption amounted to 15,649 MWh [8], a 36% decrease from 2019 due to reduced operating capacity during government-imposed lockdowns that resulted in reduced usage of air conditioning and heating. However, energy consumption per occupied room increased by 15% from 132 kWh in 2019 to 152 kWh in 2020 due to lower room occupancy rates across the hotels during the pandemic. Energy consumption per gross floor area (GFA) was 123.8 kWh/m^2 in 2020.

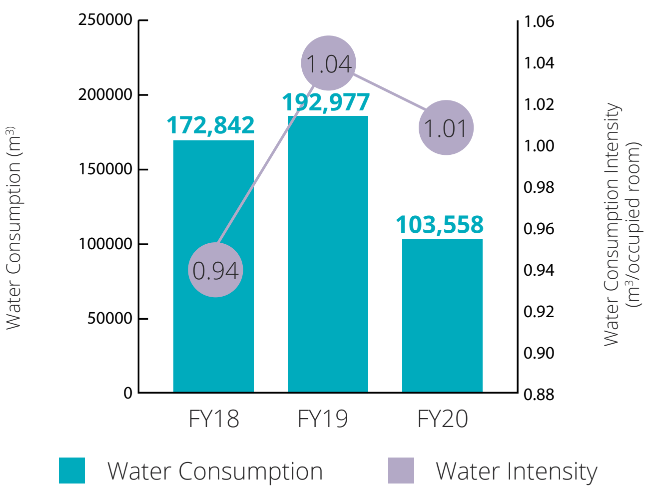
(8) Conversion factors were referenced from IPCC 2006.

GHG Emissions and Intensity



The Group's greenhouse gas ("GHG") emissions were 6,580 tonnes of carbon dioxide equivalent (tCO^2e) [9] in 2020, a 31% decrease from 2019. The largest source of emissions was from Scope 2 (electricity and heating) emissions at 5,385 tCO^2e, while Scope 1 (gas) emissions amounted to 1,195 tCO_2e. The Group's GHG emissions produced per occupied room was 0.06 tCO_2e in 2020, a 25% increase from 2019, corresponding to the increase in energy intensity due to lower occupancy rates. GHG emissions produced per GFA was 0.05 tonnes of tCO_2e/m^2 in 2020.

Water Consumption and Intensity



We monitor our water consumption via our water metering tables. Our municipal water consumption decreased by 46% from 2019, to 103,558m^3 in 2020. Water intensity decreased by 3% from 2019 to 1.01m^3 per occupied room in 2020. This decrease can be attributed to the closure of certain guest facilities such as the outdoor fountain pools and swimming pools during the low occupancy periods brought about by the pandemic.

Moving forward, First Sponsor will step up its efforts to improve environmental efficiency. In FY2021, First Sponsor aims to maintain or reduce current levels of energy and water intensity from 2019 levels [10].

(9) The emission factors were referenced from Regional Grid Emission Factor Report 2015 by National Development and Reform Commissions of China (NDRC), The Emission Factors by Covenant of Mayors (EU-27), Emission Factors from Stationary Combustion Tools by Greenhouse Gas Protocol (2015) and 2018 List of CO_2 Emission Factors of Netherlands jointly developed by Ministry of Infrastructure and Water Management (Netherlands) and partners.
(10) 2019 is used as base year for this target, as 2020 performance was impacted due to the Covid-19 pandemic.

Talent Retention and Training

First Sponsor takes pride in our workforce. The Group recognises that retaining and investing in the development of our human capital is the key to high-quality products and services. First Sponsor's human resource policies are grounded in equal opportunities and fair employment practices. Effective recruitment and selection are the key steps towards strengthening our human capital.

First Sponsor seeks to maintain a diverse workforce as diversity will encourage different perspectives and creativity, thus helping us to improve our quality of service. All qualified candidates are considered for employment without discrimination of gender, age, ethnicity, religion and national origin. Compensation is objectively determined based on position, competency and performance, and in the case of the Netherlands, the Collective Labour Agreement too, where applicable. All key personnel of Hilton Rotterdam are required to attend training on "Diversity and Inclusion" to integrate these values into the daily operations of the hotel.

As at 31 December 2020, the corporate headquarters office and the three hotels have a total of 400 employees, as compiled by the respective Human Resource departments. We do not have a significant portion of business activities that are performed by workers who are not employees. The charts below provide a quantitative measure of employee diversity.

Total Workforce [11]

By Age Group

133 (33%)	224 (56%)	43 (11%)
<30 years old	30–50 years old	> 50 years old

By Gender

187 (47%)	213 (53%)
Male	Female

By Location

290 (72%)	90 (23%)	20 (5%)
The PRC	The Netherlands	Singapore

Board of Directors [12]

By Age Group

0 (0%)	4 (57%)	3 (43%)
<30 years old	30–50 years old	> 50 years old

By Gender

6 (86%)	1 (14%)
Male	Female

(11) Temporary employees from Wenjiang Hotels are excluded from these figures. Percentages may not add up due to rounding of figures.

(12) Includes alternate director. Percentages may not add up due to rounding of figures.

First Sponsor promotes regular open and two-way communication between employees and management. Due to the pandemic, annual employee satisfaction and feedback surveys were not conducted at the Wenjiang Hotels or Hilton Rottderdam in 2020. However, the hotels made sure to keep employees regularly updated on the operational situation and maintain employee morale via virtual communication and frequent check-ins. Details of how our hotels have kept open communication channels are in the Covid-19 and Our Response section on page 46.

In 2020, there were a total of 88 new hires, with an average monthly new hire rate of 1.9%. Meanwhile, 155 employees left the organisation, with an average monthly turnover rate of 3.4%.

Table 1: New employee hire and employee turnover rates by age, gender and region [13]

FY2020	Monthly new hire rate	Monthly turnover rate
By age group		
<30 years old	3.0%	6.4%
30-50 years old	1.7%	2.2%
>50 years old	0%	1.0%
By gender		
Male	1.6%	3.6%
Female	2.2%	3.1%
By region		
The PRC	2.3%	3.8%
The Netherlands	0.7%	2.6%
Singapore	1.7%	1.3%
Overall	**1.9%**	**3.4%**

(13) Monthly new hire and turnover rates are calculated based on the average employee headcount at the end of each quarter.

The Group also believes in investing in our people through training and development. In a dynamic business environment, we recognise the need to continually upgrade our employees with the skills necessary for growth.

First Sponsor provides training and development programmes to cater to the learning needs of our employees. The learning programmes cover a wide range of topics, both professional and personal, such as new employee orientation, personal grooming, time management, job-specific skills and leadership skills. Employees are also encouraged to conduct cross trainings with other departments to improve interpersonal skills and encourage interdepartmental cooperation. During the pandemic, employees at Hilton Rotterdam were offered a range of virtual training sessions as well as cross-training opportunities to other departments to enhance their skills and knowledge and give them the flexibility to help out in other departments when needed.

To support long-term career development, First Sponsor offers regular performance reviews to communicate employees' performance and career goals. The review provides feedback on areas of improvement and communicates decisions such as bonus, promotion and internal transfers. It also helps to evaluate employees' progress towards their career goals and identify needs for skill upgrades. In spite of the pandemic, we managed to provide all eligible [14] permanent employees with at least one performance review in the three hotels and First Sponsor corporate office in 2020.

First Sponsor also recognises that work-life balance is essential to maintain employees' satisfaction, morale and productivity. We promote flexible working hours and telecommuting for staff that are able to do so, which proved especially important during the pandemic. Each department is given the freedom to create its own schedule that best suits the needs of the department. In addition to full-time contracts, we also offer employees the option of taking morning or evening shifts, working different contracted hours, and fixed days off.

Going forward, First Sponsor will stay committed to maintaining a positive and engaging working environment for our staff. In FY2021, First Sponsor targets to continue to conduct performance reviews for all eligible permanent employees.

Health and Safety

Our employees, who are our greatest assets, have the right to a safe and secure working environment and to return home safely at the end of the working day. First Sponsor recognises our responsibility to provide a safe and healthy environment for our employees, tenants, customers and all other building users. The Group continuously identifies potential safety hazards and implements precautions to minimise the risks.

Occupational Health and Safety (OHS)

First Sponsor believes that inculcating a strong safety culture in the workplace will protect the company's most valuable asset – our people. We are committed to ensuring that safety risks are properly identified and mitigated, wherever possible. We respect the right of our employees to refuse unsafe work without fear of reprisal. As part of the OHS management system, the hotels have Workplace Safety and Health (WSH) policies in place. The policy sets out a chain of command and accountability regarding health and safety issues and covers all employees and activities at their workplace, as well as contractors at Hilton Rotterdam, in accordance with the ARBO law (Dutch Working Condition Act).

Safety personnel assess the physical, environmental and safety practices to identify areas of high risks. Corresponding preventive action plans are developed to address identified risks. At Hilton Rotterdam, this is done in the form of an annual Risk Assessment and Evaluation inspection, in accordance with Dutch Law. At the Crowne Plaza Chengdu Wenjiang Hotel, employees working in identified high-risk conditions, such as chefs or those operating boilers, undergo annual occupational health check-ups to identify and eliminate occupational health conditions.

(14) Exclude permanent employees who were under traineeship programmes or probation.

Work-related accidents are investigated based on the standard operating procedures ("SOPs"). At the Wenjiang Hotels, injury reports describing the cause and details of the injury are required by the Human Resource Department for investigation and reporting to the local social security bureau. Employees who are hospitalised due to work-related injuries are provided for with paid sick leave. Their medical expenses are covered by work injury insurance, the local Workplace Injury Department and the hotel employers' liability insurance. Every work-related injury is reviewed and analysed by the Human Resource Department and management team at the Wenjiang Hotels so as to determine the causes of such work-related injuries. Subsequently, the most appropriate and effective procedures are discussed and implemented to eliminate all future and potential safety risks. Safety briefings and operation trainings are also conducted to improve employees' safety awareness and prevent similar accidents from occurring.

Over at Hilton Rotterdam, all incidents must be reported to the supervisor or Head of Department who will file an incident report on the same day with the employee(s) involved. The report is sent to all related employees and discussed with the management team. Hotel management regularly engages with employees that require medical leave and ensures that occupational health and safety services are provided in the employees' subsequent re-integration at work. All incidents and their outcomes are reported to the regional safety and security officer at quarterly Safety and Security meetings.

To improve transparency and accountability, First Sponsor also provides communication channels across all levels to gather feedback on safety and health-related issues. On an annual basis, internal and/or external safety audits are conducted in all three hotels. For example, Hilton Rotterdam conducts an annual third-party Risk Inventory Assessment, while the Wenjiang Hotels conduct annual on-site fire audits. In 2020, there were no significant OHS risks identified and no serious breaches reported at all three hotels.

The Group aims to inculcate a culture of safety among our employees through training and education. Employees are required to undergo compulsory safety training prior to the commencement of their work, during which they are trained to exercise safety precautions and administer necessary personal protective equipment. At Hilton Rotterdam, all employees receive annual training on the security manual, and each department receives annual training on the safety guide as well. These resources enable more effective implementation of our workplace safety programmes.

In 2020, across the three hotels, we recorded zero workplace fatalities, zero high-consequence work-related injuries [15], and three recordable work-related injuries over 778,924 man-hours worked. Following the incidents, safety hazards were identified and corrective actions put in place to prevent similar injuries in the future. The Workplace injury Rate [16] for permanent employees was 790 per 100,000 workers. The year on year comparison of safety data is shown in Table 2 in the next page.

Beyond occupational health and safety, Hilton Rotterdam also promotes the holistic well-being of employees by organising fitness lessons in the hotel. Employees can also utilise fitness facilities in the hotel and are entitled to a corporate discount on health insurance with the hotel's insurance provider.

Customer Health and Safety

First Sponsor strongly believes in the provision of a safe, clean and enjoyable experience for our hotel guests and other building users. Hence, we are committed to upholding the highest standards in health and safety for our valued customers. The hotels have established SOPs and contingency plans to prevent and minimise safety hazards. Proper alert systems have been put in place in the hotels. The systems enable any crisis to be escalated and followed-up promptly with the appropriate personnel on the situation. To enhance emergency preparedness, the hotels conduct regular fire drills, so that employees are properly trained to facilitate a safe evacuation for all. Firefighting equipment is inspected and maintained regularly in line with local laws and regulation. Necessary first aid training is also provided to the team so that employees can provide necessary assistance to guests in need.

(15) According to the GRI Standards, a high consequence work-relayed injury is a work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

(16) Workplace Injury Rate $= \frac{\text{Number of fatal and non-fatal injuries}}{\text{Number of workers}} \times 100{,}000$. In FY2020, we started reporting our safety data according to the Workplace Injury Rate formula provided by Singapore's Ministry of Manpower (MOM). This is because the Accident Frequency Rate and Accident Severity Rate that we reported in previous years were no longer included for benchmarking by MOM since 2019.

In the Wenjiang Hotels, the Food Safety Management System ("FSMS") is updated regularly to follow the latest IHG Group requirements. The FSMS manager is directly accountable to the Executive Office. Every six months, the FSMS manager leads a drill on foodborne illness response, to reinforce the SOPs in handling food safety emergencies. For Hilton Rotterdam, all employees involved in the food service line have been trained on HACCP (Hazard Analysis and Critical Control Points) food hygiene procedures and are re-trained regularly.

Enhancing the security of guests and their property is another key focus area for First Sponsor. The entrance and exit of personnel are tightly controlled by the security team. The hotel premises are also under camera surveillance. In the Hilton Rotterdam, burglary alarms are placed across key locations in the hotel, with a direct connection to the local police station.

Table 2: Health and safety statistics

	2018	2019	2020
Occupational Health and Safety			
Number of Workplace Fatalities *Number of workplace deaths*	-	-	-
Workplace Injury Rate [16] *Number of fatal and non-fatal injuries per 100,000 workers*	-	-	790
Customer Health and Safety			
Number of non-compliance cases concerning the health and safety of customers	-	-	-

The Covid-19 pandemic has heightened global awareness of the importance of health and hygiene at workplaces and public spaces. Our hotels have taken additional measures to protect our stakeholders during this pandemic, in accordance with government regulations and IHG and Hilton's safety standards (read more on pages 46 and 47). These additional measures were implemented smoothly due to our existing foundation in occupational and customer health and safety management.

Going forward, First Sponsor remains committed to promoting occupational and customer health and safety, targeting to pass safety audits with no serious breaches reported. In FY2021, First Sponsor aims to maintain a safe workplace with zero work-related fatalities and to maintain zero cases of non-compliance concerning customer health and safety.

Regulatory Compliance

With operations and employees across several countries, the Group recognises that good governance, transparency and integrity are first and foremost necessary to our license to operate, and also key in maintaining our reputation and the trust of our shareholders and stakeholders. We also recognise the importance of anti-corruption in effective corporate management. We are fully committed to upholding a high level of business ethics and adhering to relevant laws and regulations, for the prevention of corruption, bribery and extortion.

First Sponsor does not condone any form of corruption. Our Anti-Corruption Policy applies to all directors, officers and employees of the Group as First Sponsor believes that proper actions and conduct of all employees are essential to maintaining these standards. The Anti-Corruption Policy also provides guidance to employees on how to recognise, address, resolve, avoid and prevent instances of corruption, bribery and extortion which may arise in the course of their work. The Employee Code of Conduct emphasises expected behavior on issues like the prohibition of bribery, acceptance of lavish gifts and entertainment, as well as independence issues. All new hires are required to go through a mandatory induction programme on anti-corruption related policies and procedures.

As part of monitoring and assurance procedures, First Sponsor has established a Whistleblowing Policy, formulated and updated by the Group Audit and Risk Committee, for all employees to report any suspected violation without the fear of reprisals. Employees can submit feedback anonymously via email to any one of six representatives of the Group, namely the Group Audit and Risk Committee Chairman, Group CEO, Chengdu CEO, Shanghai CEO, Guangdong CEO, and Europe CEO. Feedback can relate to internal controls, serious breaches of Group policy, unsafe work practices or any other matters involving fraud, corruption and employee misconduct. All concerns raised will effect an investigation or internal audit. All information disclosed during the course of an investigation will remain confidential, except when necessary to conduct the investigation or take remedial action in accordance with applicable laws and regulations.

Investigations at the Wenjiang Hotels follow a set of standard operating procedures. These include obtaining a written report from the person who was involved in the incident, requiring a Security Officer of the same gender to deal with incidents of a sexual nature, and obtaining approval from hotel management for decisions on investigation outcomes.

First Sponsor actively identifies and manages regulatory risks. The Group adheres to relevant environmental and other laws concerning issues like effluents and waste, environmental reporting requirements, labour practices, health and safety and customer privacy. First Sponsor conforms to all the required audits to demonstrate compliance. In 2020, First Sponsor fulfilled our target of achieving zero incidents of non-compliance with environmental and socio-economic laws and regulations which resulted in significant fines or sanctions.

The management team monitors changes to the applicable laws and regulations. First Sponsor's internal risk management policies and employee communications are updated accordingly to keep abreast of regulatory changes. On an annual basis, all key personnel are required to complete mandatory training on relevant policies and laws where applicable, such as the ones listed below:

- Anti-Corruption Policy
- Employee Code of Conduct
- Legal Compliance Policy
- Trade Secrets, Anti-trust and Competition Policy
- Information Privacy and Security Policy
- Trade Sanctions in EMEA (Europe, the Middle East and Africa) and APEC (Asia-Pacific Economic Cooperation) (applicable to Hilton Rotterdam only)
- European Union's General Data Protection Regulation (applicable for Hilton Rotterdam only)

As per IHG's requirements, Wenjiang Hotel employees receive additional mandatory training that is conducted through the InterContinental Online Training System. Training topics include information security, guest privacy security, fair competition and anti-corruption. The Wenjiang Hotels have successfully passed the 2020 annual brand standard audit, human resources audit, and control self assessment audit.

In 2020, there were no confirmed incidences of corruption across the Group's operations. In the coming year, First Sponsor aims to maintain zero incidents of corruption and zero non-compliance with environmental and social-economic laws and regulations, and to stay updated for any substantial new areas of law.

Disclosure No.	Disclosure Title	Chapter, Page Number and Reasons for Omissions, if applicable
General Disclosures 2016		
Organisational Profile		
102-1	Name of the organization	Cover Page
102-2	Activities, brands, products, and services	Our Presence, pages 1-2 Chairman's Statement, pages 7-16
102-3	Location of headquarters	Sustainability Report: About This Report, page 45
102-4	Location of operations	Corporate Structure, page 28
102-5	Ownership and legal form	About Us, page 27
102-6	Markets served	Our Presence, pages 1-2
102-7	Scale of the organization	Sustainability Report: Talent Retention and Training, page 55 Corporate Structure, page 28 Financial Contents: Balance sheets, page 116
102-8	Information on employees and other workers	Sustainability Report: Talent Retention and Training, page 55 As we operate in the hospitality industry, our hotels experience seasonal variation in employee figures across the year. We are in the process of gathering employee data broken down by employment contract and employment type.
102-9	Supply chain	Sustainability Report: Sustainability at First Sponsor, page 48
102-10	Significant changes to the organization and its supply chain	There were no significant changes to the Group's size, structure, ownership, or supply chain in the reporting period.
102-11	Precautionary Principle or approach	Sustainability Report: Sustainability at First Sponsor, page 48
102-12	External initiatives	None
102-13	Membership of associations	None
Strategy		
102-14	Statement from senior decision-maker	Sustainability Report: Board Statement, page 45
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Sustainability Report: Regulatory Compliance, page 60 Corporate Governance: Code of Business Conduct and Ethics, Anti-Corruption Policy & Guidelines and Fraud Policy & Guidelines, pages 100-101
Governance		
102-18	Governance structure	Corporate Directory, page 29 Sustainability Report: Board Statement, page 45
Stakeholder Engagement		
102-40	List of stakeholder groups	Sustainability Report: Stakeholder Engagement, pages 50-51
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.

Disclosure No.	Disclosure Title	Chapter, Page Number and Reasons for Omissions, if applicable
102-42	Identifying and selecting stakeholders	Sustainability Report: Stakeholder Engagement, pages 50-51
102-43	Approach to stakeholder engagement	Sustainability Report: Stakeholder Engagement, pages 50-51
102-44	Key topics and concerns raised	Sustainability Report: Stakeholder Engagement, pages 50-51
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Report and Financial Statements: Notes to the Financial Statements – Subsidiaries, pages 152 -153
102-46	Defining report content and topic Boundaries	Sustainability Report: About This Report, page 45 Sustainability Report: Sustainability at First Sponsor, page 48
102-47	List of material topics	Sustainability Report: Sustainability at First Sponsor, page 48
102-48	Restatements of information	No restatements of information
102-49	Changes in reporting	No significant changes in material topics or topic boundaries
102-50	Reporting period	Sustainability Report: About This Report, page 45
102-51	Date of most recent report	Sustainability Report: Board Statement, page 45
102-52	Reporting cycle	Sustainability Report: About This Report, page 45
102-53	Contact point for questions regarding the report	Sustainability Report: About This Report, page 45
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report: About This Report, page 45
102-55	GRI content index	Sustainability Report: GRI Content Index, pages 61-65
102-56	External assurance	Sustainability Report: About This Report, page 45
Topic Specific Disclosures		
Economic Performance 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report: Sustainability at First Sponsor, page 48 Our Presence, pages 1-2
103-2	The management approach and its components	Our Presence, pages 1-2 Chairman's Statement, pages 7-16
103-3	Evaluation of the management approach	Financial Highlights, pages 3-6 Chairman's Statement, pages 7-16 Financial Review, pages 31-32
201-1	Direct economic value generated and distributed	Reports and Financial Statements: Consolidated Statement of Profit or Loss, page 117 Reports and Financial Statements: Notes to the Financial Statements, pages 167, 169, 177-178

Disclosure No.	Disclosure Title	Chapter, Page Number and Reasons for Omissions, if applicable
Anti-corruption 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report: Sustainability at First Sponsor, page 48 Sustainability Report: Regulatory Compliance, page 60
103-2	The management approach and its components	Sustainability Report: Regulatory Compliance, page 60
103-3	Evaluation of the management approach	Sustainability Report: Regulatory Compliance, page 60
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report: Regulatory Compliance, page 60
Energy 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report: Sustainability at First Sponsor, page 48 Sustainability Report: Energy, Emissions and Water, page 52-53
103-2	The management approach and its components	Sustainability Report: Energy, Emissions and Water, pages 52-53
103-3	Evaluation of the management approach	Sustainability Report: Energy, Emissions and Water, pages 52-53
302-1	Energy consumption within the organization	Sustainability Report: Energy, Emissions and Water, page 53
302-3	Energy intensity	Sustainability Report: Energy, Emissions and Water, page 53
Water and Effluents 2018		
103-1	Explanation of the material topic and its Boundary	Sustainability Report: Sustainability at First Sponsor, page 48 Sustainability Report: Energy, Emissions and Water, page 52
103-2	The management approach and its components	Sustainability Report: Energy, Emissions and Water, pages 52, 54
103-3	Evaluation of the management approach	Sustainability Report: Energy, Emissions and Water, pages 52, 54
303-1	Interactions with water as a shared resource	Sustainability Report: Energy, Emissions and Water, pages 52, 54
303-2	Management of water discharge-related impacts	Sustainability Report: Energy, Emissions and Water, page 52
303-3	Water withdrawal	Sustainability Report: Energy, Emissions and Water, page 54
Emissions 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report: Sustainability at First Sponsor, page 48 Sustainability Report: Energy, Emissions and Water, page 52
103-2	The management approach and its components	Sustainability Report: Energy, Emissions and Water, page 52
103-3	Evaluation of the management approach	Sustainability Report: Energy, Emissions and Water, pages 52, 54
305-1	Direct (Scope 1) GHG emissions	Sustainability Report: Energy, Emissions and Water, page 54 Sustainability Report: About This Report, page 45
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report: Energy, Emissions and Water, page 54 Sustainability Report: About This Report, page 45
305-4	GHG emissions intensity	Sustainability Report: Energy, Emissions and Water, page 54

Disclosure No.	Disclosure Title	Chapter, Page Number and Reasons for Omissions, if applicable
Environmental Compliance 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report: Sustainability at First Sponsor, page 48 Sustainability Report: Regulatory Compliance, page 60
103-2	The management approach and its components	Sustainability Report: Regulatory Compliance, page 60
103-3	Evaluation of the management approach	Sustainability Report: Regulatory Compliance, page 60
307-1	Non-compliance with environmental laws and regulations	Sustainability Report: Regulatory Compliance, page 60
Employment 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report: Sustainability at First Sponsor, page 48 Sustainability Report: Talent Retention and Training, page 55
103-2	The management approach and its components	Sustainability Report: Talent Retention and Training, pages 55-57
103-3	Evaluation of the management approach	Sustainability Report: Talent Retention and Training, pages 55-57
401-1	New employee hires and employee turnover	Sustainability Report: Talent Retention and Training, page 56
Occupational Health and Safety 2018		
103-1	Explanation of the material topic and its Boundary	Sustainability Report: Sustainability at First Sponsor, page 48 Sustainability Report: Health and Safety, pages 57-58
103-2	The management approach and its components	Sustainability Report: Covid-19 and Our Response, page 46 Sustainability Report: Health and Safety, pages 57-58
103-3	Evaluation of the management approach	Sustainability Report: Health and Safety, pages 57-59
403-1	Occupational health and safety management system	Sustainability Report: Health and Safety, page 57
403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report: Health and Safety, pages 57-58
403-3	Occupational health services	Sustainability Report: Health and Safety, pages 57-58
403-4	Worker pariticipation, consultation, and communication on occupational health and safety	Sustainability Report: Health and Safety, page 58
403-5	Worker training on occupational health and safety	Sustainability Report: Health and Safety, page 58
403-6	Promotion of worker health	Sustainability Report: Health and Safety, page 58
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report: Health and Safety, pages 58-59
403-9	Work-related injuries	Sustainability Report: Health and Safety, page 59 The rate of recordable work-related injuries in 2020 was 3.85 per 1,000,000 hours worked.

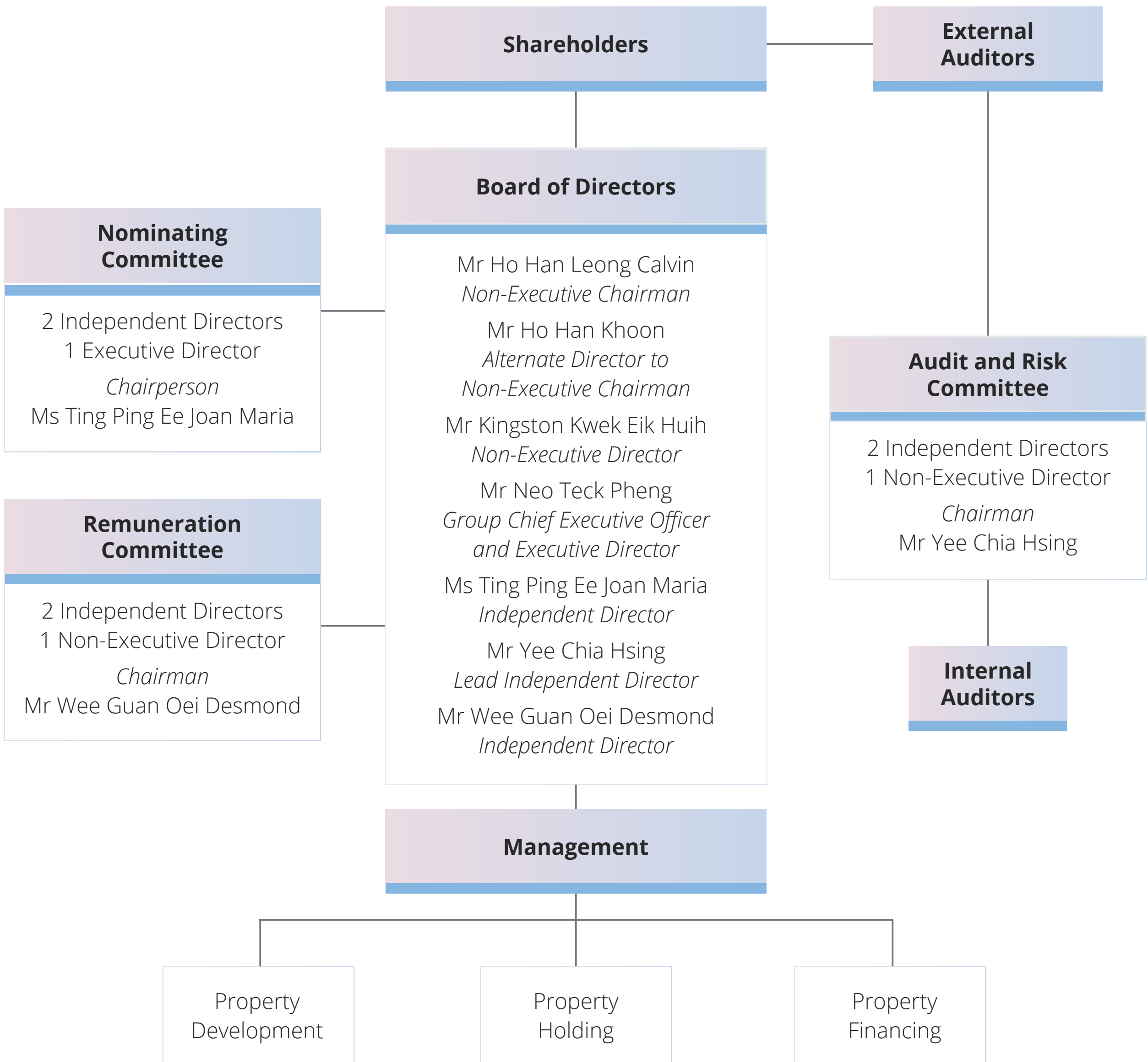
Disclosure No.	Disclosure Title	Chapter, Page Number and Reasons for Omissions, if applicable
Training and Education 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report: Sustainability at First Sponsor, page 48 Sustainability Report: Talent Retention and Training, pages 55, 57
103-2	The management approach and its components	Sustainability Report: Talent Retention and Training, pages 55, 57
103-3	Evaluation of the management approach	Sustainability Report: Talent Retention and Training, page 57
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report: Talent Retention and Training, page 57
Diversity and Equal Opportunity 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report: Sustainability at First Sponsor, page 48 Sustainability Report: Talent Retention and Training, page 55
103-2	The management approach and its components	Sustainability Report: Talent Retention and Training, pages 55, 57
103-3	Evaluation of the management approach	Sustainability Report: Talent Retention and Training, page 55
405-1	Diversity of governance bodies and employees	Sustainability Report: Talent Retention and Training, page 55
Customer Health and Safety 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report: Sustainability at First Sponsor, page 48 Sustainability Report: Health and Safety, pages 57-59
103-2	The management approach and its components	Sustainability Report: Covid-19 and Our Response, page 46 Sustainability Report: Health and Safety, pages 57-59
103-3	Evaluation of the management approach	Sustainability Report: Health and Safety, pages 57-59
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report: Health and Safety, page 59
Socioeconomic Compliance 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report: Sustainability at First Sponsor, page 48 Sustainability Report: Regulatory Compliance, page 60
103-2	The management approach and its components	Sustainability Report: Regulatory Compliance, page 60
103-3	Evaluation of the management approach	Sustainability Report: Regulatory Compliance, page 60
419-1	Non-compliance with laws and regulations in the social and economic area	Sustainability Report: Regulatory Compliance, page 60

Artist's impression of Dreeftoren Amsterdam Southeast, the Netherlands

First Sponsor Group Limited ("**Company**", and together with its subsidiaries, "**Group**") is committed to maintaining high standards of corporate governance to protect and enhance shareholder value. In compliance with Rule 710 of the listing manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"), the corporate governance report ("**Report**") sets out the Company's corporate governance practices for the financial year ended 31 December 2020 ("**FY2020**") with specific reference to the principles and provisions of the Code of Corporate Governance 2018 ("**Code**"). The Company is pleased to confirm that it has complied, in all material respects, with the principles and provisions of the Code. In so far as any provision has not been complied with, the reason has been provided.

A summary of the Company's compliance with the express disclosure requirements of the Code is provided on page 103.

CORPORATE GOVERNANCE FRAMEWORK



BOARD MATTERS

The Board's Conduct of Affairs

Principle 1 : The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Board's Duties and Responsibilities

The Company is headed by an effective Board which oversees the strategic direction, performance and affairs of the Group and provides overall guidance to Management.

The duties and responsibilities of the Board include:

(a) approving the strategic direction of the Group and monitoring its progress;

(b) approving the financial plan (including annual budgets) and monitoring the financial performance of the Group;

(c) reviewing the adequacy and effectiveness of the Group's risk management and internal controls framework in relation to financial, operational, compliance and information technology ("**IT**") controls, and safeguarding shareholders' interests and the Group's assets;

(d) deliberating on and accepting recommendations by the Audit and Risk Committee ("**ARC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**"); and

(e) considering sustainability issues such as environmental and social factors as part of the Group's strategic formulation.

Matters requiring the Board's decision and approval include:

(a) interim financial results announcements and annual audited financial statements;

(b) appointment of directors and key management personnel, including review of their performance and remuneration packages;

(c) corporate or financial restructuring, major acquisitions and divestments;

(d) share issuances and funding proposals;

(e) interested person transactions ("**IPTs**"); and

(f) declarations of interim dividends, proposals of final dividends and other returns to shareholders.

The Board also sets the tone for the Group in respect of ethics, values and desired organisational culture, and ensures proper accountability within the Group. The Company has in place an internal code of business conduct and ethics ("**Code of Business Conduct and Ethics**") to provide guidance to all officers and employees of the Group in resolving ethical questions that may arise in the course of their work for the Group. Please refer to the section titled "Code of Business Conduct and Ethics, Anti-Corruption Policy & Guidelines and Fraud Policy & Guidelines" on pages 100 and 101 for further information.

Board Meetings

The Board holds approximately four scheduled meetings each year and may also hold ad hoc meetings as and when warranted by circumstances. The quarterly meetings will typically be scheduled before the start of the financial year to enable the Directors to plan ahead to attend them and to coincide with the half year and year-end financial results reporting as well as the voluntary quarterly updates for the first and third quarters in order to facilitate a review of the financial statements and announcement of the unaudited semi-annual financial results/voluntary quarterly updates.

During every quarterly meeting:

(a) the chairperson of each Board committee provides an update on significant matters discussed at the Board committee meetings which are typically scheduled before the quarterly Board meeting;

(b) the Group Chief Financial Officer ("**Group CFO**") presents the financial performance for that quarter and significant financial highlights; and

(c) the Group Chief Executive Officer ("**Group CEO**") gives an update on the Group's business and operations and/or a macro perspective on the relevant markets and developments.

In addition, senior executives may give presentations in relation to specific business areas. External professionals or in-house subject matter experts may also be invited to present key topics to the Board as well as updates on corporate governance, risk management, tax, accounting and other regulations, which may have an impact on the Group's affairs. This allows the Board to develop a better understanding of the progress of the Group's business as well as the issues and challenges facing the Group and promotes active engagement with Management.

Where exigencies prevent a Director from attending a Board meeting in person, the Company's Articles of Association permit the Director to participate via teleconferencing or video conferencing. The Board and Board committees may also make decisions by way of resolutions in writing. Except where a Director is required to abstain from participating in the deliberation on a transaction or proposed transaction due to a potential conflict of interest situation, in each meeting where matters requiring the Board's approval are to be considered, all members of the Board participate in the discussions and deliberations, and resolutions in writing are circulated to all Directors for their consideration and approval. This principle of collective decisions adopted by the Board ensures that no individual influences or dominates the decision-making process.

Management may communicate with the Directors through email or telephone to brief or update the Directors on prospective transactions and potential developments. Management may also seek in-principle approval for such transactions from the Directors through email or telephone. Such approvals given by the Directors through email or telephone will, as appropriate, be noted and recorded in the minutes of meeting held subsequently by the Board.

There were four Board meetings held in FY2020. The attendance of the Directors at meetings of the Board and Board committees, and the frequency of such meetings, are set out below:

Attendance Record of Meetings of Shareholders, Board and Board Committees in FY2020

	Board	ARC	RC	NC	AGM
Number of Meetings Held	4	4	1	1	1
Board Members					
Mr Ho Han Leong Calvin	4	-	-	-	1
Mr Ho Han Khoon (Alternate Director to Mr Ho Han Leong Calvin)	4	4	1	-	1
Mr Kingston Kwek Eik Huih	4	-	-	-	1
Mr Neo Teck Pheng	4	4 [1]	1 [2]	1	1
Ms Ting Ping Ee Joan Maria	4	4	1	1	1
Mr Yee Chia Hsing	4	4	-	1	1
Mr Wee Guan Oei Desmond	4	-	1	-	1

Directors who are unable to attend a Board meeting are provided with the briefing materials and can discuss issues relating to the matters to be discussed at the Board meeting with the Group CEO and/or the Group CFO.

Off-Site Visits

The Company organises overseas trips by the Directors to countries where the real estate projects of the Group, its associated companies and joint venture companies are located. On such occasions, the Board will meet with the Group's key management personnel in those countries and conduct site visits. This will allow the Board to have a good understanding of the Group's businesses and progress of the projects as well as promote active engagement with key management personnel in those countries. The Directors made trips to the People's Republic of China in FY2017, FY2018 and FY2019 and to the Netherlands in FY2017. A trip by the Directors to the Netherlands and Germany which was planned to take place in FY2020 was cancelled due to the Covid-19 pandemic.

Director Development

All newly appointed Directors are provided with information about the Group's history and core values, principal businesses and strategic direction as well as industry specific knowledge. Meetings are also arranged with Management to allow the new Directors to be acquainted with Management and to facilitate their independent access to Management in the future. In line with best practices in corporate governance, new Directors will be required to sign a letter of appointment from the Company stating clearly the roles of the Board and Non-Executive Directors, the time commitment that the Director would be expected to allocate and other relevant matters. The terms of reference of all Board committees would also be provided to each newly appointed Director.

Notes:
1. Mr Neo Teck Pheng is not a member of the ARC but was present at the ARC meetings in his capacity as Group CEO.
2. Mr Neo Teck Pheng is not a member of the RC but was invited by the RC to attend the RC meeting to give his views on the performance of certain key management personnel. For the avoidance of doubt, he was neither involved in any deliberation nor decision on his own remuneration.

It is now a mandatory requirement under the Listing Manual for a first time Director who has no prior experience as a director of a listed company to attend the Listed Entity Director ("**LED**") Programme conducted by the Singapore Institute of Directors in order to acquire relevant knowledge of what is expected of a listed company director. Completion of the LED Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide first time Directors with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Listing Manual and the Code. Going forward, the Company will require all newly appointed Directors to attend the LED Programme in compliance with the Listing Manual.

All Directors are provided with relevant information on the Company's policies, procedures and practices relating to governance issues, including disclosure of interests in securities, restrictions on disclosure of price-sensitive and trade-sensitive information and disclosure of interests relating to the Group's businesses. They are also informed about matters such as the code of dealings in the Company's securities as they are privy to price-sensitive and trade-sensitive information.

The Directors are given updates and/or briefings relating to any matters that fall within the responsibility of the Board or key developments in the Group's industry or operations including changes in regulatory requirements, corporate governance and accounting standards. Such updates are given at Board meetings and where necessary via presentations by the Company's external professionals, auditors and Management. The Directors are encouraged to undergo continual professional development (including attending external presentations and seminars conducted by regulatory bodies) during the term of their appointment. The Company funds the training of its Directors as appropriate. At the start of FY2020, the Company's lawyers, WongPartnership, gave a presentation to the Board on the changes to the Listing Manual which came into effect on 7 February 2020.

Access to Information

The Company recognises the importance of providing the Board with relevant, complete, adequate and timely information prior to Board meetings and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities. The Board is provided with reports on the Group's operational and financial performance as well as budget variances, on a regular basis. Board papers are distributed in advance of Board meetings (as a general rule, at least one week in advance) so that the Directors have sufficient time to understand the matters to be discussed at the Board meetings. The Directors are entitled to request from Management and be provided with additional information as needed to make informed decisions. Management and senior executives attend Board meetings to answer any query from the Directors.

Where appropriate, ad hoc meetings are also held for Management to brief the Directors on prospective transactions and potential developments in the early stages before formal Board approval is sought. As stated in the section titled "Board Meetings", Management may communicate with the Directors through email or telephone to brief or keep the Directors updated on such deals and developments. The Directors may, at any time, request for further explanations, briefings, informal discussions or updates on any aspect of the Group's operations or business issues from Management through email, telephone or face-to-face meetings.

The Directors have separate and independent access to Management and the company secretary at all times. The Directors also have direct access to the Company's professional advisors and have the discretion to engage their own professional advisers at the Company's expense.

Role of the Company Secretary

Under the direction of the Chairman, the company secretary ensures good information flow within the Board and Board committees and between Management and Non-Executive Directors. She advises the Board on all governance matters as well as facilitates the orientation of newly appointed Directors and assists with the professional development of all Directors. The company secretary plays a role in ensuring that Board procedures as well as relevant rules and regulations are complied with. In FY2020, the company secretary attended all Board and Board committee meetings.

The appointment and the removal of the company secretary are subject to the approval of the Board.

Delegation of Authority

To optimise operational efficiency, the Board has established financial authorisation and approval limits for capital expenditure, the procurement of goods and services, acquisitions and disposals, bank borrowings as well as debt and equity fund raising. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Board committees and Management.

The Non-Executive Directors are always available to provide guidance to Management on any business issues and in areas in which they specialise.

Board Committees

To assist the Board in their duties and to ensure that specific issues are subject to in-depth and timely review, certain functions have been delegated to various Board committees, which would submit their recommendations or decisions to the Board. The Board has established three Board committees, namely:

(a) the ARC;

(b) the RC; and

(c) the NC.

Each Board committee operates under delegated authority from the Board with the Board retaining overall oversight and has its own written terms of reference. The Board regularly undertakes a review of its Board committees including their membership and terms of reference. All Board committees are chaired by an Independent Director.

A record of each Director's attendance at Board committee meetings during FY2020 is set out in the section titled "Attendance Record of Meetings of Shareholders, Board and Board Committees in FY2020" on page 70.

AUDIT AND RISK COMMITTEE

MEMBERSHIP

- Mr Yee Chia Hsing, ARC Chairman and Lead Independent Director
- Ms Ting Ping Ee Joan Maria, ARC Member and Independent Director
- Mr Ho Han Leong Calvin, ARC Member and Non-Executive Chairman of the Board
  Mr Ho Han Khoon (Alternate Director to Mr Ho Han Leong Calvin)

KEY OBJECTIVE

- Assist the Board in discharging its responsibilities relating to financial and accounting matters, compliance, business and financial risk management and internal controls

The ARC comprises three Non-Executive Directors, two of whom, including the ARC Chairman, are Independent Directors. The ARC Chairman and at least one other member of the ARC, being the majority of the ARC, possess the relevant accounting or related financial management expertise or experience, while the remaining member of the ARC possesses business and financial background. With the current composition, the NC believes that the ARC has the relevant accounting and related financial management expertise and experience to discharge its functions within its written terms of reference.

None of the members of the ARC are former partners or directors of the Company's existing external or internal audit firms (a) within a period of two years commencing on the date of their ceasing to be a partner of the external or internal audit firm and in any case, (b) for so long as they have any financial interest in the external or internal audit firm.

The ARC has the authority to investigate any matter within its terms of reference. The ARC has full access to, and the cooperation of, Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The ARC also has full access to the external and internal auditors, and to facilitate a more effective check on Management, the ARC meets (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of Management at least annually (except for the FY2019 meeting between the ARC and the internal auditors which was re-scheduled to February 2020 due to the availability of the partner-in-charge). Similarly, both the external and internal auditors are given full access to the ARC.

Under its terms of reference, the ARC's scope of duties and responsibilities is as follows:

(a) reviewing the audit plan of the Company's external auditors, their evaluation of the system of internal accounting controls, their letter to Management, if any, and Management's response, and results of the Company's audit conducted by the internal and external auditors;

(b) reviewing the reports of the Company's external auditors including key audit matters ("**KAMs**"), as well as the adequacy, effectiveness, independence, objectivity, scope and results of the external audit;

(c) reporting to the Board on the ARC's assessment of the independence and objectivity of the external auditors and the quality of the work carried out by the external auditors;

(d) reviewing the co-operation given by the Company's officers to the external auditors;

(e) reviewing and discussing with the external auditors, where applicable, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material adverse impact on the Group's operating results or financial position, and Management's response;

(f) making recommendations to the Board on proposals to shareholders, on the appointment, re-appointment and removal of external auditors, and approving the remuneration and terms of engagement of the external auditors;

(g) ensuring co-ordination between the external auditors and Management, reviewing the assistance given by Management to the auditors, and discussing problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of Management, where necessary);

(h) approving the Company's internal audit plans;

(i) monitoring the implementation of internal controls over outstanding internal control weaknesses highlighted by the auditors;

(j) deciding on the appointment, termination and remuneration of the internal auditors;

(k) reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function, reporting to the Board on the ARC's assessment of the adequacy, effectiveness and independence of the internal audit function and commenting on whether the internal audit function is independent, effective and adequately resourced;

(l) reviewing the interim and annual financial statements, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(m) reviewing significant financial reporting issues so as to ensure integrity of the financial statements of the Company and any announcements relating to the Company's financial performance and reporting to the Board on such issues (including how these issues were addressed);

(n) reviewing the material internal control procedures addressing financial, operational, compliance and IT risks;

(o) commissioning an independent audit on internal controls and risk management systems if it deems necessary for its assurance, or where it is not satisfied with the systems of internal controls and risk management;

(p) reviewing IPTs falling within the scope of Chapter 9 of the Listing Manual above certain thresholds;

(q) reviewing the grant of any entrusted loans to interested persons prior to such loans being entered into, to ensure that (i) the terms and (ii) the grant of the entrusted loans (taking into account various factors that may include, but are not limited to, the rationale for the grant, the creditworthiness of the borrower and the interest rate payable to the Group) are not prejudicial to the Group and shareholders;

(r) reviewing potential conflicts of interest, if any;

(s) reviewing and considering transactions in which there may be potential conflicts of interests between the Company and interested persons and recommending whether those who are in a position of conflict should abstain from participating in any discussions or deliberations of the Board or from voting on resolutions of the Board or shareholders in relation to such transactions as well as ensuring that proper measures to mitigate such potential conflicts of interest have been put in place;

(t) monitoring investments in the Group's customers, suppliers and competitors made by the Directors, controlling shareholders and their respective associates who are involved in the management of the Company or have shareholding interests in similar or related business of the Company and making assessments on whether there are any potential conflicts of interests and ensuring that proper measures to mitigate such conflicts of interests have been put in place;

(u) reviewing and assessing from time to time the prevailing processes put in place to manage any material conflicts of interest in relation to the controlling shareholders as described in the section titled "Interested Person Transactions and Conflicts of Interest – Conflicts of Interest – Conflict of Interests in relation to First Sponsor Capital Limited and First Sponsor Management Limited" in the prospectus registered by the Monetary Authority of Singapore on 10 July 2014 in relation to the Company's initial public offering and listing of its shares on the Main Board of the Singapore Exchange Securities Trading Limited on 22 July 2014 and considering, where appropriate, additional measures for the management of such conflicts;

(v) reviewing the Group's key financial risk areas with a view to providing an independent oversight of the Group's financial reporting;

(w) reviewing and recommending hedging policies and instruments, if any, to be implemented by the Company to the Directors;

(x) reviewing the suitability of the Group CFO;

(y) undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the ARC;

(z) reviewing the policy and arrangements for concern about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up and reporting to the Board any significant issues raised through such channels;

(aa) generally undertaking such other functions and duties as may be required by statute or the Listing Manual or by such amendments as may be made thereto from time to time on a quarterly basis; and

(bb) apart from the abovementioned duties, commissioning and reviewing the findings of internal investigations in the event of any suspected fraud, irregularity, failure of internal controls or infringement of any applicable law, rule or regulation which has or is likely to have a material adverse impact on the Group's operating results and/or financial position.

In line with the changes to the Practice Guidance on Audit Committees and Engagement with Shareholders which came into effect on 7 February 2020, the ARC will bring to the Board's attention immediately, any significant issues (such as significant adjustments) raised by the external auditors in their review or audit of the Company's year-end financial statements which have a material impact on the interim financial statements or financial updates previously announced by the Company. The Board will then consider whether an immediate announcement is required under the Listing Manual. The ARC will also advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates. Such changes, if any, will be disclosed in the Annual Report.

The ARC held four ARC meetings in FY2020. Management, including the Group CEO and Group CFO, was present at the meetings. In addition, the ARC held one meeting with the external auditors and two meetings (one of which was due to the re-scheduling of the FY2019 meeting to February 2020) with the internal auditors, all without the presence of Management in FY2020. The second meeting between the ARC and the internal auditors in FY2020 was held by way of conference call due to the Covid-19 restrictions. ARC held a face-to-face meeting with the external auditors as the Covid-19 restrictions were not applicable at the relevant time.

In FY2020, the ARC reviewed the quarterly financial statements, the financial results announcements/voluntary quarterly updates for the relevant quarters prior to approving or recommending to the Board their release, the auditors' evaluation of the system of internal accounting controls, the adequacy and effectiveness of the Company's internal controls, the annual audit plans of the external and internal auditors and the results of the audits performed by them, as well as IPTs. It also reviewed the scope, results and effectiveness of the internal audit and external audit functions, the independence and objectivity of the external auditors and the non-audit services rendered by the external auditors.

The ARC considered the report from the external auditors, including their findings on the significant risks and audit focus areas. The following KAMs were discussed with Management and the external auditors:

KAMs	How the ARC reviewed these matters and what decisions were made
Valuation of investment properties	The ARC reviewed the outcome of the annual valuation process and discussed the details of the valuation with Management. The ARC considered the findings of the external auditors, including their assessment of the appropriateness and reasonableness of the valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The ARC is satisfied with the methodology and key assumptions applied in assessing the fair values of the Group's investment properties.
Valuation of unquoted equity investments and impairment assessment of the Company's investment in subsidiaries	The ARC reviewed the valuation methodology and the outcome of the annual valuation process in determining the fair value of the Group's investment in Dongguan East Sun Limited and its subsidiaries (collectively "East Sun"), being unquoted equity investments classified by the Group as financial assets measured at fair value through profit and loss. The ARC reviewed the recoverable amount of the Company's investment in subsidiaries and has assessed that indicators of impairment were present for two of the subsidiaries. The ARC considered the findings of the external auditors including their assessment of the appropriateness and reasonableness of the fair values of the underlying properties held by East Sun and recoverable value of the investments in two subsidiaries at the Company level. The ARC is satisfied with the valuation approach, the valuation methodology and the valuation of the investment in East Sun and the recoverable amount of the investment in subsidiaries as adopted and disclosed in the financial statements.
Impairment of property, plant and equipment	The ARC reviewed the approach adopted by Management in identifying those property, plant and equipment with impairment indicators, specifically hotel assets that had suffered from the effect of the Covid-19 pandemic during FY2020, and the determination of the recoverable amounts of the relevant assets. The ARC considered the findings of the external auditors including their review of Management's assessment of whether there are indicators of impairment and the appropriateness and reasonableness of the valuation methodology and key assumptions used in determining the recoverable amounts of the Group's property, plant and equipment. The ARC is satisfied with the approach and the valuation methodology undertaken in arriving at the recoverable amounts as adopted and disclosed in the financial statements.

The ARC concluded that the Group's accounting treatment and estimates in the KAMs were appropriate. All the KAMs that were raised by the external auditors for FY2020 have been addressed by the ARC and covered in the above commentary. Details on the KAMs can be found in the auditors' report for FY2020 on pages 111 to 113 of this Annual Report.

REMUNERATION COMMITTEE

MEMBERSHIP

- Mr Wee Guan Oei Desmond, RC Chairman and Independent Director
- Ms Ting Ping Ee Joan Maria, RC Member and Independent Director
- Mr Ho Han Leong Calvin, RC Member and Non-Executive Chairman of the Board
  Mr Ho Han Khoon (Alternate Director to Mr Ho Han Leong Calvin)

KEY OBJECTIVES

- Oversee the remuneration of the Board and Management
- Set appropriate remuneration framework and policies to deliver annual and long-term performance of the Group

The RC comprises three Non-Executive Directors, two of whom, including the RC Chairman, are Independent Directors.

Under its terms of reference, the RC's scope of duties and responsibilities is as follows:

(a) recommending to the Board a framework of remuneration for the Directors and key management personnel of the Group, including the Group CEO, Group CFO and CEOs of the respective regions;

(b) determining specific remuneration packages for Executive Directors, including the Group CEO;

(c) reviewing all aspects of remuneration of employees (including, among others, employees who are related to the Directors and relatives of the Directors and controlling shareholders, if any), including directors' fees, salaries, allowances, bonuses and other benefits-in-kind;

(d) reviewing and ensuring that the remuneration of Non-Executive Directors is appropriate to the level of contribution by them, taking into account factors such as effort and time spent, and responsibilities of the Directors;

(e) recommending employee share option schemes or any long-term incentive scheme which may be set up from time to time and doing all acts necessary in connection therewith; and

(f) reviewing the Company's obligations arising in the event of termination of any Executive Director's and key executive's contract of services to ensure that such contracts of services contain fair and reasonable clauses which are not overly generous.

In FY2020, the RC met once and discussed various remuneration matters such as Directors' fees as well as the remuneration package of the Group CEO and key management personnel. No member of the RC was involved in the fixing of his or her own remuneration.

NOMINATING COMMITTEE

MEMBERSHIP

- Ms Ting Ping Ee Joan Maria, NC Chairperson and Independent Director
- Mr Yee Chia Hsing, NC Member and Lead Independent Director
- Mr Neo Teck Pheng, NC Member, Group CEO and Executive Director

KEY OBJECTIVES

- Establish and review the profile of Board members
- Make recommendations to the Board on the appointment and re-nomination of Directors
- Review the independence of Directors
- Assist the Board in evaluating the performance of the Board, Board committees and Directors

The NC comprises three members. Two members are Independent Directors, one of whom is the Lead Independent Director.

Under its terms of reference, the NC's scope of duties and responsibilities is as follows:

(a) reviewing and assessing the appointment of any proposed new Directors (including alternate Directors if applicable) before recommending the proposed new Directors for approval by the Board;

(b) reviewing and recommending to the Board the re-election and re-appointment of any Directors (including alternate Directors if applicable) who are retiring by rotation or appointed during the year at the next AGM;

(c) reviewing the effectiveness of the Board annually;

(d) reviewing annually whether the size and composition of the Board are appropriate to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities;

(e) reviewing and determining annually, and as and when circumstances require, if a Director is independent;

(f) reviewing and determining whether a Director is able to and has been adequately carrying out his or her duties as Director where a Director has multiple board representations or other principal commitments;

(g) reviewing succession plans for the Directors and Management and recommending to the Board for approval;

(h) reviewing and recommending to the Board the employment of related persons and their proposed terms of employment;

(i) assessing whether any individual member of the Board dominates the Board's decision-making process; and

(j) reviewing training and professional development programs for the Board.

The NC met once in FY2020 to discuss various matters, including the re-election of Mr Ho Han Leong Calvin, Mr Neo Teck Pheng and Mr Wee Guan Oei Desmond as Directors at the 2020 AGM.

Board Composition and Guidance

Principle 2 : The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board consists of six Directors of whom five are Non-Executive Directors. The Non-Executive Directors comprise three Independent Directors and two non-Independent Directors. The Executive Director is the Group CEO. As the Chairman is not independent, the Board appointed a Lead Independent Director. A summary of the role of the Lead Independent Director is set out in the section titled "Role of the Lead Independent Director" on page 81.

The Board, through the NC, reviews from time to time the size and composition of the Board, with a view to ensuring that the size of the Board is appropriate in facilitating effective decision-making taking into account the scope and nature of the Group's operations, and that the Board has a strong independent element.

The Board and the NC are satisfied that the Board's size and composition are appropriate for the Company's needs, taking into account the scope and nature of the operations of the Group and the requirements of the business.

Board Diversity

The Company recognises that a diverse Board is an important element which will better support the Company's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives derived from the various skills, business experience, industry discipline, gender, age, tenure of service and other distinguishing qualities of the Directors. The Board has adopted a formal Board Diversity Policy, setting out its policy for promoting diversity on the Board. The Board Diversity Policy provides that, in reviewing the Board composition, the NC will consider all aspects of diversity in order to arrive at an optimum balanced composition of the Board. The selection of Directors will be based on merit against an objective criteria that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board. The Board Diversity Policy is available on the Company's corporate website at www.1st-sponsor.com.sg.

The Board comprises business leaders and professionals with real estate, hospitality, banking, financial (including audit and accounting), legal, risk management and business management backgrounds. The Board currently includes one female member and Directors with ages ranging from 30s to 60s who have served on the Board for different tenures. The Board and the NC are of the view that the current composition of the Board encompasses an appropriate balance and diversity of skills, experience, knowledge and competencies.

Profiles and qualifications of the Directors are set out in the section titled "Board of Directors" on pages 23 to 24 and directorships held by the Directors as at the date of this Annual Report and over the preceding three years are set out in the section titled "Directors' Time Commitment" on pages 83 to 85.

Independence

The Independent Directors constitute half of the Board. Other than the Group CEO, none of the Directors is a former or current employee of the Company or its subsidiaries. The Board is aware of Provision 2.2 of the Code which recommends that Independent Directors make up a majority of the Board where the Chairman is not independent. The NC and the Board will review the current composition of Independent Directors, the Board's diversity of skills, experience, knowledge and competencies as well as the size of the Board and the Company's operations to determine whether to align the Board with the recommendation. Currently, matters requiring the Board's approval are discussed and deliberated with the participation of each Director (save for any Director who has a conflict of interest), and decisions are made collectively without any individual influencing or dominating the decision-making process. The NC and the Board are therefore of the view that the current composition of the Board is sufficient for the Board to exercise objective and balanced judgement. As the Chairman is not independent, the Company appointed a Lead Independent Director.

The Board, taking into account the views of the NC, assesses the independence of each Director annually in accordance with the guidance in the Code. In accordance with the Code, a Director is considered independent if he or she is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company. The Board also takes into account the existence of relationships or circumstances, including those identified by the Listing Manual and related Practice Guidance that are relevant in its determination as to whether a Director is independent. Such relationships or circumstances include the employment of a Director by the Company or any of its related corporations for the current or any of the past three financial years, a Director providing to or receiving from the Company or any of its subsidiaries significant payments or material services during the current or previous financial year, other than compensation for Board service, and a Director being related to any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services during the current or previous financial year.

The NC and the Board assessed the independence of each Director in FY2020. A summary of the outcome of that assessment is set out below.

Based on the declarations of independence provided by the Directors and taking into account the guidance in the Code, the Board has determined that Ms Ting Ping Ee Joan Maria, Mr Yee Chia Hsing and Mr Wee Guan Oei Desmond are independent.

The remaining Directors are considered non-independent for the following reasons:

(a) Mr Ho Han Leong Calvin and his alternate, Mr Ho Han Khoon, are controlling shareholders of the Company;

(b) Mr Kingston Kwek Eik Huih is the son of Mr Kwek Leng Beng, the Executive Chairman of City Developments Limited ("**CDL**") which is a controlling shareholder of the Company; and

(c) Mr Neo Teck Pheng is the Group CEO, the Executive Director and a controlling shareholder of the Company.

Each member of the NC and the Board recused himself or herself from the NC's and the Board's deliberations respectively on his or her own independence.

As at the date of this Report, none of the Independent Directors has served on the Board for more than nine years.

The Non-Executive Directors participate actively in the meetings of the Board. They provide strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively develop proposals on strategy. They also review and monitor Management's performance. To facilitate this, they are kept informed of the Company's businesses and performances through regular reporting from Management, and have full access to Management. The Non-Executive Directors would also confer among themselves without the presence of Management as and when the need should arise. The chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate.

Conflicts of Interest

Directors as fiduciaries are collectively and individually obliged to act honestly and with due diligence, and in the best interests of the Company. Directors, who are in any way, directly or indirectly, interested in a transaction or proposed transaction, will declare the nature of their interests, and also abstain from participating in the deliberation of the Board and/or the Board committees on such transactions, with abstention duly recorded within the minutes and/or the resolutions of the Board and/or the committees.

Chairman and Chief Executive Officer

Principle 3 : There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Chairman and the Group CEO

The roles and responsibilities of the Chairman and the Group CEO are held by separate individuals, in keeping with the principle that there be a clear division of responsibilities between the leadership of the Board and Management and that no one individual has unfettered powers of decisions-making. The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board while the Group CEO is responsible for implementing the Group's strategies and policies, and for management, operations and growth of the Group's businesses.

The separation of the roles of the Chairman and the Group CEO and the resulting clarity of roles provide a healthy professional relationship between the Board and Management, and facilitate robust deliberations on the Group's business activities and the exchange of ideas and views to help shape the strategic process.

The Non-Executive Chairman is Mr Ho Han Leong Calvin and the Group CEO is Mr Neo Teck Pheng. They do not share any family ties.

Role of Chairman

The Chairman provides leadership to the Board and facilitates the conditions for overall effectiveness of the Board, Board committees and individual Directors. He leads all the Board meetings and ensures that meetings are held on a timely basis to deliberate or approve matters which require the Board's attention. He is also responsible for promoting and maintaining high standards of corporate governance, ensures effective communication with shareholders and facilitates effective contribution from the Non-Executive Directors.

The Chairman provides clear oversight, advice and guidance to the Group CEO and Management on strategy and the growth of the Group's businesses. The Chairman also provides support and advice to, and acts as a sounding board for, the Group CEO, while respecting executive responsibility.

Role of the Lead Independent Director

As the Chairman is not an Independent Director, the Board appointed Mr Yee Chia Hsing as the Lead Independent Director. The Lead Independent Director is appointed by the Board to serve in a lead capacity to coordinate the activities of the Non-Executive Directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity. He also assists the Chairman and the Board to ensure effective corporate governance in managing the affairs of the Board and the Company.

The Lead Independent Director serves as the ARC Chairman. The role of the Lead Independent Director includes meeting with the Independent Directors at least annually. He provides feedback on the meeting(s) to the Board and/or the Chairman as appropriate. He will also be available to shareholders if they have concerns relating to matters that contact through the normal channels of communication with the Chairman, Group CEO or Group CFO are inappropriate or inadequate. No query or request on any matter which requires the Lead Independent Director's attention was received from shareholders in FY2020.

Board Membership

Principle 4 : The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC establishes and reviews the profile required of Board members and makes recommendations to the Board on the appointment and re-nomination of Directors. Details on the composition and scope of duties and responsibilities of the NC are set out in the section titled "Nominating Committee" on page 78.

The evaluation of the appointment and re-nomination of a Director takes into consideration, among others, the composition and progressive renewal of the Board, the factors described in the Board Diversity Policy and each Director's independent status, competencies, commitment, contribution and performance.

Selection of New Directors

The Company has in place a process for selecting and appointing new Directors. This process includes, among others, an evaluation of the candidate's capabilities by taking into consideration diversity of skills, experience, background, gender, age and other relevant factors and how the candidate fits into the overall desired competency matrix of the Board.

The NC identifies the Company's needs and prepares a shortlist of candidates with the appropriate profile for nomination. The NC may have recourse to both internal sources as well as external sources to draw up the shortlist. Short-listed candidates will be required to furnish their curriculum vitae stating in detail their qualification, working experience and employment history to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines. The NC will take an active role in screening and interviewing short-listed candidates before assessing the candidate's suitability and recommending him or her for nomination to the Board.

Re-nomination of Directors

The Articles of Association of the Company requires each Director to retire at least once every three years and subject himself or herself to re-election by shareholders. In addition, any Director appointed by the Board shall retire at the next AGM and shall then be eligible for re-election at that meeting.

The Group CEO, as an Executive Director, is subject to the same retirement by rotation, resignation and removal provisions as the other Directors, and such provisions will not be subject to any contractual terms that may have been entered into with the Company. His role as Group CEO is separate from his position as a Board member, and does not affect the ability of shareholders to exercise their right to select all Board members.

With regard to the re-election of existing Directors each year, the NC advises the Board of those Directors who are retiring or due for consideration to retire in accordance with the Company's Articles of Association, and makes recommendations to the Board as to whether the Board should support the re-election of a Director who is retiring. In making its recommendations, the NC will undertake a review of the retiring Director's performance and contribution during the period in which he was a member of the Board. The NC takes factors such as attendance, preparedness, participation and candour into consideration when evaluating the past performance and contribution of a Director when making its recommendations to the Board. Each member of the NC will abstain from deliberations on his or her own re-election.

Ms Ting Ping Ee Joan Maria and Mr Yee Chia Hsing will be retiring by rotation pursuant to the Company's Articles of Association at the 2021 AGM. Ms Ting Ping Ee Joan Maria and Mr Yee Chia Hsing have respectively given their consent to stand for re-election at the 2021 AGM. Ms Ting Ping Ee Joan Maria will, upon re-election, continue to serve as the NC Chairperson, a member of the ARC and a member of the RC. Mr Yee Chia Hsing will, upon re-election, continue to serve as the ARC Chairman and a member of the NC. The NC considered their performance and contribution during the NC meeting held in February 2021 and recommended to the Board their re-election at the 2021 AGM. The Board has concurred with the NC to recommend the re-election of Ms Ting Ping Ee Joan Maria and Mr Yee Chia Hsing as Directors by shareholders at the 2021 AGM. Additional information on Ms Ting Ping Ee Joan Maria and Mr Yee Chia Hsing as prescribed in Appendix 7.4.1 of the Listing Manual may be found on pages 209 to 213 of this Annual Report. Each of Ms Ting Ping Ee Joan Maria and Mr Yee Chia Hsing recused herself/himself from the NC's and the Board's deliberations on her/his own re-election.

Directors' Time Commitment

In view of the responsibilities of a Director, the Board is cognisant of the need for Directors to be able to devote sufficient time and attention to adequately perform their roles. However, the Board has not imposed any limit on the number of listed company directorships that an individual may hold as it is of the view that this should be considered on a case-by-case basis as a person's available time and attention may be affected by different factors, such as whether he or she is in full-time employment and the nature of his or her other responsibilities. The Company also does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board. While having a limit on the number of listed company directorships may be considered by some other companies to be suitable for their circumstances, at present, the Company considers that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contribution and devotion of appropriate time and attention to the Company.

A Director with multiple directorships is expected to ensure that he or she can devote sufficient time and attention to the affairs of the Company. The Directors are also required to consult the Chairman and the NC Chairperson before accepting new appointments as directors or full time executives. The Directors must also immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence.

The NC conducts a review of the commitments of each Director on an annual basis and as and when there is a change of circumstances involving a Director. All Directors are required to confirm on an annual basis, and for FY2020, have confirmed that they were able to devote sufficient time and attention to their duties as Directors. For FY2020, the NC is of the view that the Directors have devoted sufficient time and attention to the affairs of the Company and have been able to discharge their duties as Directors effectively. Although some Board members have multiple board representations, the Board experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance of the meeting dates. The NC is satisfied that in FY2020, where a Director had other listed company board representations and/or other principal commitments, the Director adequately carried out his or her duties as Director.

The table below shows the directorships and principal commitments of each Director (including past directorships and principal commitments over the preceding three years):

Name of Director	Date of First Appointment	Date of Last Re-election	Past Directorships in other listed companies and principal commitments over the preceding three years	Present Directorships in other listed companies and principal commitments
Mr Ho Han Leong Calvin • Non-Executive Chairman • ARC Member • RC Member	1 October 2007	20 May 2020	-	• Director of Tai Tak Estates Sendirian Berhad ("**Tai Tak**")
Mr Ho Han Khoon (Alternate Director to Mr Ho Han Leong Calvin) [1]	19 May 2014	-	-	• Director of Tai Tak
Mr Kingston Kwek Eik Huih [2] • Non-Executive Director	5 March 2019	24 April 2019	-	• Director of Beijing Fortune Hotel Co., Ltd. • Governor of Hong Leong Foundation • Alternate Director of Welland Investments Limited
Mr Neo Teck Pheng • Group CEO and Executive Director • NC Member	1 October 2007	20 May 2020	-	-
Ms Ting Ping Ee Joan Maria [3] • Independent Director • NC Chairperson • ARC Member • RC Member	19 May 2014	24 April 2018	-	• Independent Director of Grand Union Holdings and Investments Incorporated

Name of Director	Date of First Appointment	Date of Last Re-election	Past Directorships in other listed companies and principal commitments over the preceding three years	Present Directorships in other listed companies and principal commitments
Mr Yee Chia Hsing [3] • Lead Independent Director • ARC Chairman • NC Member	19 May 2014	24 April 2018	• Head of Catalist, CIMB Bank Berhad, Singapore Branch • Elected Member of the Parliament of Singapore	• Director of Corporate Affairs and General Manager of the Entity Health nutraceutical business of iX Biopharma Ltd, listed on SGX • Independent Director of Ezion Holdings Limited • Audit Committee Member of Ren Ci Hospital
Mr Wee Guan Oei Desmond • Independent Director • RC Chairman	6 February 2017	20 May 2020	-	• Partner and Head, Corporate Commercial and Employment & Benefits Practice Groups of Rajah & Tann Singapore LLP • Non-Executive Chairman, Independent Director and Audit Committee Member of Popular Holdings Limited • Non-Executive Director of Spartans Rugby Singapore Limited

Notes:

1. An alternate Director bears all the duties and responsibilities of a Director.
2. Mr Kingston Kwek Eik Huih is the son of Mr Kwek Leng Beng, the Executive Chairman of CDL.
3. Ms Ting Ping Ee Joan Maria and Mr Yee Chia Hsing will retire and stand for re-election at the 2021 AGM. The NC has considered their contribution and performance and recommended to the Board their re-election at the 2021 AGM.

Succession Planning

The Board believes in carrying out succession planning for itself to ensure continuity of leadership. Board renewal is a continuing process and in this regard, the NC reviews annually the composition of the Board and Board committees, which includes size and mix, and recommends to the Board the selection and appointment of new Directors, whether in addition to the existing Board members or as replacement of retiring Board members, with a view to identifying any gaps in the Board's skills set taking into consideration the Group's business operations. The Board would be able to function smoothly notwithstanding any resignation or retirement of any Director given the present number of members and mix of competencies on the Board.

Board Performance

Principle 5 : The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

While Board performance is ultimately reflected in the long-term performance of the Group, the Board believes that engaging in a regular process of assessment and evaluation of Board performance in order to identify key strengths and areas for improvement is essential to effective stewardship and to attaining success for the Company.

Board and Board Committee Evaluation Process

Each year, the NC undertakes a formal annual process to assess the effectiveness of the Board as a whole and the Board committees.

The NC uses objective and appropriate criteria to assess the performance of the Board and effectiveness of Board committees. Assessment parameters include evaluation of Board structure, conduct of meetings, corporate strategy, corporate planning, risk management, internal controls, measuring and monitoring performance, compensation, financial reporting and communication with shareholders.

As part of the process, each Director is required to complete an appraisal form with the above assessment parameters. The completed appraisal forms are collated by the company secretary who then presents the results to the NC Chairperson who in turn presents a report to the NC and the Board. The feedback, comments and recommendations by the Directors are reviewed and discussed constructively by the NC and the Board to identify areas for improvements and follow up action to be taken by the Board and Management. No external facilitator was used in FY2020.

The NC is satisfied that for FY2020, the Board and the Board committees were effective in the conduct of their respective duties. The results of the NC's assessment were communicated to and accepted by the Board.

Individual Director Evaluation Process

The Company has in place a formal process to evaluate the performance of individual Directors.

As part of the process, each Director (including the Chairman) is requested to complete a self-evaluation form. Performance criteria include factors such as the Director's attendance, preparedness, candour, participation and contribution at Board meetings, industry and business knowledge, commitment and dedication. The completed self-evaluation forms are collated by the company secretary who then presents the results to the NC, which assesses the performance of the individual Directors, and will discuss with each individual Director if necessary. Each member of the NC will recuse himself or herself from the NC's deliberations on his or her own performance.

The performance of individual Directors is taken into account in their re-appointment or re-election. Specific needs which arise from time to time are taken into account in any appointment of new Directors.

The NC is satisfied that for FY2020, each Director contributed to the effectiveness of the Board and, if applicable, Board committee(s). The results of the NC's assessment were communicated to and accepted by the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6 : The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Level and Mix of Remuneration

Principle 7 : The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Disclosure on Remuneration

Principle 8 : The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Board established the RC to oversee the remuneration of the Board and Management. In carrying out this role, the RC also aims to set the appropriate remuneration framework and policies to deliver annual and long-term performance of the Group. Details on the composition and scope of duties and responsibilities of the RC are set out in the section titled "Remuneration Committee" on page 77.

The broad principles that guide the RC in its administration of fees, benefits, remuneration and incentives for the Board and Management are set out below.

Remuneration of Non-Executive Directors

The Group CEO is an Executive Director and is therefore remunerated as part of Management. He does not receive Directors' fees.

The RC recommends the Non-Executive Directors' fees for the Board's endorsement and approval by shareholders. The Company seeks shareholders' approval at the 2021 AGM so that Directors' fees can be paid on a quarterly basis in arrears. No Director decides his or her own fees.

The remuneration packages of Non-Executive Directors comprise base Directors' fees and additional fees for services rendered on the various Board committees. In reviewing the structure and level of such fees, the RC takes into consideration factors such as the roles and responsibilities of, effort and time spent by, the Directors, changes in the business, corporate governance practices and regulatory rules, and the interval since the last fee review. The RC also compares the Company's fee framework against industry practices.

The Company established the First Sponsor Employee Share Option Scheme on 19 May 2014. However, no options were granted under the scheme as at the date of this Report. Details of the First Sponsor Employee Share Option Scheme can be found in the Directors' Statement on page 108. The First Sponsor Employee Share Option Scheme allows for participation by Non-Executive Directors. The Company believes that the scheme will help the Company to attract experienced and qualified persons from different professional backgrounds to join the Company as Non-Executive Directors and will better align the interests of such Non-Executive Directors with the interests of shareholders.

FY2020

A review of the framework for the Non-Executive Directors' fees for FY2020 was conducted. The framework remained the same as that for the previous financial year. No remuneration consultant was appointed in FY2020. The framework for Non-Executive Directors' fees for FY2020 is as follows:

Base Directors' Fee	
Board Chairman	S$50,000 per annum [1]
Director	S$50,000 per annum
Fee for appointment to ARC	
Committee Chairman	S$55,000 per annum
Committee Member	S$33,000 per annum
Fee for appointment to RC	
Committee Chairman	S$18,000 per annum
Committee Member	S$12,000 per annum
Fee for appointment to NC	
Committee Chairman	S$18,000 per annum
Committee Member	S$12,000 per annum

Note:

1. Mr Ho Han Leong Calvin and Mr Ho Han Khoon elected not to receive Directors' fees.

No separate attendance fees for Board meetings or travel allowance are paid or payable to Non-Executive Directors.

The aggregate Directors' fees paid to Non-Executive Directors for FY2020 was S$378,000, details of which are set out in the table below:

Name of Director	Directors' Fees (S$)
Mr Ho Han Leong Calvin [1]	-
Mr Ho Han Khoon (Alternate Director to Mr Ho Han Leong Calvin)	-
Mr Kingston Kwek Eik Huih	50,000
Ms Ting Ping Ee Joan Maria [2]	113,000
Mr Yee Chia Hsing [3]	147,000
Mr Wee Guan Oei Desmond [4]	68,000
Total	**378,000**

Notes:

1. Mr Ho Han Leong Calvin and Mr Ho Han Khoon elected not to receive Directors' fees.
2. In addition to the base Directors' fee, Ms Ting Ping Ee Joan Maria received additional fees as the NC Chairperson and a member of the ARC and the RC.
3. In addition to the base Directors' fee, Mr Yee Chia Hsing received additional fees as the ARC Chairman and a member of the NC.
4. In addition to the base Directors' fee, Mr Wee Guan Oei, Desmond received an additional fee as the RC Chairman.

The increase of S$38,630 in Directors' fees from S$339,370 in FY2019 to S$378,000 in FY2020 was due to a full year's Directors' fee being payable to Mr Kingston Kwek Eik Huih (compared to a pro-rated Directors' fee in FY2019) and the payment of an additional one-off fee of S$30,000 to Mr Yee Chia Hsing for his additional time commitment as Chairman of the ARC in FY2019. The payment of the Directors' fees of S$378,000 for FY2020 was approved by shareholders as a lump sum at the 2020 AGM.

FY2021

For FY2021, it is proposed that aggregate fees of S$348,000 be paid to the Non-Executive Directors. The proposed framework for Non-Executive Directors' fees for FY2021 is the same as that for FY2020 but excludes the additional one-off fee paid to Mr Yee Chia Hsing in FY2020 as referred to above. No remuneration consultant was appointed in FY2021. The decrease of S$30,000 in Directors' fees from S$378,000 in FY2020 to S$348,000 in FY2021 is due to the exclusion of the additional one-off fee. The proposed Directors' fees of S$348,000 are subject to shareholders' approval as a lump sum at the 2021 AGM.

Remuneration of Management

In reviewing the remuneration packages of the Group CEO and key management personnel, the RC considers the level of remuneration based on the Company's remuneration policy which comprises the following distinct objectives:

(a) to ensure that the remuneration packages are competitive in attracting and retaining employees capable of meeting the Company's needs;

(b) to reward employees for achieving corporate performance targets in a fair and equitable way; and

(c) to ensure that the remuneration reflects the employees' duties and responsibilities.

Link to Corporate and Individual Performance

Remuneration for the Group CEO and key management personnel comprises fixed and variable components. The level and mix of the variable component are structured to ensure that the total remuneration for the Group CEO and key management personnel is strongly aligned to the financial performance and returns delivered to shareholders.

Fixed components comprise base salary and, where applicable, fixed allowances and other benefits-in-kind determined by the Company's human resource policies. The base salary is determined based on the responsibilities, experience and competencies that the individual brings to the role, individual performance and market competitiveness. This is approved by the Board based on the RC's recommendation and reviewed annually. Fixed allowances and other benefits-in-kind provided are in line with local market practices and legislative requirements, and are not directly linked to performance.

The variable component comprises the annual variable bonus. The annual variable bonus is intended to recognise the performance and contribution of the individual, while driving the achievement of key business results for the Company and enhancement of shareholder value.

For FY2020, the RC reviewed and is satisfied that adjustments made to the salaries as well as the variable bonuses granted to the Group CEO and key management personnel were reflective of their performance and the contribution made by them.

The RC recognises that long-term incentives reinforce the delivery of long-term growth and shareholder value to drive an ownership culture and retain key talent. The RC will consider granting long-term incentives as a performance-related component to the Group CEO and key management personnel at the appropriate time. This may include the grant of employee share options under the First Sponsor Employee Share Option Scheme and awards under any proposed performance share plans that may be approved by shareholders in the future. The RC will also consider the implementation of contractual provisions to reclaim long-term incentives from the Group CEO and key management personnel in the event of exceptional circumstances of misstatement of financial results or of misconduct resulting in financial or other losses to the Company, only after the introduction of long-term incentives.

Remuneration of Group CEO

Details of the remuneration of the Group CEO and Executive Director for FY2020 are set out below:

Group CEO and Executive Director	Salary [1] (S$)	Variable Bonus [2] (S$)	Benefits [3] (S$)	Total (S$)
Mr Neo Teck Pheng	792,375	3,150,000	16,099	3,958,474

Notes:

1. Salary refers to base salary, allowances and employer's central provident fund contributions.
2. Variable bonus includes employer's central provident fund contributions.
3. Benefits refer to car benefits.

Remuneration of Other Key Management Personnel

The top five key management personnel (excluding the Group CEO) in FY2020 are:

1. Ms Lee Sau Hun, Group CFO;
2. Mr Shu Zhen, CEO (Guangdong Operations);
3. Mr Wang Gongyi, CEO (Chengdu Operations);
4. Ms Zhang Jing, CEO (Shanghai Operations); and
5. Mr Alex Barentsen, CEO (European Operations).

The aggregate remuneration paid/payable in respect of FY2020 to the abovementioned top five key management personnel was S$3.4 million.

As set out above, the Company has taken the further step to identify its key management personnel and provided disclosure of the aggregate remuneration paid to the abovementioned top five key management personnel for FY2020. The Company however maintains its view that it is not in its interest to disclose the remuneration of each of its key management personnel in bands of S$250,000. Having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues. There would be negative impact to the Group if members of the experienced and qualified senior management team are poached, which may affect the ability to both nurture a sustainable talent pool and ensure the smooth continuity in leadership needed for the achievement of the strategic objectives of the Group. The Company believes that shareholders' interest will not be prejudiced as a result of such non-disclosure of the remuneration for each of the Group's key management personnel, and with the Company's disclosure on the aggregate remuneration of the identified top five key management personnel, shareholders are provided an insight into the level of remuneration paid to the identified top five key management personnel.

For FY2020, there were no termination, retirement or post-employment benefits granted to the Directors, the Group CEO and key management personnel.

Other than the Group CEO who is a controlling shareholder of the Company, there was no employee of the Group who is a substantial shareholder of the Company, or an immediate family member of a Director, the Group CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during FY2020.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9 : The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board has overall responsibility for the governance of risk, including the determination of the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The ARC assists the Board in carrying out the Board's responsibility of overseeing the Group's risk management and internal controls. Having considered the Group's business and operations, as well as its existing risk management and internal controls systems, the Board is of the view that, currently, a separate Risk Committee is not required.

The Group has in place a risk management framework which identifies the key risks within the Group's business, along with mitigating measures. The categories of risks identified in the risk management framework include strategic, operational, financial and treasury, IT and compliance risks. The risk management framework is reviewed on an ongoing basis.

The identification and day-to-day management of risks rest with Management. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business objectives within the risk tolerance established by the Board. Key business risks are proactively identified, addressed and reviewed on an ongoing basis. The systems of risk management and internal controls are reviewed by Management regularly in order to ensure that sufficient checks and balances exist within the system to safeguard the Company's assets, ensure maintenance of proper accounting records and compliance with relevant legislation and best practices. The Board reviews and approves the processes for managing risks recommended by Management.

The risk management and internal controls systems are reviewed at least annually by Management, the ARC and the Board. The Group's external auditors highlight any material internal control weaknesses that come to their attention in the course of their audit. The Group's internal auditors, PricewaterhouseCoopers LLP ("**PwC**"), reviews the Group's internal controls and reports directly to the ARC Chairman. Please refer to the section titled "Internal Audit" on page 95 for further information on the internal audit function carried out by PwC. All audit findings and recommendations made by the external auditors and PwC are reported to and discussed with the ARC during its meetings. This gives the ARC the opportunity to comment on the effectiveness and adequacy of internal controls and to submit its findings to the Board so as to reassure the Board that sufficient checks have been put in place and enable the Board to comment on the adequacy and effectiveness of the internal controls.

With increased reliance on IT as a business enabler, in FY2019, the ARC requested PwC to undertake an internal audit review of the Company's corporate IT operations in various areas including overall IT governance, computer operations, network management and incident response. PwC recommended that certain actions be undertaken by the Company to address the internal control issues outlined in PwC's report including enhancing its multi-layered defence such as intrusion prevention system, access controls and data encryption, raising employees' IT security awareness through employee security training and putting in place a cybersecurity policy which will set out, among other things, cybersecurity measures, a disaster recovery plan and an incident response plan. In FY2020, PwC conducted a follow-up review of the implementation of its recommendations. Following the review, PwC issued a report with the key finding that Management made conscious and consistent efforts to implement PwC's recommendations but should continue with on-going efforts with the remaining recommendations which were partially implemented. PwC also noted in the report that the Covid-19 situation was a reason for the partial implementation of some of the recommendations. As at the end of FY2020, the remaining actions were fully implemented.

Covid-19 Risk and Safety Management

With the outbreak of the Covid-19 pandemic in FY2020, the Board was provided with timely and regular updates on the Group's response plans covering Singapore, the Netherlands, Germany and the PRC with the objective of minimising adverse impact to the Group's business performance and protecting employees. The response plans are updated as necessary to adapt to the Covid-19 situation.

The Covid-19 pandemic has become one of the biggest disruptors in the global economy. The Covid-19 pandemic has resulted in, among other things, ongoing travel restrictions, prolonged closures of workplaces and businesses and lockdowns. In particular, the performance of the Group's European operating hotel performance was impacted. Several of the Group's tenants sought concessions in relation to their rental obligations and some of the Group's property financing customers requested deferrals of interest payments.

In FY2020, the Group carefully managed its expenditure in the difficult environment and accessed government support where appropriate. The Group took prudent steps to alleviate the impact of the Covid-19 pandemic on its business performance, including the following:

- After taking into account, among other things, the recommendations of third party managers, the Group temporarily suspended the operations of certain hotels owned and operated by the Group in the Netherlands, Germany and the PRC.
- Where the Group has 2 hotels adjacent to each other such as the Wenjiang Crowne Plaza and the Wenjiang Holiday Inn Express in the PRC as well as the Hampton by Hilton and Crowne Plaza Utrecht Centraal Station in the Netherlands, the Group partially suspended the operations of one hotel and lifted the suspension only when there was an overflow of business from the other hotel, as part of its efforts to reduce cost overheads.
- The Group applied for and received subsidies from Dutch and German authorities under the relevant wage subsidy programs, which mitigated the operating losses of its Dutch and German hospitality operations arising from the Covid-19 pandemic.
- The Group put on hold the proposed new residential and office redevelopment of the Dreeftoren Amsterdam in the Netherlands and the proposed conversion of its bare shell hotel in Milan into a high density youth hostel in Italy. The Group is currently assessing the situation including the prevailing market conditions and the effects of the Covid-19 pandemic and will proceed with such redevelopment only if there is a sound business case for these projects.
- The Group actively engaged with the tenants of its European investment properties which experienced payment difficulties and adopted different business plans to help them, after considering past tenant conduct, whether the tenant availed itself to the relevant government support and other specific circumstances. Like-wise for the Group's property financing customers, the Group took into account, among other things, previous loan conduct and the strength of financing security provided, in deciding the terms of any deferrals of interest payments.

In addition, to equip the Group financially to weather the Covid-19 crisis and to capitalize on any opportunities that the Covid-19 pandemic may bring, the Group strengthened its liquidity position through, among other things, refinancing its existing credit facilities and upsizing its committed credit facilities as well as undertaking a bonus issue of warrants which would be a potential source of equity infusion. The Group will continue to monitor its liquidity position and maintain access to undrawn credit facilities and the capital markets.

To safeguard the health and safety of its employees, the Group implemented control measures which included telecommuting, team segregation and staggered working hours to reduce social interactions and safe distancing. Personal protective equipment such as masks and hand sanitisers were provided by the Group to employees.

Further information on the Group's response to the Covid-19 pandemic can be found in the Sustainability Report for FY2020 on pages 45 to 47 of this Annual Report.

Assurance from Key Management Personnel

The Board received assurance from the Group CEO and the Group CFO that:

(a) the financial records have been properly maintained and the financial statements for FY2020 give a true and fair view of the Company's operations and finances; and

(b) the systems of risk management and internal controls within the Group are adequate and effective to address the risks (including financial, operational, compliance and IT risks) in the context of the current scope of the Group's business operations as at 31 December 2020.

Based on its assessment of the work performed by PwC and the external auditors as well as the assurance from the Group CEO and Group CFO, the Board, with the concurrence of ARC, is of the opinion that the systems of risk management and internal controls within the Group are adequate and effective to address the risks (including financial, operational, compliance and IT risks) which the Group considers to be relevant and material in the context of the current scope of the Group's business operations as at 31 December 2020. During FY2020, no material weakness was identified in the Group's risk management or internal controls systems.

While the Board notes that the systems of risk management and internal controls established by Management provide reasonable assurance that the Group, as it strives to achieve its business objective, will not be significantly affected by any event that can be reasonably foreseen or anticipated, the Board acknowledges that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of human and system errors, poor judgement in decision-making, losses, fraud or other irregularities. The Board, together with the ARC and Management, will continue to enhance and improve the existing risk management and internal controls frameworks to identify and mitigate these risks.

In FY2020, Management provided assurance to the Board on the integrity of the quarterly unaudited financial results and the Board in turn provided a negative assurance confirmation in respect of such results to shareholders as required by Rule 705(5) of the Listing Manual.

Audit Committee

Principle 10 : The Board has an audit committee which discharges its duties objectively.

Details on the composition and scope of duties and responsibilities of the ARC are set out in the section titled "Audit and Risk Committee" on pages 73 to 76.

External Auditors

The Board is responsible for the initial appointment of the external auditors. Shareholders then approve the appointment at the Company's AGM. The ARC assesses the external auditors based on factors such as the performance and quality of its audit and the independence of the external auditors, and recommends its appointment to the Board. During FY2019, in line with the Group's policy on periodic review of the appointment of external auditors, the ARC recommended, and the Board endorsed, the appointment of Ernst & Young LLP ("**EY**") as the Group's external auditors for shareholders' approval at the 2020 AGM. In recommending the appointment, an audit tender exercise was conducted and proposals from the Big Four audit firms were considered, taking into consideration the Audit Quality Indicators Disclosure Framework issued by the Singapore Accounting and Corporate Regulatory Authority and the criteria for the evaluation and selection of external auditors contained in the Guidebook for Audit Committees in Singapore and the Audit Committee Guide issued by the Singapore Institute of Directors. The Company has complied with Rules 712 and 715 of the Listing Manual in relation to the appointment of EY.

The ARC reviewed the non-audit services provided by EY (including other member firms of EY International) during FY2020 and the fees paid for such services. EY provided confirmation of its independence to the ARC. The ARC is satisfied that the independence of EY was not affected by the provision of those services. The total fees paid/payable to EY (including other member firms of EY International) for FY2020 are disclosed in the table below:

External Auditor Fees for FY2020	Total Audit Fees	Total Non-Audit Fees	Total Fees Paid/Payable
S$'000	416	8	424
% of total audit fees		1.9%	

Internal Audit

The ARC's responsibilities over the Group's risk management and internal controls are complemented by the work of the internal audit.

The Company has in past years outsourced its internal audit function to PwC. At the recommendation of the ARC, the Board approved the re-engagement of PwC as the internal auditors of the Group for FY2021. In FY2020 and as in past years, the ARC assessed the adequacy and effectiveness of the internal audit function by reviewing the audit plan submitted by PwC at the start of the year and the quality of its reports during the year. PwC has unfettered access to the ARC, the Board and Management as well as the Group's documents, records, properties and personnel, and has appropriate standing within the Company. PwC's primary line of reporting is to the ARC Chairman. The ARC has unfettered access to PwC and meets with PwC without the presence of Management at least annually (except for the FY2019 meeting between the ARC and PwC which was re-scheduled to February 2020 due to the availability of the partner-in-charge at PwC).

The Company's internal audit function is independent of the external audit. PwC is a corporate member of the Institute of Internal Auditors Singapore, and is staffed by professionals with relevant qualifications and experience. The Group's engagement with PwC stipulates that its work shall comply with the PricewaterhouseCoopers Global Internal Audit Services Methodology, which is aligned to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan entailing the review of selected functions or business units of the Group is developed and agreed to by the ARC. The audit plan is devised in such a way that all major functions or business units will be audited within an internal-audit cycle. The ARC directs PwC, as and when deemed necessary and important, to focus on certain aspects of an audit to be conducted, as well as to audit any operational or business aspects. Having reviewed the audit plan of PwC, the ARC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group.

For FY2020, the ARC reviewed the adequacy of the internal audit function to ensure that the internal audits were conducted effectively and that Management provided the necessary cooperation to enable PwC to perform its internal audit function. Please also refer to information on the follow-up review of the implementation of PwC's recommendations in respect of the Company's corporate IT operations on page 92 in the section titled "Risk Management and Internal Controls". After reviewing the PwC reports and remedial actions implemented by Management, the ARC is satisfied that the internal control functions were adequate and effective.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11 : **The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

Engagement with Shareholders

Principle 12 : **The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.**

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13 : **The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.**

Shareholder Rights

The Company is fully committed to treating all shareholders fairly and equitably. All shareholders enjoy specific rights under the Company's Articles of Association and the relevant laws and regulations. The Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet, and where appropriate, also posted on the Company's corporate website at www.1st-sponsor.com.sg.

The Company recognises that the release of timely, regular and relevant information regarding the Group's performance, progress and prospects aids shareholders in their investment decisions.

Shareholders are entitled to attend general meetings and are accorded the opportunity to participate effectively in and vote at general meetings (including through the appointment of up to two proxies, if they are unable to attend in person or in the case of a corporate shareholder, through its appointed representative). A shareholder who is a relevant intermediary (as defined in the Companies Act, Chapter 50) may appoint more than two proxies each. This enables indirect investors to be appointed as proxies to participate at general meetings. Shareholders are also informed of the rules, including the voting procedures that govern the general meetings.

Conduct of General Meetings

Shareholders are informed of general meetings through notices sent to all shareholders. All shareholders of the Company will typically receive the notice of AGM, proxy form and request form to request for hard copies of the Annual Report, at least 21 days in advance. Shareholders may download the Annual Report and notice of AGM from the Company's corporate website. The notice of AGM is also advertised in either The Straits Times or The Business Times for the benefit of shareholders.

The general meeting procedures provide shareholders the opportunity to raise questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage and openly communicate their views on matters relating to the Company to the Directors.

Shareholders or their appointed proxies are given the opportunity to vote at general meetings. The Company has been conducting electronic poll voting for all resolutions passed at general meetings for greater transparency in the voting process. An independent scrutineer is also appointed for the electronic poll voting process. Prior to the commencement of the general meeting, the independent scrutineer would review the proxies and the proxy process. A proxy verification process agreed upon with the scrutineer is also in place. Votes cast for or against and the respective percentages on each resolution are tallied and displayed 'live' on-screen to shareholders immediately at the general meetings. The outcome of the general meeting (including total numbers of votes cast for or against the resolutions and the respective percentages) is also promptly announced on SGXNET after the general meetings. Each share is entitled to one vote. Provision has been made under Article 60 of the Company's Articles of Association allowing for shareholders to vote in absentia. Examples of absentia voting are voting via telephone or electronic means at general meetings. The Company has not previously implemented voting in absentia by telephone or electronic means due to concerns relating to the authentication of shareholder identity and other related security and integrity issues.

All Directors (including the chairpersons of the respective Board committees) and Management are in attendance at general meetings to address any queries that shareholders may have. The external auditors attend the AGMs to assist the Directors in answering any queries relating to the conduct of the audit and the preparation and content of the auditors' report. The Directors and Management also interact with shareholders after general meetings. All Directors attended the 2020 AGM. A record of the Directors' attendance at the 2020 AGM can be found in the section titled "Attendance Record of Meetings of Shareholders, Board and Board Committees in FY2020" on page 70.

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings. "Bundling" of resolutions will be avoided unless the resolutions are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting. Detailed information on each resolution in the notice of AGM is in the explanatory notes to the notice of AGM in the Annual Report.

The company secretary prepares minutes of the general meetings, which capture the essence of the comments or queries from meeting attendees and responses from the Board and Management. These minutes are available on the Company's corporate website.

2020 AGM

In view of the Covid-19 situation in Singapore in FY2020, the 2020 AGM was held by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("Covid-19 Order"). Alternative arrangements relating to attendance at the 2020 AGM via electronic means (including arrangements by which the meeting could be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the 2020 AGM, addressing of substantial and relevant questions prior to and at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, were put in place for the 2020 AGM.

2021 AGM

The 2021 AGM will also be held by electronic means and arrangements similar to those for the 2020 AGM will be put in place for the 2021 AGM. Although the Covid-19 Order provides for a member or a member to appoint a proxy (other than the Chairman) to vote at a general meeting held on or after 1 October 2020 by electronic means through an electronic voting system, such voting through an electronic voting system may only be used if certain requirements set out in the Covid-19 Order are satisfied. These requirements include accuracy in the counting of votes, the electronic voting system being capable of providing records from which the operation of the electronic voting system may be audited and verification by the company that each vote cast was cast by the member or the member's proxy entitled to vote. The Company will not be adopting voting through an electronic voting system due to concerns relating to the authentication of shareholder identity and other related security and integrity issues.

Disclosure of Information on a Timely Basis

To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNET.

Following the changes to the quarterly reporting requirement under the Listing Manual which came into effect on 7 February 2020, the Company announced on 28 February 2020 that it will moving forward, announce the Group's financial results on a semi-annual basis, in respect of the first half of the financial year and the full financial year. In accordance with the Listing Manual, the Company will report its financial results for the first half of the financial year, within the prescribed forty-five days from the end of the half year, and its financial results for the full financial year, within the prescribed sixty days from the end of the financial year. The financial results and all other information (including a presentation pack highlighting key developments of the Group) will be published through the SGXNET, via media releases and on the Company's corporate website, to ensure fair dissemination to shareholders. With respect to the financial performance of the Group for the first and third quarters of each financial year and in line with the recommendation by the Corporate Governance Advisory Committee, the Company will provide voluntary quarterly updates to keep shareholders informed on various matters considered useful and relevant to enable shareholders to have a better understanding of the Company's performance in the context of the current business environment. The voluntary quarterly updates will be provided on a quarterly basis and will include a discussion of the significant factors that affected the Company's interim performance, relevant market trends including the risks and opportunities that may have a material impact on the Company's prospects.

Although the Company announced that it would report the Group's financial results on a semi-annual basis, the Company reported the Group's financial results for the third quarter of FY2020 as it was announcing a second interim dividend in lieu of a final dividend as described in section titled "Dividend Policy" below.

Briefings for analysts and other interested investors will be held immediately after the release of its half year financial results and full year financial results. In FY2020, the Company held briefings for analysts and other interested investors immediately after the release of its FY2019 results, half year financial results and third quarter financial results. Due to the Covid-19 restrictions, the last 2 briefings of FY2020 were conducted by way of conference call with limited physical attendance. The Company does not practise selective disclosure. Price-sensitive or trade-sensitive information is first publicly released through SGXNET, either before the Company meets with any analysts or investors or simultaneously with such meetings.

Dividend Policy

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, financial position, results of operations, capital needs, plans for expansion and other factors which the Board may deem appropriate. The Board will work towards a stable payout with a steady growth when appropriate, subject to the successful implementation of the Group's business strategy and prevailing market conditions. Any payout is clearly communicated to shareholders via an announcement on SGXNET when the Company discloses its financial results.

The Company has been declaring dividends at half-year and final year-end. In FY2020, the Board declared a second interim tax exempt (one-tier) dividend of 2.0 Singapore cents per ordinary share in lieu of a final dividend for FY2020, which was paid in February 2021. The total dividend for FY2020 is therefore 3.1 Singapore cents per ordinary share. This is 14.8% higher than the 2.7 Singapore cents per ordinary share paid for FY2019. The Company will continue to aim for a stable payout with a steady growth that take into account, among other things, cash flow generation and balance sheet strength, together with the Group's business strategy, amidst the uncertainties of the impact of the Covid-19 pandemic on the Group's operations and business.

Corporate Website

The Company adopts transparent, accountable and effective communication practices as a key means to enhance standards of corporate governance. The Company aims to provide clear and continuous disclosure of its corporate governance practices through efficient use of technology. The following information is made available on the Company's corporate website at www.1st-sponsor.com.sg:

(a) Board and Management profiles;

(b) Notices of general meetings, results of general meetings and minutes of general meetings;

(c) Annual Reports;

(d) Letters/Circulars to shareholders;

(e) Company announcements;

(f) Press releases;

(g) Financial results;

(h) Company policies; and

(i) Milestone events.

The latest Annual Report, financial results (including the presentation pack highlighting key developments of the Group) and company announcements are posted on the Company's corporate website following their release to the market, to ensure fair dissemination to shareholders.

Managing Stakeholders Relationships

An investor relations contact is provided on the Company's corporate website, which shareholders can use to voice their concerns or feedback. The Company has in place a formal Investor Relations ("IR") Policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. The IR Policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions. The IR Policy is available on the Company's corporate website.

The Group's approach to stakeholder engagement can be found in the Sustainability Report for FY2020 on pages 50 to 51 of this Annual Report.

ADDITIONAL INFORMATION

Dealings in Securities

The Group has adopted an internal compliance code which provides guidance to its Directors and officers with regard to dealings in the Company's securities.

Under the internal compliance code, the Directors and officers of the Group are required to refrain from dealing in the Company's securities (i) while in possession of material unpublished price-sensitive or trade-sensitive information, (ii) during the two weeks immediately preceding and up to the time of the announcement of the Company's voluntary quarterly updates for the first and third quarters and (iii) during the one month immediately preceding and up to the time of the announcement of the Company's financial statements for the half year and full financial year. Prior to the commencement of each relevant period, an email would be sent to all Directors and officers of the Group to inform them of the duration of the period. They are also advised not to deal in the Company's securities on short-term or speculative considerations. Further, the Directors and officers of the Group are prohibited from using any information with respect to other companies or entities obtained in the course of their employment in connection with securities transactions of such companies or entities. There has not been any incidence of non-compliance.

Any dealings by the Directors in securities of the Company are disclosed, in accordance with the requirements of the Securities and Futures Act, Chapter 289.

Code of Business Conduct and Ethics, Anti-Corruption Policy & Guidelines and Fraud Policy & Guidelines

The Board and Management are committed to conducting business with integrity and consistent with high standards of business ethics and in compliance with all applicable laws and regulatory requirements. The Company has in place the Code of Business Conduct and Ethics crystallising the Company's business principles and practices with respect to matters which may have ethical implications. The code, which provides a communicable and understandable framework for officers and employees to observe the Company's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the Company's business in their relationships with customers, suppliers and amongst employees, have been disseminated to officers and employees of the Group.

The Code of Business Conduct and Ethics provides guidance on issues such as:

(a) conflicts of interest and the appropriate disclosures to be made;

(b) the Company's stance against corruption and bribery;

(c) compliance with applicable laws and regulations including those relating to the protection of the environment and the conservation of energy and natural resources;

(d) compliance with the Company's policies and procedures, including those on internal controls and accounting;

(e) safeguarding and proper use of the Company's assets, confidential information and intellectual property rights, including the respect of the intellectual property rights of third parties; and

(f) competition and fair dealing in the conduct of the Company's business, in its relationships with customers, suppliers, competitors and towards its employees.

In line with the Board's commitment to maintain high ethical standards which are integral to the Group's corporate identity and business, the Company has also put in place the following two corporate policies:

(i) Anti-Corruption Policy & Guidelines which set out the responsibilities of the Group companies and of each employee in observing and upholding the Company's "zero-tolerance" position against all forms of corruption, bribery and extortion and provide information and guidance to employees on how to recognise, address, resolve, avoid and prevent instances of corruption, bribery and extortion which may arise in the course of their work.

(ii) Fraud Policy & Guidelines which provide guidance on actions which may constitute fraudulent conduct and highlight the importance of the implementation, maintenance and compliance with the internal controls framework of the Group and its policies and procedures.

These policies are available on the Company's corporate website and have also been disseminated to officers and employees of the Group. These policies have been translated into Mandarin for dissemination to employees of the Group in the People's Republic of China.

Whistle-Blowing Policy

The Group has a whistle-blowing policy which is posted on the Company's corporate website, that allows employees of the Group to raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters or other operational matters without fear of reprisals in any form. While the whistle-blowing policy is meant to protect genuine whistle-blowers from any unfair treatment as a result of their report, it strictly prohibits frivolous and bogus complaints. The policy is also not a route for taking up personal grievances.

A mechanism for the submission of issues and concerns has been established which includes a dedicated e-mail address allowing whistle-blowers to contact the ARC Chairman directly, and in confidence so that his or her identity will be protected from reprisals within the limits of the law. The ARC has the authority to conduct independent investigations into any complaints.

IPTs

The Company has adopted an internal policy in respect of IPTs. The Directors are required to disclose their interest and any conflict of interest in such transactions, and will accordingly abstain from the deliberation and voting on resolutions relating to these transactions. For each material IPT, key information pertaining to the IPT together with the identification of the relationship of each party is provided to the ARC for review and evaluation. The ARC will review the IPT to ensure that the IPT is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders. In the event that the relevant threshold as stipulated in the Listing Manual is met, the IPT including the interested person(s) and its or their relationship with the Company, will be announced via SGXNET or put to vote by disinterested shareholders at the Company's general meeting as the case may be.

The ARC reviewed IPTs entered into by the Group during FY2020. During FY2020, there were no IPTs with an aggregate value of S$100,000 or more, except for the following:

	Aggregate value of all IPTs entered into during FY2020 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate [9] pursuant to Rule 920 of the Listing Manual) (S$'000)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000) (S$'000)
Transaction with Wells Spring Pte Ltd ("Wells Spring") [1] • Issue by the Company of S$13.0 million in 3.29% notes due 2025 to Wells Spring	2,139 [2]	-
Transaction with Chengdu Tianfu Properties Ltd. ("CDTF") [1] • Grant of shareholder's loan by CDTF to FSCT DE Property 1 Real Estate GmbH & Co. KG ("FSCT") [4] • Extension of maturity date of previous shareholder's loan granted by CDTF to FSCT	431 [3]	-
Transaction with Wideachieve Holdings Limited ("Wideachieve") [5] • Grant of shareholder's loan by Wideachieve to FSCT • Extension of maturity date of previous shareholder's loan granted by CDTF to FSCT	431 [6]	-
Transaction with FSCT • Grant of shareholder's loan by FS DE Property 2 GmbH ("FS GmbH2") [7] to FSCT	42,307 [8]	-

Notes:

(1) Wells Spring and CDTF are wholly-owned subsidiaries of Tai Tak, a controlling shareholder of the Company.
(2) The amount of interest on the Notes payable by the Company to Wells Spring for the entire tenure of the Notes.
(3) The aggregate of 50% of the amount of interest on the loan payable by FSCT to CDTF for the entire tenure of the loan and 50% of the amount of additional interest payable by FSCT to CDTF due to the extension of a previous loan.
(4) FSCT is a joint venture entity which is 25%, 25% and 50% owned by CDTF, Wideachieve and the Company respectively.
(5) Wideachieve is a wholly-owned subsidiary of CDL, a controlling shareholder of the Company.
(6) The aggregate of 50% of the amount of interest on the loan payable by FSCT to Wideachieve for the entire tenure of the loan and 50% of the amount of additional interest payable by FSCT to Wideachieve due to the extension of a previous loan.
(7) FS GmbH2 is a wholly-owned subsidiary of the Company. The rights of FS GmbH2 under the loan were subsequently assigned to FS Europe Holdings Pte Ltd, a wholly-owned subsidiary of the Company with effect from 1 February 2021.
(8) The aggregate of the principal amount of loan granted, and the amount of interest payable for the entire tenure of the loan, by FS GmbH2 to FSCT.
(9) The Company does not have a shareholders' mandate for IPTs.

The above interested person transactions were carried out on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

Material Contracts

Since the end of the previous financial year ended 31 December 2019, no material contracts involving the interest of the Group CEO, any Director or controlling shareholder has been entered into by the Company or any of its subsidiaries, and no such contract subsisted as at 31 December 2020, save as may be disclosed on SGXNET or herein.

SUMMARY OF DISCLOSURES OF CODE

Rule 710 of the Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the Code in their annual reports. This summary of disclosures describes the Company's corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the Code.

Board Matters

The Board's Conduct of Affairs
Principle 1

Provision 1.1	Pages 68, 80
Provision 1.2	Pages 70, 71
Provision 1.3	Pages 68, 69
Provision 1.4	Pages 72-78
Provision 1.5	Pages 69, 70, 83
Provision 1.6	Page 71
Provision 1.7	Page 71

Board Composition and Guidance
Principle 2

Provision 2.1	Page 80
Provision 2.2	Page 79
Provision 2.3	Page 79
Provision 2.4	Page 79
Provision 2.5	Page 80

Chairman and Chief Executive Officer
Principle 3

Provision 3.1	Page 81
Provision 3.2	Page 81
Provision 3.3	Page 81

Board Membership
Principle 4

Provision 4.1	Page 78
Provision 4.2	Page 78
Provision 4.3	Page 82
Provision 4.4	Page 80
Provision 4.5	Pages 83-85

Board Performance
Principle 5

Provision 5.1	Page 86
Provision 5.2	Page 86

Renumeration Matters

Procedures for Developing Remuneration Policies
Principle 6

Provision 6.1	Page 77
Provision 6.2	Page 77
Provision 6.3	Page 77
Provision 6.4	Pages 88, 89

Level and Mix of Renumeration
Principle 7

Provision 7.1	Pages 88, 90
Provision 7.2	Page 87
Provision 7.3	Pages 87, 90

Disclosure on Renumeration
Principle 8

Provision 8.1	Pages 88-91
Provision 8.2	Page 91
Provision 8.3	Pages 87-91

Accountability and Audito

Risk Management and Internal Controls
Principle 9

Provision 9.1	Page 92
Provision 9.2	Page 94

Audit Committee
Principle 10

Provision 10.1	Pages 73-75, 94
Provision 10.2	Page 73
Provision 10.3	Page 73
Provision 10.4	Page 95
Provision 10.5	Page 73

Shareholder Rights and Responsibilities

Shareholder Rights and Conduct of General Meetings
Principle 11

Provision 11.1	Page 96
Provision 11.2	Page 97
Provision 11.3	Page 97
Provision 11.4	Page 97
Provision 11.5	Page 97
Provision 11.6	Page 98

Engagement with Shareholders
Principle 12

Provision 12.1	Page 99
Provision 12.2	Page 99
Provision 12.3	Page 99

Managing Stakeholders Relationships

Engagement with Stakeholders
Principle 13

Provision 13.1	Page 99
Provision 13.2	Page 99
Provision 13.3	Page 99

The Company issued:

(a) 192,797,846 warrants which are exercisable into new ordinary shares in the capital of the Company ("Shares") during the period from 31 May 2019 to 30 May 2024 at an exercise price of S$1.30 for each new Share, pursuant to a rights issue and bonus issue undertaken in 2019 ("Warrants (2019)"); and

(b) 227,618,864 warrants which are exercisable into new Shares during the period from 24 March 2021 to 21 March 2029 at an exercise price of S$1.08 for each new Share, pursuant to a bonus issue undertaken in 2020 ("Warrants (2020)").

As at 10 March 2021, an aggregate of 7,576,805 Warrants (2019) were exercised, raising gross proceeds of approximately S$9.9 million, which had been utilised for general working capital purposes. A breakdown on the use of proceeds is set out below:

Use of Proceeds	Amount
Payment of part of the Company's final cash dividend for FY2019	Approximately S$7.5 million
Payment of payroll expenses of the Group	Approximately S$2.4 million
Total	Approximately S$9.9 million

The above utilisation of proceeds is in accordance with the intended use as stated in the offer information statement dated 7 May 2019 lodged with the Monetary Authority of Singapore.

As at 10 March 2021:

(a) there were 185,221,041 outstanding Warrants (2019); and

(b) the exercise period in respect of Warrants (2020) had not commenced and therefore 227,618,864 Warrants (2020) remained outstanding.

Artist's impression of
Humen Transit-Oriented Development Project,
Dongguan, PRC

FINANCIAL CONTENTS

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of First Sponsor Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2020.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Ho Han Leong Calvin	
Ho Han Khoon	(Alternate Director to Ho Han Leong Calvin)
Kingston Kwek Eik Huih	
Neo Teck Pheng	
Ting Ping Ee Joan Maria	
Yee Chia Hsing	
Wee Guan Oei Desmond	

Arrangements to enable directors to acquire shares and debentures

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests

According to the register of directors' shareholdings kept by the Company, particulars of interests of directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

	Holdings in the name of the director or nominee		Holdings in which directors are deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
The Company				
Ordinary shares				
Ho Han Leong Calvin	3,450,000	5,100,000	361,284,437	415,584,613
Ho Han Khoon (Alternate Director to Ho Han Leong Calvin)	1,830,000	2,700,000	286,764,270	286,764,270
Neo Teck Pheng	3,363,000	8,910,926	301,561,470	303,041,190
Ting Ping Ee Joan Maria	135,000	187,070	–	–
Yee Chia Hsing	320,000	550,000	–	–
$147.6 million 3.98% Perpetual convertible capital securities ("PCCS")				
Ho Han Leong Calvin	432,142	–	51,371,076	–
Ho Han Khoon (Alternate Director to Ho Han Leong Calvin)	225,000	–	–	–
Neo Teck Pheng	2,594,313	–	–	–
Ting Ping Ee Joan Maria	19,285	–	–	–
Yee Chia Hsing	45,714	–	–	–
Warrants (2019)				
Ho Han Leong Calvin	734,642	–	87,330,829	87,330,829
Ho Han Khoon (Alternate Director to Ho Han Leong Calvin)	382,500	–	28,676,427	28,676,427
Neo Teck Pheng	2,930,613	–	30,156,147	28,676,427
Ting Ping Ee Joan Maria	32,785	–	–	–
Yee Chia Hsing	77,714	3,428	–	–
Warrants (2020)				
Ho Han Leong Calvin	–	1,275,000	–	103,896,152
Ho Han Khoon (Alternate Director to Ho Han Leong Calvin)	–	675,000	–	71,691,067
Neo Teck Pheng	–	2,227,731	–	75,760,296
Ting Ping Ee Joan Maria	–	46,767	–	–
Yee Chia Hsing	–	137,500	–	–
$100.0 million 3.29% Fixed Rate Notes due 2025 ($)				
Ho Han Leong Calvin	–	–	–	13,000,000

Directors' interests (cont'd)

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

Except as disclosed under the "Share options" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

Employee share option scheme

On 19 May 2014, the shareholders of the Company adopted a share option scheme known as the First Sponsor Employee Share Option Scheme (the "Share Option Scheme").

The Share Option Scheme provides eligible participants (which include the Non-Executive Directors) with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

The Share Option Scheme is administered by the Administration Committee, comprising members of the Remuneration Committee and the Nominating Committee. The exercise price of the options that are granted under the Share Option Scheme shall be determined at the discretion of the Administration Committee and may be:

(a) set at a discount to a price (the "Market Price") equal to the average of the last dealt prices for the shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five consecutive market days immediately preceding the relevant date of grant of the relevant option (subject to a maximum discount of 20.0%), in which event, such options may be exercised after the second anniversary from the date of grant of the options; or

(b) fixed at the Market Price in which event, such options may be exercised after the first anniversary of the date of grant of the options.

The aggregate number of shares which may be offered by way of grant of options to all controlling shareholders of the Company and their respective associates under the Share Option Scheme shall not exceed 25.0% of the total number of shares available under the Share Option Scheme, with the number of shares which may be offered by way of granting options to each controlling shareholder of the Company and his respective associate not exceeding 10.0% of the total number of shares available under the Share Option Scheme.

During the financial year, no options have been granted under the Share Option Scheme.

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Audit and Risk Committee

The members of the Audit and Risk Committee during the financial year and at the date of this statement are:

Yee Chia Hsing	(Chairman)
Ting Ping Ee Joan Maria	(Member)
Ho Han Leong Calvin	(Member)
Ho Han Khoon (Alternate Director to Ho Han Leong Calvin)	

The Audit and Risk Committee performs the functions specified in the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit and Risk Committee has held 4 meetings since the last directors' statement. In performing its functions, the Audit and Risk Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit and Risk Committee also reviewed the following:

- assistance provided by the Company's officers to the external and internal auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit and Risk Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit and Risk Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit & Risk Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the board of directors of the Company that the auditors, Ernst & Young LLP, be nominated for re-appointment as auditors at the forthcoming annual general meeting of the Company.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

Auditor

Ernst & Young LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Ho Han Leong Calvin
Director

Neo Teck Pheng
Director

Singapore
5 March 2021

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of First Sponsor Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the statements of changes in equity, the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment properties

The Group owns a portfolio of investment properties comprising hotels and commercial properties in China and The Netherlands. As at 31 December 2020, the fair value of the investment properties amounted to $97.9 million, which is approximately 2.9% of the Group's total assets. The largest asset in the Group's portfolio of investment properties is Arena Towers, which was carried at a fair value of $96.1 million as at 31 December 2020.

The investment properties are stated at their fair values based on independent external valuations.

The valuation process was significant to our audit due to significant judgement involved in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are also highly sensitive to key assumptions applied such as market growth and discount rates. Further, there was increased level of judgement and estimation uncertainty involved in determining the appropriate valuation methodology to be used and in estimating the underlying assumptions to be applied arising from the changes in market and economic conditions brought on by the Covid-19 pandemic. Accordingly, we have identified this as a key audit matter.

Key Audit Matters (cont'd)

Valuation of investment properties (cont'd)

As part of our audit, we:

- evaluated the independence, objectivity and competence of the external valuers;
- involved our internal real estate and valuation specialists to assist us in assessing the appropriateness of the valuation models and the reasonableness of the significant assumptions, such as market growth and discount rates, by reference to historical rates and market data; and
- discussed with the external valuers and obtained explanations to support the selection of valuation techniques and basis for the significant assumptions used, including key valuation adjustments made in response to the changes in market and economic conditions brought on by the Covid-19 pandemic.

We also assessed the adequacy of the disclosures related to investment properties in Note 5 to the financial statements.

Impairment assessment of property, plant and equipment

As at 31 December 2020, the carrying amount of property, plant and equipment amounted to $371.4 million, which is approximately 10.8% of the Group's total assets. Property, plant and equipment includes the Group's hotels in China and Europe, whose operations have been impacted by the Covid-19 pandemic. The Group's policy is to carry property, plant and equipment at cost less accumulated depreciation and accumulated impairment losses.

Management has identified impairment indicators in certain hotels of the Group. Accordingly, management has estimated the recoverable amounts of these assets based on value-in-use calculations. As a result of the assessment, an impairment loss of $4.2 million was recognised for Bilderberg Bellevue Hotel Dresden.

The impairment assessment was significant to our audit due to significant judgement involved in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. Further, there was increased judgement involved in making various assumptions for the underlying calculations due to the implications from the Covid-19 pandemic. Accordingly, we have determined this as a key audit matter.

As part of our audit, we:

- carried out procedures to understand management's process for identifying impairment triggers;
- validated the key cash flow assumptions used in the value-in-use calculations by management and corroborated these key assumptions, such as the occupancy rate, average daily rate and revenue growth rate, by comparing them to internal forecasts, current market data and historical trend analyses;
- involved our internal valuation specialists to review the appropriateness of the valuation methods and assumptions used in the valuations carried out by management, including the review of the reasonableness of the discount and terminal growth rates adopted;
- involved our internal valuation specialists to review and perform comparative computations to test the reasonableness of the significant assumptions in the impairment test; and
- evaluated how management had considered the implications of the Covid-19 pandemic in their assessment of the assumptions and inputs used in the forecasts.

We also assessed the adequacy of the disclosures relating to property, plant and equipment in Note 4 to the financial statements.

Key Audit Matters (cont'd)

Valuation of unquoted equity investments and impairment assessment of the Company's investment in subsidiaries

As at 31 December 2020, the Group held $43.2 million investments in unquoted equity investments in Dongguan East Sun Limited and its subsidiaries (collectively, "East Sun" Group). These investments are carried at fair value through profit or loss ("FVPL").

In addition, the Company's investment in subsidiaries as at 31 December 2020 amounted to $466.3 million. Management has assessed that indicators of impairment were present for two of the subsidiaries and the carrying amounts of these investments in subsidiaries (net of impairment) amounted to $164.5 million.

Management has estimated the fair value of the investment in East Sun Group and the recoverable value of the investments in the two subsidiaries at the Company level with indicators of impairment using fair value less cost of disposal. As a result of the assessment, an impairment loss of $76.7 million was recognised by the Company for its investments in the two subsidiaries.

The valuation process was significant to our audit due to the significant judgement involved in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. Further, there was increased judgement involved in determining the appropriate valuation methodology to be used and in estimating the underlying assumptions to be applied due to the implications from the Covid-19 pandemic. Accordingly, we have identified this as a key audit matter.

As part of our audit, we:

- evaluated the independence, objectivity and competence of the external valuers;
- involved our internal real estate and valuation specialists to assist us in assessing the reasonableness of the significant assumptions, such as the discount rate, occupancy rate, average daily rate and growth rate used in the valuations of the underlying properties held by the investees by reference to internal forecasts, historical rates and current market data;
- involved our internal valuation specialists to review and perform comparative computations to test reasonableness of the significant assumptions in the valuations; and
- evaluated how management had considered the implications of the Covid-19 pandemic in their assessment of the assumptions and inputs used in the forecasts.

We also assessed the adequacy of the disclosures relating to other investments and investments in subsidiaries in Notes 9 and 6 to the financial statements respectively.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The consolidated financial statements of the Group and the statement of financial position of the Company for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 6 March 2020.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Max Loh.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

5 March 2021

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-current assets					
Property, plant and equipment	4	**371,382**	345,847	**592**	950
Investment properties	5	**97,942**	94,827	**–**	–
Subsidiaries	6	**–**	–	**466,347**	774,562
Interests in associates and joint ventures	7	**549,943**	298,062	**9,680**	9,680
Derivative assets	8	**7,207**	28,778	**7,207**	28,778
Other investments	9	**57,586**	74,594	**–**	–
Deferred tax assets	10	**30,220**	43,470	**–**	–
Trade and other receivables	11	**767,027**	824,848	**101,238**	860,557
		1,881,307	1,710,426	**585,064**	1,674,527
Current assets					
Development properties	12	**530,542**	390,046	**–**	–
Inventories		**394**	550	**–**	–
Trade and other receivables	11	**482,401**	315,255	**1,550,386**	483,451
Assets held-for-sale	13	**12,818**	18,285	**–**	–
Derivative assets	8	**1,315**	12,545	**1,315**	12,545
Other investments	9	**39,500**	–	**–**	–
Cash and cash equivalents	14	**476,304**	313,389	**141,945**	22,629
		1,543,274	1,050,070	**1,693,646**	518,625
Total assets		**3,424,581**	2,760,496	**2,278,710**	2,193,152
Equity					
Share capital	15	**117,329**	101,251	**117,329**	101,251
Reserves	16	**1,553,818**	1,320,670	**1,281,256**	1,080,079
Equity attributable to owners of the Company		**1,671,147**	1,421,921	**1,398,585**	1,181,330
Perpetual convertible capital securities	17	**–**	146,548	**–**	146,548
Non-controlling interests		**76,172**	30,120	**–**	–
Total equity		**1,747,319**	1,598,589	**1,398,585**	1,327,878
Non-current liabilities					
Loans and borrowings	18	**615,012**	369,943	**637,012**	369,943
Derivative liabilities	8	**37,224**	2,717	**37,224**	2,717
Other payables	19	**45,417**	49,431	**–**	–
Lease liabilities	20	**74,087**	69,358	**106**	466
Deferred tax liabilities	10	**10,691**	7,202	**–**	–
		782,431	498,651	**674,342**	373,126
Current liabilities					
Loans and borrowings	18	**124,560**	251,220	**124,560**	251,220
Current tax payable		**43,533**	61,925	**2,355**	1,914
Trade and other payables	19	**348,603**	307,085	**76,676**	238,858
Contract liabilities	21	**372,236**	39,288	**–**	–
Receipts in advance	22	**1,321**	1,349	**–**	–
Lease liabilities	20	**2,596**	2,389	**210**	156
Derivative liabilities	8	**1,982**	–	**1,982**	–
		894,831	663,256	**205,783**	492,148
Total liabilities		**1,677,262**	1,161,907	**880,125**	865,274
Total equity and liabilities		**3,424,581**	2,760,496	**2,278,710**	2,193,152

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000
Revenue	23	**203,936**	319,164
Cost of sales		**(32,030)**	(130,129)
Gross profit		**171,906**	189,035
Administrative expenses		**(28,726)**	(38,206)
Selling expenses		**(5,836)**	(9,609)
Other income/(expenses) (net)		**1,322**	(61,940)
Other gains (net)	24	**2,907**	42,827
Results from operating activities		**141,573**	122,107
Finance income		**23,120**	23,798
Finance costs		**(26,708)**	(22,928)
Net finance (costs)/income	25	**(3,588)**	870
Share of after-tax results of associates and joint ventures		**(12,373)**	71,222
Profit before tax	26	**125,612**	194,199
Tax expense	27	**(24,501)**	(28,623)
Profit for the year		**101,111**	165,576
Attributable to:			
Equity holders of the Company		**103,174**	167,088
Non-controlling interests		**(2,063)**	(1,512)
Profit for the year		**101,111**	165,576
Earnings per share			
- Basic (cents)	28	**11.97**	21.64
- Diluted (cents)	28	**8.87**	17.12

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000
Profit for the year		**101,111**	165,576
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Translation differences on financial statements arising from liquidation of a foreign subsidiary reclassified to profit or loss, net of tax		**51**	–
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	7	**7,558**	(7,543)
Translation differences on financial statements of foreign subsidiaries, net of tax		**24,360**	(23,213)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax		**3,143**	(1,496)
Total other comprehensive income for the year, net of tax		**35,112**	(32,252)
Total comprehensive income for the year		**136,223**	133,324
Total comprehensive income attributable to:			
Equity holders of the Company		**141,146**	135,608
Non-controlling interests		**(4,923)**	(2,284)
Total comprehensive income for the year		**136,223**	133,324

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

	Share capital $'000	Share premium $'000	Statutory reserve $'000	Capital reserve $'000	Distributable reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000	Perpetual convertible capital securities $'000	Non-controlling interests $'000	Total equity $'000
Group											
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 year											
Profit for the year	–	–	–	–	–	–	103,174	103,174	–	(2,063)	101,111
Other comprehensive income											
Translation differences on financial statements arising from liquidation of a foreign subsidiary reclassified to profit or loss, net of tax	–	–	–	–	–	51	–	51	–	–	51
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	–	–	–	–	–	7,558	–	7,558	–	–	7,558
Translation differences on financial statements of foreign subsidiaries, net of tax	–	–	–	–	–	27,220	–	27,220	–	(2,860)	24,360
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	–	–	–	–	–	3,143	–	3,143	–	–	3,143
Total other comprehensive income	–	–	–	–	–	37,972	–	37,972	–	(2,860)	35,112
Total comprehensive income for the year	–	–	–	–	–	37,972	103,174	141,146	–	(4,923)	136,223

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Share capital $'000	Share premium $'000	Statutory reserve $'000	Capital reserve $'000	Distributable reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000	Perpetual convertible capital securities $'000	Non-controlling interests $'000	Total equity $'000
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends declared/ paid to the owners of the Company (Note 16)	-	-	-	-	-	-	(41,121)	(41,121)	-	-	(41,121)
Issuance of new shares pursuant to											
- conversion of perpetual convertible capital securities ("PCCS")	15,032	127,373	-	-	-	-	-	142,405	(142,405)	-	-
- exercise of warrants	1,046	8,725	-	-	-	-	-	9,771	-	-	9,771
Distributions of PCCS	-	-	-	-	-	-	(2,975)	(2,975)	-	-	(2,975)
Redemption of PCCS	-	-	-	-	-	-	-	-	(4,143)	-	(4,143)
Liquidation of a subsidiary	-	-	(109)	-	-	-	109	-	-	-	-
Transfer to statutory reserve	-	-	13,828	-	-	-	(13,828)	-	-	-	-
Total contributions by and distributions to owners	16,078	136,098	13,719	-	-	-	(57,815)	108,080	(146,548)	-	(38,468)
Changes in ownership interests in subsidiaries											
Acquisition of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	-	-	5,146	5,146
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	45,859	45,859
Disposal of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	(30)	(30)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	50,975	50,975
Total transactions with owners of the Company	16,078	136,098	13,719	-	-	-	(57,815)	108,080	(146,548)	50,975	12,507
At 31 December 2020	117,329	286,411	53,678	245	655,029	19,346	539,109	1,671,147	-	76,172	1,747,319

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Share capital $'000	Share premium $'000	Statutory reserve $'000	Capital reserve $'000	Distributable reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000	Perpetual convertible capital securities $'000	Non-controlling interests $'000	Total equity $'000
Group											
At 1 January 2019, as previously stated	81,405	9,821	36,607	245	655,029	12,854	354,535	1,150,496	161,285	11,713	1,323,494
Adjustment on initial application of IFRS 16	–	–	–	–	–	–	(1,965)	(1,965)	–	–	(1,965)
Adjusted balance at 1 January 2019	81,405	9,821	36,607	245	655,029	12,854	352,570	1,148,531	161,285	11,713	1,321,529
Total comprehensive income for the year											
Profit for the year	–	–	–	–	–	–	167,088	167,088	–	(1,512)	165,576
Other comprehensive income											
Share of translation differences on financial statements of foreign associates and joint ventures, net of tax	–	–	–	–	–	(7,543)	–	(7,543)	–	–	(7,543)
Translation differences on financial statements of foreign subsidiaries, net of tax	–	–	–	–	–	(22,441)	–	(22,441)	–	(772)	(23,213)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	–	–	–	–	–	(1,496)	–	(1,496)	–	–	(1,496)
Total other comprehensive income	–	–	–	–	–	(31,480)	–	(31,480)	–	(772)	(32,252)
Total comprehensive income for the year	–	–	–	–	–	(31,480)	167,088	135,608	–	(2,284)	133,324

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Share capital $'000	Share premium $'000	Statutory reserve $'000	Capital reserve $'000	Distributable reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000	Perpetual convertible capital securities $'000	Non-controlling interests $'000	Total equity $'000
Transaction with owners, recognised directly in equity											
Contributions by and distributions to owners											
Dividends paid to the owners of the Company (Note 16)	–	–	–	–	–	–	(19,078)	(19,078)	–	–	(19,078)
Issuance of PCCS (Note 17)	–	–	–	–	–	–	–	–	147,649	–	147,649
PCCS issue expenses	–	–	–	–	–	–	–	–	(1,100)	–	(1,100)
Distributions of PCCS	–	–	–	–	–	–	(3,478)	(3,478)	–	–	(3,478)
Redemption of PCCS	–	–	–	–	–	–	–	–	(948)	–	(948)
Issuance of new shares pursuant to conversion of PCCS	19,846	140,492	–	–	–	–	–	160,338	(160,338)	–	–
Transfer to statutory reserve	–	–	3,352	–	–	–	(3,352)	–	–	–	–
Total contributions by and distributions to owners	19,846	140,492	3,352	–	–	–	(25,908)	137,782	(14,737)	–	123,045
Changes in ownership interests in subsidiaries											
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	–	–	–	–	32,373	32,373
Derecognition of a subsidiary with non-controlling interests	–	–	–	–	–	–	–	–	–	(11,682)	(11,682)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	–	20,691	20,691
Total transactions with owners of the Company	19,846	140,492	3,352	–	–	–	(25,908)	137,782	(14,737)	20,691	143,736
At 31 December 2019	101,251	150,313	39,959	245	655,029	(18,626)	493,750	1,421,921	146,548	30,120	1,598,589

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000
Cash flows from operating activities			
Profit for the year		**101,111**	165,576
Adjustments for:			
Depreciation of property, plant and equipment	4,26	**12,160**	10,356
Fair value loss/(gain) on:			
- derivative assets/liabilities (net)	26	**69,291**	(24,786)
- investment properties	5	**4,311**	(1,918)
- other investments	26	**(7,371)**	(528)
Finance income	25	**(23,120)**	(23,798)
Finance costs	25	**26,708**	22,928
(Gain)/loss on disposal of:			
- assets held-for-sale	24	**(2,758)**	(7,710)
- an associate	24	**(2)**	–
- subsidiaries	24	**(86)**	(35,516)
- investment properties	24	**–**	(679)
- other investments	24	**(250)**	(76)
- property, plant and equipment	24	**28**	14
Impairment loss on:			
- assets held-for-sale	24	**–**	481
- property, plant and equipment	4,26	**4,247**	46,160
Loss on deconsolidation of a subsidiary	24	**–**	637
Loss on liquidation of subsidiaries	24	**157**	–
Property, plant and equipment written off	24	**4**	22
Share of after-tax results of associates and joint ventures		**12,373**	(71,222)
Write down of development properties	12,26	**–**	1,915
Tax expense	27	**24,501**	28,623
		221,304	110,479
Changes in:			
- contract liabilities		**318,042**	(119,784)
- development properties		**(114,296)**	5,346
- inventories		**188**	(95)
- loans and borrowings		**(15,653)**	1,122
- trade and other receivables		**(118,722)**	105,853
- trade and other payables		**(88,071)**	70,626
Cash generated from operating activities		**202,792**	173,547
Interest received		**5,862**	13,074
Interest paid		**(11,481)**	(19,059)
Tax paid		**(27,328)**	(9,240)
Net cash from operating activities		**169,845**	158,322

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group 2020 $'000	Group 2019 $'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	29	**(5,037)**	(156,770)
Advances to associates (net)		**(216,620)**	(86,867)
Deconsolidation of a subsidiary	30(b)	**–**	(2,322)
Decrease in other investments		**–**	36,754
Deposits received in respect of assets held-for-sale		**–**	4,102
Deposit paid for potential acquisition of subsidiaries	11	**(27,700)**	–
Dividends received from an associate	7	**11,942**	–
Dividends received from a joint venture		**634**	757
Interest received		**22,297**	22,543
Repayment from/(loan to) a non-controlling interest of a subsidiary		**6,990**	(31,929)
Payment for acquisition of other investments		**(16,097)**	(357)
Payment for additions to:			
- investment properties		**–**	(4,976)
- property, plant and equipment		**(16,496)**	(37,482)
Payment for investments in associates and joint ventures		**(18,027)**	(81,242)
Proceeds from disposal of:			
- subsidiaries, net of cash disposed	30	**5,064**	73,003
- assets held-for-sale		**9,753**	43,286
- investment properties		**–**	10,041
- other investments		**2,898**	3,372
- property, plant and equipment		**298**	1
Net cash used in investing activities		**(240,101)**	(208,086)
Cash flows from financing activities			
Advances from associates (net)		**73,329**	120,261
Advances from a joint venture		**9,491**	–
(Repayment to)/loan from an affiliate of a non-controlling interest of a subsidiary		**(6,990)**	46,679
Advances from non-controlling interests of subsidiaries		**19,787**	–
Capital contribution by non-controlling interests		**45,859**	–
Distributions to PCCS holders	28	**(2,975)**	(3,478)
Dividends paid to the owners of the Company	16	**(22,855)**	(19,078)
Interest paid		**(21,523)**	(15,665)
Issuance of ordinary shares		**9,771**	–
Loan from a non-controlling interest of a subsidiary		**200**	–
Payment of transaction costs related to:			
- borrowings		**(4,619)**	(2,838)
- PCCS		**–**	(1,200)
Payment of lease liabilities	33	**(5,904)**	(5,422)
Proceeds from issuance of PCCS		**–**	147,649
Proceeds from issuance of medium-term notes	18	**100,000**	–
Repurchase of medium-term notes	18	**(22,000)**	–
Proceeds from bank borrowings		**1,274,264**	611,205
Repayment of bank borrowings		**(1,222,658)**	(632,633)
Redemption of PCCS		**(4,145)**	(952)
Net cash from financing activities		**219,032**	244,528

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2020

		Group	
	Note	2020	2019
		$'000	$'000
Net increase in cash and cash equivalents		**148,776**	194,764
Cash and cash equivalents at beginning of the year		**313,389**	125,711
Effect of exchange rate changes on balances held in foreign currencies		**14,139**	(7,086)
Cash and cash equivalents at end of the year	14	**476,304**	313,389

Significant non-cash transaction

During the financial year ended 31 December 2020, an amount of $124,486,000 (2019: $85,363,000) due from an associate was capitalised to investment in associates.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate and Group information

First Sponsor Group Limited ("FSGL" or 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.

The financial statements of the Group as at and for the year ended 31 December 2020 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. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, financial assets and derivative assets/liabilities which have been measured at fair value. The consolidated financial statements are presented in Singapore Dollars ("$") and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards which have been issued but not yet effective:

Description	***Effective for annual periods beginning on or after***
Amendment to IFRS 16: *Covid-19-Related Rent Concessions*	1 Jun 2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16: *Interest Rate Benchmark Reform - Phase 2*	1 Jan 2021
Amendments to IFRS 3: *Reference to the Conceptual Framework*	1 Jan 2022
Amendments to IAS 16: *Property, Plant and Equipment - Proceeds before Intended Use*	1 Jan 2022
Amendments to IAS 37: *Onerous Contracts - Cost of Fulfilling a Contract*	1 Jan 2022
Annual Improvements to IFRSs 2018-2020	1 Jan 2022
IFRS 17 *Insurance Contracts*	1 Jan 2023
Amendments to IFRS 17: *Insurance Contracts*	1 Jan 2023
Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*	1 Jan 2023
Amendments to IFRS 10 and IAS 28 *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the year of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

2. Summary of significant accounting policies (cont'd)

2.5 Business combinations and goodwill (cont'd)

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to the equity holders of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

2. Summary of significant accounting policies (cont'd)

2.7 Foreign currency

The Group's financial statements are presented in Singapore Dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Group companies

The functional currencies of certain subsidiaries and associates are currencies other than the Singapore Dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Singapore Dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Singapore Dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

For the purpose of the consolidated statement of cash flows, the cash flows of subsidiaries with functional currencies other than the Singapore Dollar, are translated into Singapore Dollars at the exchange rates ruling at the dates of the transactions. Frequently recurring cash flows of such subsidiaries which arise throughout the year are translated into Singapore Dollars at the weighted average exchange rates for the year.

2.8 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less any impairment losses.

2. Summary of significant accounting policies (cont'd)

2.9 Associates and joint ventures

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of these policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of power over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of power or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.10 Fair value measurement

The Group measures its derivative financial instruments, equity investments and non-financial assets such as investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. Summary of significant accounting policies (cont'd)

2.10 Fair value measurement (cont'd)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions — Note 3
- Investment properties — Note 5
- Financial instruments (including those carried at amortised cost) — Note 32

2.11 Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If such an indication exists, the Group makes an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a CGU).

An impairment loss is recognised in the statement of profit or loss whenever the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to the statement of profit or loss in the year in which it arises.

2. Summary of significant accounting policies (cont'd)

2.12 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than construction in progress, are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. No depreciation is recognised on construction-in-progress.

Depreciation is recognised from the date that property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Interest in leasehold land and leased assets	2 to 29 years
Buildings	
● Core component of hotel and hotspring buildings	35 years
● Other buildings	30 to 50 years
● Surface, finishes and services of hotel and hotspring buildings	30 to 35 years
Plant and machinery	5 to 15 years
Equipment and furniture	1 to 10 years
Motor vehicles	5 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Residual values ascribed to the core component of the hotels and hotspring buildings depend on the nature, location and tenure of the hotels and hotspring properties. No residual values are ascribed to building surface, finishes and services of the hotel and hotspring buildings.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction-in-progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. Summary of significant accounting policies (cont'd)

2.13 Investment properties

Investment properties are properties (including interests in leasehold land under operating leases) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

When the use of property changes such that a property occupied by the Group as an owner-occupied property becomes an investment property, its fair value at the date of transfer becomes its cost for subsequent accounting.

2.14 Development properties

(a) Properties under development for sale

Properties under development are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

The cost of properties under development for sale comprises specifically identified costs, including prepaid land lease payments, acquisition costs, development expenditure, capitalised borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are capitalised, on a specific identification basis, as part of the cost of the properties under development for sale until the completion of development or date of repayment of the borrowings if earlier. When completed, the properties under development are classified as completed properties for sale.

2. Summary of significant accounting policies (cont'd)

2.14 Development properties (cont'd)

(b) Completed properties for sale

Completed properties for sale are measured at the lower of cost or net realisable value. Cost is determined by apportionment of the total land costs, development costs and capitalised borrowing costs, if any, based on floor area of the unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses; or is estimated by management in the absence of comparable transactions after taking into consideration prevailing market conditions.

The aggregated costs are presented as development properties while progress billings are presented separately as contract liabilities in the consolidated balance sheet.

2.15 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.11 *Impairment of non-financial assets*.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. The lease payments also include penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. Summary of significant accounting policies (cont'd)

2.15 Leases (cont'd)

(a) As lessee (cont'd)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.16 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out in Note 2.27 to the financial statements below.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2. Summary of significant accounting policies (cont'd)

2.16 Financial assets (cont'd)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity and debt investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on equity investments classified as financial assets at FVPL are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at FVOCI are not subject to impairment assessment.

2. Summary of significant accounting policies (cont'd)

2.16 Financial assets (cont'd)

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's balance sheets) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.17 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Group considers a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Group in full, without recourse by the Group to actions such as realising security (if any is held).

2. Summary of significant accounting policies (cont'd)

2.17 Impairment of financial assets (cont'd)

General approach (cont'd)

The Group determined that its financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Debt investments at FVOCI and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and lease receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.18 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash.

2. Summary of significant accounting policies (cont'd)

2.19 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheets if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.20 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to an expense item, it shall be recognised to profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

2. Summary of significant accounting policies (cont'd)

2.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.23 Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.24 Employee benefits

(a) Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

The Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution scheme.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the PRC subsidiaries of the Group ("PRC Subsidiaries") have participated in central pension schemes (the "Schemes") operated by local municipal governments whereby the PRC Subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC Subsidiaries. The only obligation of the PRC Subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are accounted for as contributions to defined contribution plans as described above.

2. Summary of significant accounting policies (cont'd)

2.24 Employee benefits (cont'd)

(c) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

2.25 Revenue

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of properties

The Group develops and sells residential and commercial properties before completion of construction of the properties. Revenue is recognised when control over the property has been transferred to the customer.

For the contracts to sell residential properties and commercial properties, the Group assessed that revenue is recognised at a point in time when (a) the construction of the relevant property has been completed; (b) the property is ready for handover to the purchasers; and (c) collectability of the proceeds is reasonably assured and the Group has present right to the proceeds.

Where contracts relate to the sale of completed properties, revenue is recognised when collectability of the proceeds is reasonably assured and the Group has present right to the proceeds.

<u>Significant financing component</u>

In determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money for contracts with customers that include a significant financing component. In adjusting for the significant financing component, the Group uses a discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception, such that it reflects the credit characteristics of the party receiving financing in the contract.

The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2. Summary of significant accounting policies (cont'd)

2.25 Revenue (cont'd)

(a) Sale of properties (cont'd)

The contract liabilities will be increased by the amount of interest expense being accrued by the Group to reflect the effect of any significant financing benefit obtained from the customers during the period between the payment date and the date of delivery of property to customers. As this accrual increases the amount of the contract liabilities during the period of development, it therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer.

(b) Rental income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

(c) Hotel income

Hotel revenue from accommodation, sales of food and beverages and other ancillary services is recognised when the Group satisfies a performance obligation by transferring control of a promised good or services to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

(d) Interest income on entrusted loans, vendor financing arrangements and loans to third parties, associates and joint ventures

Interest income on entrusted loans made via entrustment banks and from vendor financing arrangements with selected buyers of the Group's development properties and on loans to third parties, associates and joint ventures are recognised as it accrues in profit or loss, using the effective interest method.

2.26 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty to related income taxes, if any.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

2. Summary of significant accounting policies (cont'd)

2.26 Taxes (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Where investment properties are carried at their fair values in accordance with the accounting policy set out in Note 2.13, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered based on the business plans of individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

2.27 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.28 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. Summary of significant accounting policies (cont'd)

2.29 Treasury shares

The Group's own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.30 Non-current assets held-for-sale

The Group classifies non-current assets as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to be sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Assets and liabilities classified as held-for-sale are presented separately as current items in the balance sheet.

3. Key sources of estimation uncertainty

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Revaluation of 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 key assumptions used to determine the fair value of these investment properties and sensitivity analyses are provided in Note 5. The carrying amount of the investment properties as at 31 December 2020 is $97,942,000 (2019: $94,827,000).

(b) Impairment of non-financial assets

As disclosed in Note 4 to the financial statements, the recoverable amounts of property, plant and equipment with indicators of impairment are determined based on value-in-use calculations. The value-in-use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key unobservable inputs applied in the determination of the value-in-use including an inter-relationship between key unobservable inputs and fair value measurement are disclosed and further explained in Note 4 to the financial statements. The carrying amount of the property, plant and equipment as at 31 December 2020 is $371,382,000 (2019: $345,847,000).

3. Key sources of estimation uncertainty (cont'd)

(c) Valuation of unquoted equity investments and impairment assessment of the Company's investment in subsidiaries

As disclosed in Notes 9 and 6 to the financial statements, the fair value of the unquoted equity investments and the recoverable amounts of the Company's investment in subsidiaries with indicators of impairment are determined based on fair value less cost of disposal. The valuation is based on the net asset value of the investee entities adjusted for the fair values of the underlying properties held by the investees. The fair value and recoverable amounts are most sensitive to the discount rate used in the valuation of the underlying properties. The carrying amounts of the unquoted equity investments and the Company's investment in subsidiaries as at 31 December 2020 are $43,242,000 (2019: $34,278,000) and $466,347,000 (2019: $744,562,000) respectively.

4. Property, plant and equipment

	Interests in leasehold land and leased assets (Note 33)	Buildings	Plant and machinery	Equipment and furniture	Motor vehicles	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Cost							
At 1 January 2019	99,426	160,950	10,844	1,872	2,810	75	275,977
Additions	2,886	4,544	135	9,378	–	23,425	40,368
Acquisition of subsidiaries (Note 29)	–	70,266	1,018	562	–	–	71,846
Written off during the year	–	–	(6)	(102)	–	–	(108)
Disposals	–	–	–	(38)	(48)	(1)	(87)
Disposal of a subsidiary (Note 30)	(6,282)	–	–	–	–	–	(6,282)
Transfer from investment properties (Note 5)	–	28,069	–	–	–	29,164	57,233
Translation differences on consolidation	(3,521)	(6,359)	(335)	(195)	(41)	(871)	(11,322)
At 31 December 2019 and 1 January 2020	**92,509**	**257,470**	**11,656**	**11,477**	**2,721**	**51,792**	**427,625**
Additions	**1,732**	**7,172**	**281**	**6,928**	**1,051**	**1,245**	**18,409**
Adjustments	**(102)**	**–**	**–**	**–**	**–**	**–**	**(102)**
Written off during the year	**–**	**(3)**	**(4)**	**–**	**–**	**–**	**(7)**
Disposals	**–**	**–**	**–**	**(45)**	**(1,144)**	**–**	**(1,189)**
Disposal of a subsidiary (Note 30)	**–**	**–**	**–**	**–**	**–**	**(54)**	**(54)**
Reclassification	**–**	**36,175**	**–**	**50**	**–**	**(36,225)**	**–**
Translation differences on consolidation	**6,653**	**16,897**	**577**	**1,096**	**59**	**2,969**	**28,251**
At 31 December 2020	**100,792**	**317,711**	**12,510**	**19,506**	**2,687**	**19,727**	**472,933**

4. Property, plant and equipment (cont'd)

	Interests in leasehold land and leased assets (Note 33) $'000	Buildings $'000	Plant and machinery $'000	Equipment and furniture $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Group							
Accumulated depreciation, amortisation and impairment loss							
At 1 January 2019	3,062	19,292	2,583	789	1,522	–	27,248
Charge for the year (Note 26)	4,038	3,595	1,685	761	277	–	10,356
Impairment loss (Note 26)	–	46,160	–	–	–	–	46,160
Written off during the year	–	–	(2)	(84)	–	–	(86)
Disposals	–	–	–	(33)	(39)	–	(72)
Translation differences on consolidation	(102)	(1,560)	(107)	(33)	(26)	–	(1,828)
At 31 December 2019 and 1 January 2020	**6,998**	**67,487**	**4,159**	**1,400**	**1,734**	**–**	**81,778**
Charge for the year (Note 26)	**4,357**	**4,037**	**1,776**	**1,717**	**273**	**–**	**12,160**
Impairment loss (Note 26)	**–**	**4,247**	**–**	**–**	**–**	**–**	**4,247**
Written off during the year	**–**	**–**	**(3)**	**–**	**–**	**–**	**(3)**
Disposals	**–**	**–**	**–**	**(45)**	**(818)**	**–**	**(863)**
Translation differences on consolidation	**490**	**3,358**	**225**	**120**	**39**	**–**	**4,232**
At 31 December 2020	**11,845**	**79,129**	**6,157**	**3,192**	**1,228**	**–**	**101,551**
Carrying amounts							
At 31 December 2019	85,511	189,983	7,497	10,077	987	51,792	345,847
At 31 December 2020	**88,947**	**238,582**	**6,353**	**16,314**	**1,459**	**19,727**	**371,382**

4. Property, plant and equipment (cont'd)

	Interests in leased assets (Note 33) $'000	Equipment and furniture $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Company					
Cost					
At 1 January 2019	312	175	356	–	843
Additions	517	81	–	50	648
At 31 December 2019 and 1 January 2020	**829**	**256**	**356**	**50**	**1,491**
Additions	**–**	**100**	**–**	**–**	**100**
Adjustments	**(102)**	**–**	**–**	**–**	**(102)**
Transfer	**–**	**50**	**–**	**(50)**	**–**
At 31 December 2020	**727**	**406**	**356**	**–**	**1,489**
Accumulated depreciation					
At 1 January 2019	9	101	124	–	234
Charge for the year	202	55	50	–	307
At 31 December 2019 and 1 January 2020	**211**	**156**	**174**	**–**	**541**
Charge for the year	**204**	**102**	**50**	**–**	**356**
At 31 December 2020	**415**	**258**	**224**	**–**	**897**
Carrying amounts					
At 31 December 2019	618	100	182	50	950
At 31 December 2020	**312**	**148**	**132**	**–**	**592**

(i) Construction-in-progress

The construction-in-progress balance of the Group as at 31 December 2020 relates to the bare shell property in Milan which is to be refurbished into a hospitality asset.

The construction-in-progress balance of the Group as at 31 December 2019 included the Crowne Plaza Utrecht Centraal Station hotel which was undergoing fit-out works in addition to the bare shell property in Milan. The hotel commenced operations in June 2020.

(ii) Transfer from investment properties

In 2019, the Group reclassified two hotels in Utrecht in the Netherlands, which are deemed to be part of one CGU, from investment properties to property, plant and equipment upon commencement of hotel operations of one hotel. Refer to Note 5 for more details.

(iii) Impairment of assets

Bilderberg Bellevue Hotel Dresden

In 2020, based on management's assessment, an impairment charge of $4,247,000, included in other expenses, was made in relation to the Bilderberg Bellevue Hotel Dresden, located in Germany. The impairment had resulted from the weaker operating performance of the hotel which has been affected by the outbreak of Covid-19 in Europe. The estimated recoverable amount of the hotel was based on the value-in-use of the hotel determined by management.

4. Property, plant and equipment (cont'd)

(iii) Impairment of assets (cont'd)

The fair value measurement is categorised as Level 3 on the fair value hierarchy.

The following table shows the key unobservable inputs used in the valuation model:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Hotel		
Discounted cash flow method	• Occupancy rate: 44% to 64% (2019: Not applicable) • Average daily rate ("ADR"): EUR95 to EUR107 (2019: Not applicable) • Discount rate: 8.8% (2019: Not applicable)	A significant increase in occupancy rate and ADR, and a significant decrease in discount rate would result in a significantly higher fair value measurement.

The carrying amount of the hotel is the same as its recoverable amount after the impairment loss. Therefore, any adverse movement in the key assumptions would lead to a further impairment.

Crowne Plaza Chengdu Wenjiang Hotel and its adjoining hotspring facility

In 2019, based on the assessment, an impairment charge of $46,160,000, included in other expenses, was made in aggregate in relation to the Crowne Plaza Chengdu Wenjiang hotel and an adjoining hotspring facility, both located in the PRC. The impairment in relation to the hotel and the hotspring was a result of market conditions in Chengdu, affecting the operating performance of the hotel and the hotspring. The estimated recoverable amounts of the hotel and the hotspring facility were based on the fair value of the hotel and the hotspring facility determined by external valuers.

In 2020, based on the value-in-use approach determined by management, the estimated recoverable amount of the Crowne Plaza Chengdu Wenjiang hotel and the adjoining hotspring facility were higher than the adjusted carrying values, as such, no further impairment losses were recognised.

The fair value measurement is categorised as Level 3 on the fair value hierarchy.

The following table shows the key unobservable inputs used in FY2019 valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Hotspring facility		
Discounted cash flow method	• Revenue growth rate: Not applicable (2019: 3% for the first two years and 2% to 5% in subsequent years) • Discount rate: Not applicable (2019: 8%)	A significant increase in revenue growth rate and a significant decrease in discount rate would result in a significantly higher fair value measurement.
Hotel		
Discounted cash flow method	• Occupancy rate: Not applicable (2019: 50% to 70%) • ADR: Not applicable (2019: RMB405 to RMB611) • Discount rate: Not applicable (2019: 8%)	A significant increase in occupancy rate and ADR, and a significant decrease in discount rate would result in a significantly higher fair value measurement.

5. Investment properties

	Note	Group 2020 $'000	Group 2019 $'000
At 1 January		**94,827**	259,135
Additions		**–**	4,976
Capitalised interest expense		**–**	123
Disposals		**–**	(9,362)
Deconsolidation of a subsidiary	30(b)	**–**	(97,762)
Fair value (loss)/gain	26	**(4,311)**	1,918
Lease incentives		**(86)**	(489)
Transfer to property, plant and equipment	4	**–**	(57,233)
Translation differences on consolidation		**7,512**	(6,479)
At 31 December		**97,942**	94,827

In June 2019, an office property in Amsterdam included in investment properties was deconsolidated (see Note 30(b) for more details). In the same month, the Group also transferred the two Utrecht hotels which are deemed to be in one CGU, from investment properties to property, plant and equipment (see Note 4 for more information) upon the commencement of operations of one hotel. The other hotel which was undergoing fit-out works at the end of 2019 was fully completed in June 2020.

As at 31 December 2020, the investment properties comprised two hotels in Amsterdam and adjoining car parks that are leased to external tenants. Each of the leases contains annual rent indexed to consumer prices. The leases contain an initial non-cancellable period of ten to twenty-five years. No contingent rents are charged.

Measurement of fair value

(i) Fair value hierarchy

The fair value measurement for investment properties of $1,887,000 (2019: $1,804,000) has been categorised as a Level 2 fair value based on contracted sale prices.

The fair value measurement for the other investment properties of $96,055,000 (2019: $93,023,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The fair value of the investment properties as at 31 December 2020 were based on valuations undertaken by independent valuers. The fair values at the reporting date were based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuation of the investment properties was 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.

5. Investment properties (cont'd)

Measurement of fair value (cont'd)

(i) Fair value hierarchy (cont'd)

Level 3 fair value

The following table shows a reconciliation from the beginning balance to the ending balance of investment properties for which fair value measurements are categorised under Level 3 of the fair value hierarchy.

	Group	
	2020	**2019**
	$'000	**$'000**
At 1 January	**93,023**	248,284
Additions	**–**	4,976
Capitalised interest expense	**–**	123
Disposals	**–**	(450)
Reclassification to property, plant and equipment	**–**	(57,233)
Fair value (loss)/gain recognised in profit or loss – unrealised (net)	**(4,311)**	1,918
Lease incentives	**(86)**	(489)
Deconsolidation of a subsidiary (Note 30(b))	**–**	(97,762)
Translation differences on consolidation	**7,429**	(6,344)
At 31 December	**96,055**	93,023

(ii) Valuation policies and procedures

Management of the Singapore-based corporate headquarters ("Group management") oversees the Group's financial reporting valuation process and is responsible for setting the Group's valuation policies and procedures. In this regard, Group management reports to the Company's Audit and Risk Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and IFRS 13 *Fair Value Measurement* guidance to perform the valuation.

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 are 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.

5. Investment properties (cont'd)

Measurement of fair value (cont'd)

(iii) Valuation technique and key unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow method	● Rental yield of 6.5% (2019: 6.3%) ● Discount rate of 8.5% (2019: 8.3%)	A significant decrease in rental yield and discount rate would result in a significantly higher fair value measurement.
Market comparable method	● Average sales price of RMB18,895 to RMB25,740 per sq m (2019: RMB9,445 to RMB25,740 per sq m)	A significant increase in average sales prices would result in a significantly higher fair value measurement.

6. Subsidiaries

	Company	
	2020	**2019**
	$'000	**$'000**
Unquoted equity shares, at cost	**543,027**	145,869
Redeemable preference shares	**–**	628,693
Less: impairment loss	**(76,680)**	–
	466,347	774,562

The investment in redeemable preference shares at 31 December 2019 related to a wholly-owned subsidiary, which entitled the Company to receive a fixed cumulative preferential dividend of 9.00 Singapore cents per share per annum and to redeem at par the whole or any part of the redeemable preference shares held by the Company upon giving not less than 30 days prior written notice to the subsidiary. This investment in redeemable preference shares formed part of the Group's net investment in the subsidiary. The wholly-owned subsidiary may redeem the whole or any part of the redeemable preference shares at the original issue price upon giving not less than 30 days prior written notice to the holders of the redeemable preference shares. During the financial year, the wholly-owned subsidiary has fully redeemed the redeemable preference shares at the original issue price.

Impairment of investment in subsidiaries

During the financial year ended 31 December 2020, management performed an impairment review of its investment in subsidiaries with indicators of impairment and the Company recognised an impairment loss of $76,680,000 (2019: $Nil).

The Company assessed the recoverable amount of its investment in subsidiaries based on fair value less cost of disposal.

6. Subsidiaries (cont'd)

Details of significant subsidiaries are as follows:

	Name of subsidiaries	Principal activity	Principal place of business/ Country of incorporation	Effective equity interest held by the Group 2020 %	2019 %
	Held through subsidiaries				
**	Chengdu Gaeronic Real Estate Co., Ltd ("CDRE")	Property development, property investment, and investment holding	People's Republic of China	**100**	100
**	Chengdu Millennium Zhong Ren Real Estate Co., Ltd ("CMZR")	Property development, hotel ownership and operations, and property investment	People's Republic of China	**100**	100
**	Chengdu Yong Chang Real Estate Co., Ltd ("CDYC")	Property development and property investment	People's Republic of China	**100**	100
**	Dongguan Kanghe Property Management Consulting Services Co. Ltd (i) ("DGKH")	Property investment and property development	People's Republic of China	**60**	60
**	First Sponsor (Guangdong) Group Limited ("FSGD")	Investment holding	People's Republic of China	**100**	100
*	FS Euro Pte. Ltd.	Investment holding	Singapore	**100**	100
^	FS Milan Property 1 S.r.l (ii) ("FSMP1")	Hotel ownership and operations	Italy	**100**	100
^	FS NL Amstel Development 16 B.V.	Hotel ownership	The Netherlands	**100**	100
^	FS NL Property 2 B.V.	Property investment	The Netherlands	**100**	100
^	FS NL Zuidoost Property 11 B.V.	Property investment and property development	The Netherlands	**100**	100
^	FS NL Zuid Property 12 B.V.	Property investment and property development	The Netherlands	**100**	100
^	FSE Propco 2 GmbH (iii) ("FSEP2")	Hotel ownership	Germany	**94.9**	94.9
**	Shanghai Sigma Enterprise Co., Ltd (iv)	Property financing	People's Republic of China	**100**	100

6. Subsidiaries (cont'd)

* Audited by Ernst & Young Singapore.

** Audited by other member firms of Ernst & Young International for group reporting purpose.

^ Not subject to audit by law of country of incorporation.

(i) The 60% equity interest in DGKH was acquired on 20 May 2019.

(ii) FSMP1 was incorporated on 11 January 2019 and acquired a vacant hotel property from a third party in the same month.

(iii) The 94.9% equity interest in FSEP2 was acquired on 29 March 2019.

(iv) Held by CDYC, FS Dongguan No. 3 Pte. Ltd., CDRE and FSGD in the proportion of 9.1%, 36.4%, 9.1% and 45.4% (2019: CDYC, CMZR, CDRE and FSGD in the proportion of 55.6%, 22.2%, 11.1% and 11.1% respectively) respectively.

Interest in subsidiary with material non-controlling interest

The Group has the following subsidiary that has non-controlling interest that is material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Loss allocated to non-controlling interest during the reporting period	Accumulated non-controlling interest at the end of reporting period
			$'000	$'000
2020				
FS Dongguan No. 6 Investment Consultancy Co., Ltd. ("FSDG6")	People's Republic of China	49%	(6)	46,210

Summarised financial information about subsidiary with material non-controlling interest

Summarised financial information before intercompany eliminations of the subsidiary with material non-controlling interest is as follows:

Summarised balance sheets

	FSDG6 2020 $'000
Current	
Assets	**109,717**
Liabilities	**(25,425)**
Net current assets	**84,292**
Non-current	
Assets	**10,013**
Liabilities	**–**
Net non-current assets	**10,013**
Net assets	**94,305**

6. Subsidiaries (cont'd)

Summarised statement of comprehensive income

	FSDG6 2020 $'000
Revenue	–
Loss before income tax	(12)
Income tax expense	–
Loss after tax	(12)
Other comprehensive income	–
Total comprehensive income	(12)

7. Interests in and balances with associates and joint ventures

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Interests in associates		**528,996**	274,535	**11**	11
Interests in joint ventures		**20,947**	23,527	**9,669**	9,669
Total interests in associates and joint ventures		**549,943**	298,062	**9,680**	9,680
Balances with associates and joint ventures					
Loans to associates (trade)	11	**585,008**	521,595	**–**	–
Loans to joint ventures (trade)	11	**60,796**	57,485	**–**	–
Amounts due from associates (non-trade)	11	**16,992**	42,348	**–**	–
Amounts due from a joint venture (non-trade)	11	**1,516**	912	**–**	17
Amounts due to associates (non-trade)	19	**(211,833)**	(131,466)	**–**	–
Amounts due to joint venture (non-trade)	19	**(10,036)**	–	**(10,036)**	–

The loans to associates as at 31 December 2020 are unsecured and interest-bearing with interest rates ranging between 4.7% and 8.9% (2019: 3.7% and 9.1%) per annum and will mature between 2022 to 2027 (2019: 2022 to 2027).

$40,480,000 (2019: $38,700,000) of the loans to joint ventures as at 31 December 2020 are secured. The loans to joint ventures are interest bearing with interest rates ranging between 6.0% and 7.5% (2019: 6.0% and 7.5%) per annum. The loans are due between 2021 to 2024.

The non-trade amounts due from associates and a joint venture are unsecured, interest-free, and repayable on demand.

The non-trade amounts due to associates and a joint venture are unsecured, interest-free and repayable on demand.

7. Interests in and balances with associates and joint ventures (cont'd)

Details of significant associates are as follows:

	Name of associates	Principal activity	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2020 %	2019 %
	Held by the Company				
^	FS Dongguan Investment Holdings Limited ("FSDIH")	Investment holding	British Virgin Islands	**30**	30
	Held through subsidiaries				
*	FSMC NL Property Group N.V. ("FSMC")	Property development, property investment, hotel ownership and operations and investment holding	The Netherlands	**33**	33
^	FSMCR Hilton Rotterdam B.V.	Investment holding	The Netherlands	**33**	33
^	NL Property 1 B.V. [(i)] ("NLP1")	Property investment	The Netherlands	**33**	33
**	Dongguan Baozhu Industrial Investment Co., Ltd. ("DGBI")	Property investment and investment holding	People's Republic of China	**27**	27
***	Dongguan China Railway Poly Industrial Development Co., Ltd ("DGGT") [(ii)]	Property development, property investment, hotel and property management	People's Republic of China	**17.3**	–
^	v5 Pitt Street Pty Ltd	Property development	Australia	**39.9**	–

^ Not subject to audit by law of country of incorporation.

* Audited by BDO Audit Assurance B.V.

** Audited by BDO China Shu Lun Pan Certified Public Accountants LLP.

*** Audited by Baker Tilly China Certified Public Accountants.

(i) The entire equity interest in NLP1 was acquired from a third party by an indirect subsidiary of the Company and three co-investors in 2015. Pursuant to a call option agreement entered amongst the Company and the three co-investors in 2015, the three co-investors irrevocably and unconditionally granted to the Company, or its nominee, the right (but not the obligation) to acquire such number of new non-redeemable and non-convertible preference voting shares in the capital of NLP1 at EUR1 each, such that the Group would have majority voting interest in NLP1 (the "Call Option"). As a result of this Call Option, the Company was deemed to have control over NLP1 and consolidated NLP1 as a subsidiary. On 28 June 2019, NLP1 was deconsolidated as a subsidiary when the Group forfeited its unilateral right to exercise the Call Option. Accordingly, NLP1 was accounted for by the Group as an associated company effective from that date.

(ii) Proportion of ownership interest held by the Group in DGGT is 35% (2019: Nil) as at 31 December 2020.

7. Interests in and balances with associates and joint ventures (cont'd)

The following summarises the financial information of each of the Group's material associates based on their respective (consolidated) financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of profit and other comprehensive income of the remaining individually immaterial associates.

	Associate FSDIH $'000	Associate FSMC $'000	Associate DGBI $'000	Associate DGGT $'000
2020				
Revenue	642,746	134,468	–	–
Profit/(loss) from continuing operations	48,158	(64,695)	(3,292)	(939)
Attributable to investee's shareholders	48,158	(64,695)	(3,292)	(939)
Other comprehensive income	(29,735)	3,796	27,527	9,708
Total comprehensive income	18,423	(60,899)	24,235	8,769
Non-current assets	31,131	848,293	1,257	317
Current assets	1,881,966	43,285	1,181,208	757,840
Non-current liabilities	(12)	(787,672)	(367,963)	–
Current liabilities	(1,675,777)	(85,758)	(190,816)	(30,418)
Net assets	237,308	18,148	623,686	727,739
Non-controlling interests	(707)	(4,664)	–	–
Net assets attributable to the owners of the Company (100%)	236,601	13,484	623,686	727,739
Proportion of the Group's ownership	30%	33%	27%	35%
Group's share of net assets	70,981	4,450	168,395	254,708

	Associate FSDIH $'000	Associate FSMC $'000	Associate DGBI $'000	Associate DGGT $'000	Immaterial associates $'000	Total $'000
2020						
Group's interest in net assets of investees at beginning of the year	77,396	24,547	161,852	–	10,740	274,535
Group's share of:						
- profit/(loss) from continuing operations	14,447	(21,350)	(889)	(329)	(1,036)	(9,157)
- other comprehensive income	(8,920)	1,253	7,432	3,398	2,731	5,894
Total comprehensive income	5,527	(20,097)	6,543	3,069	1,695	(3,263)
Group's contribution during the year	–	–	–	251,639	18,027	269,666
Dividends received during the year	(11,942)	–	–	–	–	(11,942)
Carrying amount of interest in investees at end of the year	70,981	4,450	168,395	254,708	30,462	528,996

7. Interests in and balances with associates and joint ventures (cont'd)

	Associate FSDIH $'000	Immaterial associates $'000	Total $'000
2019			
Revenue	641,985		
Profit from continuing operations	146,083		
Attributable to investee's shareholders	146,083		
Other comprehensive income	(5,010)		
Total comprehensive income	141,073		
Non-current assets	9,402		
Current assets	1,698,619		
Non-current liabilities	(126,391)		
Current liabilities	(1,322,938)		
Net assets (100%)	258,692		
Non-controlling interests	(707)		
Net assets attributable to the owners of the Company (100%)	257,985		
Group's share of net assets (30%)	77,396		
Group's interest in net assets of investees at beginning of the year	35,063	23,182	58,245
Group's share of:			
- profit from continuing operations	43,825	24,789	68,614
- other comprehensive income	(1,503)	(5,594)	(7,097)
Total comprehensive income	42,322	19,195	61,517
Deferred gain on disposal of a subsidiary to an associate (Note 30(a))	–	(17,758)	(17,758)
Group's contribution during the year	11	167,646	167,657
Fair value acquired	–	4,874	4,874
Carrying amount of interest in investees at end of the year	77,396	197,139	274,535

Details of significant joint ventures are as follows:

	Name of joint ventures	Principal activity	Principal place of business/ Country of incorporation	Effective equity interest held by the Group 2020 %	2019 %
	Held through subsidiaries				
^	FSCT DE Property 1 GmbH & Co. KG	Property investment	Germany	**50**	50
*	Dongguan Huijing Hotel Co., Ltd ("DGHH") (i)	Hotel ownership	People's Republic of China	**10**	10

^ Not subject to audit by law of country of incorporation.

* Audited by Dongguan Dexinkang Accounting Firm Co., Ltd.

(i) Although the Group holds only 10% ownership interest in DGHH, pursuant to a shareholder's agreement between the Group and its joint venture partner, joint control is exercised by both parties over the activities of DGHH. Accordingly, DGHH is classified as a joint venture of the Group.

7. Interests in and balances with associates and joint ventures (cont'd)

The following summarises, in aggregate, the financial information of the Group's interests in joint ventures, based on the amounts reported in the Group's consolidated financial statements.

	2020 $'000	2019 $'000
Carrying amounts of interests in joint ventures	**20,947**	23,527
Group's share of:		
- (loss)/profit from continuing operations	**(3,216)**	2,608
- other comprehensive income	**1,664**	(446)
Total comprehensive income	**(1,552)**	2,162

8. Derivative assets and liabilities

	Group and Company 2020 $'000	Group and Company 2019 $'000
Derivative assets		
Cross currency swaps	**6,870**	37,457
Foreign currency swaps	**1,652**	3,866
	8,522	41,323
Non-current	**7,207**	28,778
Current	**1,315**	12,545
	8,522	41,323
Derivative liabilities		
Cross currency swaps	**(32,516)**	(2,584)
Foreign currency swaps	**(5,213)**	(133)
Foreign currency forward contracts	**(1,477)**	–
	(39,206)	(2,717)
Non-current	**(37,224)**	(2,717)
Current	**(1,982)**	–
	(39,206)	(2,717)

As part of the Group's strategy to hedge its exposure to fluctuation in Euros ("EUR") and Australian Dollars ("AUD") against $ arising from its acquisitions in Europe and Australia, the Group and Company have entered into various financial derivatives involving cross currency swap contracts ("CCSs"), foreign currency swaps ("FCSs") and foreign currency forward contracts ("FXFs") with financial institutions whereby the end result is also to achieve a corresponding EUR or AUD liability.

In 2019, the Group had also started to hedge its Renminbi ("RMB") exposure to the PRC property development and property financing operations to the extent that these are not funded by onshore Chinese Yuan (also known as CNY) assets by executing offshore Chinese Yuan ("CNH") CCSs and/or drawing CNH-denominated borrowings.

8. Derivative assets and liabilities (cont'd)

As at 31 December 2020, the Group and Company had 14 CCSs, five FCSs and four FXFs outstanding (2019: 17 CCSs and two FCSs). The total notional amount of such contracts amounted to approximately EUR654,236,000, AUD26,061,000, USD25,000,000 and CNH630,570,000 (2019: EUR524,236,000, AUD10,000,000 and CNH530,570,000) with remaining tenures of between approximately five months to five years (2019: seven months to five years). Under these contracts, the Group and Company would pay the fixed notional amounts denominated in EUR, AUD, USD and CNH and receive fixed amounts of $846,645,000 and US$290,985,000 in aggregate (2019: $568,271,000 and US$274,661,000) on the maturity dates of the financial derivatives.

9. Other investments

	Group	
	2020	**2019**
	$'000	**$'000**
Non-current		
Financial assets measured at fair value through profit or loss		
- equity securities	**57,586**	35,094
- debt securities	**–**	39,500
	57,586	74,594
Current		
Financial assets measured at fair value through profit or loss – debt securities	**39,500**	–
	97,086	74,594

As at 31 December 2020, the financial assets measured at fair value through profit or loss comprised:

(a) the Group's 90% (2019: 90%) unquoted equity interest in Dongguan East Sun Limited and its subsidiaries (collectively, "East Sun") of $43,242,000 (2019: $34,278,000);

The Group has determined that it has no control nor significant influence over East Sun as the Group does not have any power over the relevant activities of East Sun, and it is not involved in East Sun's business activities including policy making processes.

(b) quoted equity investments of $14,344,000 (2019: $816,000).

(c) a 3-year Singapore Dollar denominated convertible bond with principal value of $39,500,000 (2019: $39,500,000) yielding a coupon of 12% (2019: 12%) per annum, which the Group had subscribed from a joint venture in late December 2018. The convertible bond is secured by (a) 100% equity shares of (i) the joint venture and (ii) the joint venture's wholly-owned subsidiary, (b) corporate guarantees from the holding company and a related company of the joint venture and (c) personal guarantee from a director of the joint venture; and

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 32.

10. Deferred tax assets/(liabilities)

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2019 $'000	Recognised in profit or loss (Note 27) $'000	Deconsolidation of a subsidiary (Note 30(b)) $'000	Acquisition of subsidiaries (Note 29) $'000	Translation differences on consolidation $'000	At 31 December 2019 $'000	Recognised in profit or loss (Note 27) $'000	Translation differences on consolidation $'000	At 31 December 2020 $'000
Group									
Deferred tax assets									
Development properties	14,542	622	–	–	(102)	**15,062**	**(12,090)**	**529**	**3,501**
Property, plant and equipment	4,881	10,724	–	2,261	(402)	**17,464**	**(1,433)**	**841**	**16,872**
Contract liabilities	12,196	(9,644)	–	–	(160)	**2,392**	**756**	**120**	**3,268**
Receipts in advance	321	1,760	–	–	(41)	**2,040**	**(66)**	**93**	**2,067**
Trade and other receivables	2,380	3,215	–	–	(119)	**5,476**	**(2,157)**	**223**	**3,542**
Others	3,020	890	(2,636)	–	(57)	**1,217**	**72**	**58**	**1,347**
Total	37,340	7,567	(2,636)	2,261	(881)	**43,651**	**(14,918)**	**1,864**	**30,597**
Deferred tax liabilities									
Investment properties	(10,020)	(541)	4,985	–	298	**(5,278)**	**(426)**	**(439)**	**(6,143)**
Development properties	–	–	–	–	–	**-**	**(850)**	**(26)**	**(876)**
Trade and other receivables	(403)	401	–	–	2	**-**	**-**	**-**	**-**
Other investments	(2,168)	–	–	–	63	**(2,105)**	**(1,822)**	**(121)**	**(4,048)**
Receipt in advance	–	–	–	–	–	**-**	**(1)**	**-**	**(1)**
Total	(12,591)	(140)	4,985	–	363	**(7,383)**	**(3,099)**	**(586)**	**(11,068)**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The nature of temporary differences as at 31 December 2020 and 2019 included differences in depreciation for tax purposes and financial reporting purposes, revaluations to fair value, impairment of property, plant and equipment, contract liabilities and others.

10. Deferred tax assets/(liabilities) (cont'd)

Deferred tax liabilities and assets are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are included in the balance sheets as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Deferred tax assets	**30,220**	43,470
Deferred tax liabilities	**(10,691)**	(7,202)

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2019: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of the Group's subsidiaries in the PRC as the Group has determined that such undistributed earnings of its subsidiaries in the PRC will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $456,800,000 (2019: $337,044,000). The deferred tax liability is estimated to be $26,166,000 (2019: $18,336,000).

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2020	**2019**
	$'000	**$'000**
Tax losses	**81,599**	47,667
Interest carry forward	**31,653**	14,819
Total	**113,252**	62,486

The tax losses and interest carry forward are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

According to tax legislation as of 31 December, the expiry dates of the tax losses are as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
Expiry date:		
- Between 2 to 5 years	**4,320**	–
- After 5 years	**30,356**	27,648
- Indefinite	**46,923**	20,019
	81,599	47,667

Interest carry forward may be carried forward indefinitely and in unlimited amounts.

11. Trade and other receivables

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Trade receivables	(i)	**355,962**	389,548	**–**	–
Loans to associates (trade)	7	**585,008**	521,595	**–**	–
Loans to joint ventures (trade)	7	**60,796**	57,485	**–**	–
Amounts due from associates (non-trade)	7	**16,992**	42,348	**–**	–
Amounts due from a joint venture (non-trade)	7	**1,516**	912	**–**	17
Amount due from an affiliate of a non-controlling interest of a subsidiary (non-trade)	(ii)	**24,288**	–	**–**	–
Amounts due from non-controlling interests of subsidiaries (non-trade)	(iii)	**40,064**	31,266	**–**	–
Non-trade amounts due from subsidiaries	(iv)	**–**	–	**1,649,394**	1,341,430
Security deposits	(v)	**55,701**	25,084	**–**	–
Advance payment to contractors		**15,504**	18,504	**–**	–
Other receivables	(vi)	**60,885**	47,837	**2,089**	2,506
		1,216,716	1,134,579	**1,651,483**	1,343,953
Prepayments	(vii)	**32,712**	5,524	**141**	55
		1,249,428	1,140,103	**1,651,624**	1,344,008
Non-current		**767,027**	824,848	**101,238**	860,557
Current		**482,401**	315,255	**1,550,386**	483,451
		1,249,428	1,140,103	**1,651,624**	1,344,008

(i) Trade receivables as at 31 December 2020 included $291,445,000 property financing loan receivables (2019: $380,054,000), bearing interest ranging from 3.0% to 15.0% (2019: 9.0% to 18.0%) per annum and $60,720,000 (2019: $Nil) which is interest-free. All loan receivables as at 31 December 2020 are secured except for $7,163,000 (2019: $Nil) due from an affiliated corporation which would be secured on property collateral once legal title of such collateral is transferred to the affiliate corporation. The loan receivables as at 31 December 2019 included $39,500,000 which was unsecured. This loan has since been fully settled in 2020. Refer to Note 32 for more details.

(ii) The amount due from an affiliate of a non-controlling interest of a subsidiary as at 31 December 2020 is unsecured, interest-free and repayable on demand.

(iii) The year-end balance consists of a loan to a non-controlling interest of a subsidiary as at 31 December 2020 of $25,621,000 (2019: $31,266,000) which is unsecured, interest bearing at 6.5% (2019: 6.5%) per annum and due in 2022, and unsecured interest-free advances to non-controlling interests of subsidiaries of $14,443,000 (2019: $Nil) which are repayable on demand.

(iv) The non-trade amounts due from subsidiaries as at 31 December 2020 are unsecured and comprise the following:

- $101,238,000 (2019: $576,382,000) bearing interest ranging from 1.6% to 4.8% (2019: 1.4% to 4.8%) per annum and which would be due from 2023 to 2024 (2019: 2020 to 2024); and
- $1,548,156,000 (2019: $465,395,000) which is interest-free and repayable on demand.

The balance as at 31 December 2019 also included $299,653,000 which is interest-free and not due within the next 12 months after the end of the financial year.

11. Trade and other receivables (cont'd)

(v) The balance as at 31 December 2020 included $27,700,000 (2019: $Nil) paid by the Group in respect of a potential acquisition of a Hong Kong incorporated property development company with a development project in Panyu, Guangzhou. Refer to Note 37 for more details.

(vi) The other receivables amount comprised the following:

- unsecured interest-free advances to East Sun of $30,776,000 (2019: $41,169,000) which are repayable on demand;
- unsecured interest-free advances to an affiliated corporation of $21,264,000 (2019: $Nil) which would be due within the next 12 months; and
- interest receivable of $6,388,000 (2019: $3,659,000).

(vii) Prepayments of the Group as at 31 December 2020 included prepaid taxes of $29,979,000 (2019: $3,750,000).

Please refer to Note 32 for details of the ECL assessment of the Group.

12. Development properties

	Group	
	2020	**2019**
	$'000	**$'000**
Properties under development-for-sale	**518,532**	374,155
Completed properties for sale	**17,871**	21,752
	536,403	395,907
Allowance for write down	**(5,861)**	(5,861)
	530,542	390,046

The movement in the allowance for write down in respect of development properties during the year is as follows:

	Group	
	2020	**2019**
	$'000	**$'000**
At 1 January	**5,861**	4,140
Allowance made (Note 26)	**–**	1,915
Utilised	**–**	(194)
At 31 December	**5,861**	5,861
Interest expense capitalised in properties under development during the year	**14,755**	2,048

Interest was capitalised at rates ranging from 4.8% to 6.7% (2019: 1.4% to 4.8%) per annum for development properties during the financial year ended 31 December 2020.

Included in development properties are project-related staff costs capitalised of $2,064,000 (2019: $1,983,000) during the financial year ended 31 December 2020. Such staff costs capitalised are net of wage subsidies granted by the various governments of the countries in which the Group operates amounting to $109,000 (2019: $Nil).

During the financial year ended 31 December 2020, development properties recognised in cost of sales amounted to $4,275,000 (2019: $76,276,000).

12. Development properties (cont'd)

Management assesses properties under development-for-sale for impairment based on their estimates of selling prices and construction costs or independent professional valuations undertaken, where appropriate. Selling prices are based on recent selling prices and prevailing market conditions. Construction costs are estimated based on contracted amounts and in respect of amounts not contracted for, management's estimates of the amounts to be incurred. Where independent professional valuations are undertaken, the valuations were based on the market comparable method which took into consideration the sales of similar properties transacted in the open market.

Management also assesses if any write down of completed properties for sale is required based on their estimates of selling prices which are based on recent selling prices and prevailing market conditions. The write down is included in "other expenses".

13. Assets held-for-sale

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 accordance with various supplemental sale and purchase agreements executed since 2018, the Group and the Purchaser have agreed to reduce the consideration of the remaining car parks by RMB3.6 million to RMB16.9 million. Further to that, Purchaser will purchase an additional 268 basement car parks for a total consideration of RMB9.5 million. The purchase consideration has hence been revised to approximately $95.3 million (RMB470.9 million) accordingly.

These assets were to be transferred to the Purchaser over various tranches. A gain on disposal of $2,758,000 (2019: $7,710,000) was recognised in other gains in profit or loss upon the receipt of sale proceeds and transfer of title of underlying assets to the Purchaser. In 2019, an impairment loss of $481,000 was made on the remaining assets held-for-sale.

The fair value measurement for assets held-for-sale has been categorised as a Level 2 fair value based on contracted sale prices.

Cumulative income or expense recognised in other comprehensive income

There is no cumulative income or expense included in other comprehensive income relating to the assets held-for-sale.

14. Cash and cash equivalents

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Fixed deposits	**6,250**	4,199	**4,136**	4,118
Cash at bank and in hand	**470,054**	309,190	**137,809**	18,511
	476,304	313,389	**141,945**	22,629

The balance as at 31 December 2020 included $32,751,000 (2019: $12,696,000) which were held under PRC development project rules, where the utilisation of the funds is restricted to project related payments.

Cash and cash equivalents as at 31 December 2020 included $309,656,000 (2019: $279,356,000) which were deposited with financial institutions in the PRC. The remittance of these funds by the Group out of the PRC is subject to currency exchange restrictions.

15. Share capital

	Group and Company			
	2020		2019	
	Number of shares	US$'000	Number of shares	US$'000
Authorised share capital:				
At 1 January and 31 December	**2,000,000,000**	**200,000**	2,000,000,000	200,000

	Group			
	2020		2019	
	Number of shares	$'000	Number of shares	$'000
Ordinary shares issued and fully paid				
At 1 January	**795,076,473**	**101,251**	648,707,986	81,405
Conversion of PCCS	**110,364,172**	**15,032**	146,368,487	19,846
Exercise of warrants	**7,516,275**	**1,046**	–	–
At 31 December [(i)]	**912,956,920**	**117,329**	795,076,473	101,251

	Company			
	2020		2019	
	Number of shares	$'000	Number of shares	$'000
Ordinary shares issued and fully paid				
At 1 January	**795,384,155**	**101,251**	649,015,668	81,405
Conversion of PCCS	**110,364,172**	**15,032**	146,368,487	19,846
Exercise of warrants	**7,516,275**	**1,046**	–	–
At 31 December	**913,264,602**	**117,329**	795,384,155	101,251

(i) 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*.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are also entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. Each ordinary share has a par value of US$0.10.

Issuance of ordinary shares

During the year, 117,880,447 (2019: 146,368,487) ordinary shares were issued as a result of the conversion of PCCS and exercise of warrants (see Note 17).

Capital management

The Group defines "capital" as including all components of equity. The Group's objectives when managing its capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. This will in turn maintain investor and creditor confidence and sustain the future development of the business.

In order to achieve an optimal capital structure, the Group may issue new shares, obtain new borrowings or sell its assets. Excess capital, if any, may also be returned to shareholders.

15. Share capital (cont'd)

Capital management (cont'd)

The Group's capital structure is regularly reviewed and managed with due regard to its capital management objectives and practices. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Company.

There were no changes in the Group's approach to capital management during the financial year.

The Company is not subject to any externally imposed capital requirements. However, the subsidiaries incorporated in the PRC are subject to currency exchange restrictions on the remittance of funds out of the PRC.

16. Reserves

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Share premium	**286,411**	150,313	**286,623**	150,525
Statutory reserve	**53,678**	39,959	**–**	–
Capital reserve	**245**	245	**(5,988)**	(5,988)
Distributable reserve	**655,029**	655,029	**655,029**	655,029
Foreign currency translation reserve	**19,346**	(18,626)	**–**	–
Retained earnings	**539,109**	493,750	**345,592**	280,513
	1,533,818	1,320,670	**1,281,256**	1,080,079

Share premium

The share premium account represents the excess of the issue price over the par value of ordinary shares issued by the Company and may be applied only for the purposes specified in the Cayman Islands Companies Law.

Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, wholly-owned subsidiaries are required to make appropriations to a statutory reserve. At least 10.0% of the statutory after-tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the statutory reserve until the cumulative total of the reserve reaches 50.0% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

Capital reserve

The capital reserve of the Group comprises:

(a) interest waived on intercompany loans;

(b) the difference between the adjustment to non-controlling interests and the fair value of consideration paid on acquisition of non-controlling interests in a subsidiary; and

(c) the difference between the fair value and the cost of the treasury shares reissued.

16. Reserves (cont'd)

Capital reserve (cont'd)

The capital reserve of the Company comprises:

(a) interest waived on intercompany loans;

(b) the difference between the fair value and the cost of the treasury shares reissued; and

(c) accrued dividend income on the redeemable preference shares waived by a subsidiary of the Company during the year ended 31 December 2015.

Distributable reserve

Distributable reserve arose from the capital reduction carried out by the Company in August 2017, of which $7,735,000 was utilised for issuance of bonus shares in 2018.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency, provided certain conditions are met.

Dividends

The following dividends were declared and paid or payable by the Group and Company:

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
For the year ended 31 December				
Declared and paid:				
Final tax-exempt (one-tier) ordinary dividend paid of 1.6 cents (2019: 1.3 cents) per ordinary share in respect of the financial year ended 31 December 2019 (2019: 31 December 2018)	**12,814**	10,332	**12,818**	10,336
Interim tax-exempt (one-tier) ordinary dividend paid of 1.1 cents (2019: 1.1 cents) per ordinary share in respect of the financial year ended 31 December 2020 (2019: 31 December 2019)	**10,041**	8,746	**10,045**	8,749
Declared and payable:				
Second interim tax-exempt (one-tier) ordinary dividend declared of 2.0 cents (2019: Nil) per ordinary share in respect of the financial year ended 31 December 2020 (2019: 31 December 2019)	**18,266**	–	**18,266**	–
	41,121	19,078	**41,129**	19,085

There was no final tax-exempt (one-tier) ordinary dividend proposed by the directors of the Company for the year ended 31 December 2020. As at 31 December 2019, the directors proposed a tax-exempt (one-tier) ordinary dividend of 1.6 cents per qualifying ordinary share which was subject to approval by the shareholders at the 2019 annual general meeting. The estimated total final ordinary dividend of $12,721,000 and $12,726,000 for the Group and Company respectively was not provided for at 31 December 2019.

17. Perpetual convertible capital securities

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

On 19 April 2018, the Company issued 147,453,737 PCCS 1 on the basis of one PCCS 1 for every four existing ordinary shares at an issue price of $1.10 for each PCCS 1. Each PCCS 1 shall entitle the PCCS 1 holder to convert such PCCS 1 into one new ordinary share of the Company, subject to adjustments under certain conditions.

In 2019, 146,368,487 PCCS 1 were converted into ordinary shares of the Company (see Note 15).

The Company fully redeemed all the outstanding PCCS 1 on 14 June 2019.

Rights issue of up to $147.6 million in aggregate principal amount of 3.98% Series 2 Perpetual Convertible Capital Securities ("PCCS 2") in the denomination of $1.30 for each PCCS 2, on the basis of one PCCS 2 for every seven existing ordinary shares, at an issue price of $1.30 for each PCCS 2, with up to 113,576,237 free detachable warrants, on the basis of one warrant for every one PCCS 2 subscribed for ("2019 Rights Issue")

Pursuant to the 2019 Rights Issue, the Company issued 113,576,237 PCCS 2 on 31 May 2019. Each PCCS 2 shall entitle the PCCS 2 holder to convert such PCCS 2 into one new ordinary share of the Company at a conversion price of $1.30, subject to adjustments under certain conditions. The PCCS 2 were issued with 113,576,237 warrants ("2019 warrants").

During the financial year, 110,364,172 PCCS 2 were converted into ordinary shares of the company (see Note 15).

The Company fully redeemed all the outstanding PCCS 2 on 8 October 2020.

Both PCCS 1 and PCCS 2 confer a right to the holder to receive a distribution of 3.98% per annum but the Company may, at its sole discretion, elect to defer the distribution. Any arrears of PCCS distribution will have to be paid prior to any dividend distribution by the Company to its ordinary shareholders. In the event the conversion rights are exercised, any arrears of PCCS distribution will be extinguished.

Bonus issue of warrants

On 31 May 2019, 79,221,609 warrants ("2019 bonus warrants") were allotted and issued on the basis of one warrant for every ten existing ordinary shares, pursuant to a bonus issue. 2019 warrants and 2019 bonus warrants collectively constitute "Warrants (2019)".

Each warrant shall entitle the warrant holder to exercise such warrant into one new ordinary share of the Company at the exercise price of $1.30, subject to adjustments under certain conditions, from 31 May 2019 to 30 May 2024.

On 22 September 2020, 227,618,864 warrants ("Warrants (2020)") were allotted and issued on the basis of one warrant for every four existing shares, pursuant to a bonus issue.

Each warrant shall entitle the warrantholder to exercise such warrant into one new ordinary share of the Company at the exercise price of $1.08, subject to adjustments under certain conditions, from 24 March 2021 to 21 March 2029.

During the current financial year, 7,516,275 new ordinary shares were issued pursuant to the exercise of 7,516,275 Warrants (2019) (see Note 15). No Warrants (2020) were exercised as the exercise period had not commenced as at 31 December 2020.

As at 31 December 2020, 185,281,571 Warrants (2019) and 227,618,864 Warrants (2020) remain unexercised.

As at 31 December 2020, a subsidiary of the Company held 30,768 Warrants (2019) (2019: 30,768) and 76,920 Warrants (2020) (2019: Nil).

18. Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Non-current liabilities				
Unsecured bank loans	**537,163**	369,943	**537,163**	369,943
Unsecured notes	**77,849**	–	**99,849**	–
	615,012	369,943	**637,012**	369,943
Current liabilities				
Unsecured bank loans	**124,560**	251,220	**124,560**	251,220
Total loans and borrowings	**739,572**	621,163	**761,572**	621,163

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Unsecured bank loans				
Repayable:				
- Within 1 year	**124,560**	251,220	**124,560**	251,220
- After 1 year but within 5 years	**537,163**	369,943	**537,163**	369,943
	661,723	621,163	**661,723**	621,163
Unsecured notes				
Repayable:				
After 1 year but within 5 years	**77,849**	–	**99,849**	–
	739,572	621,163	**761,572**	621,163

The unsecured bank loans of the Group and Company bear interest ranging from 1.10% to 4.60% (2019: 1.10% to 3.56%) per annum at the end of the year.

The unsecured notes pertain to the issuance of $100.0 million in principal amount of 3.29% fixed rate notes due 2025 by the Company in February 2020 ("Notes") which were issued pursuant to a $1.0 billion Multicurrency Debt Issuance Programme established in 2015. During the financial year, a wholly-owned subsidiary of the Company repurchased $22.0 million in aggregate principal amount of the Notes from unrelated third parties by way of a married deal.

18. Loans and borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities							
	Loans and borrowings	Loans from non-controlling interests of subsidiaries	Non-trade amounts due to associates	Loans from an affiliate of a non-controlling interest of a subsidiary	Lease liabilities	Non-trade amount due to a joint venture	Non-trade amount due to non-controlling interests of subsidiaries	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020	621,163	3,721	131,466	71,020	71,747	–	731	899,848
Changes from financing cash flows								
Advances from associates (net)	–	–	73,329	–	–	–	–	73,329
Advances from a joint venture	–	–	–	–	–	9,491	–	9,491
Loan from a non-controlling interest of a subsidiary	–	200	–	–	–	–	–	200
Advances from non-controlling interests of subsidiaries	–	–	–	–	–	–	19,787	19,787
Repayment to an affiliate of a non-controlling interest	–	–	–	(6,990)	–	–	–	(6,990)
Payment of transaction costs related to borrowings	(4,619)	–	–	–	–	–	–	(4,619)
Proceeds from bank borrowings	1,274,264	–	–	–	–	–	–	1,274,264
Proceeds from issuance of medium-term notes	100,000	–	–	–	–	–	–	100,000
Repurchase of medium-term notes	(22,000)	–	–	–	–	–	–	(22,000)
Repayment of bank borrowings	(1,222,658)	–	–	–	–	–	–	(1,222,658)
Payment of lease liabilities	–	–	–	–	(5,904)	–	–	(5,904)
	124,987	200	73,329	(6,990)	(5,904)	9,491	19,787	214,900
The effect of changes in foreign exchange rates	4,783	311	7,038	1,790	5,679	545	318	20,464
Other changes								
Liability-related								
Additions	–	–	–	–	1,732	–	–	1,732
Amortisation of transaction costs	4,292	–	–	–	3,531	–	–	7,823
Repayment of loans from an affiliate of a non-controlling interest of a subsidiary in operating cash flows	–	–	–	(25,091)	–	–	–	(25,091)
Repayment to a non-controlling interest of a subsidiary in operating cash flows	–	–	–	–	–	–	(539)	(539)
Net repayment of bank borrowings in operating cash flows	(15,653)	–	–	–	–	–	–	(15,653)
Adjustments	–	–	–	–	(102)	–	–	(102)
Total liability-related other changes	(11,361)	–	–	(25,091)	5,161	–	(539)	(31,830)
Balance at 31 December 2020	739,572	4,232	211,833	40,729	76,683	10,036	20,297	1,103,382

18. Loans and borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities					
	Loans and borrowings	**Loans from non-controlling interests of subsidiaries**	**Non-trade amounts due to associates**	**Loans from an affiliate of a non-controlling interest of a subsidiary**	**Lease liabilities**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 2019	686,728	12,527	14,124	–	80,259	793,638
Changes from financing cash flows						
Advances from associates	–	–	121,181	–	–	121,181
Repayment to associates	–	–	(920)	–	–	(920)
Payment of transaction costs related to borrowings	(2,838)	–	–	–	–	(2,838)
Proceeds from an affiliate of a non-controlling interest of a subsidiary	–	–	–	46,679	–	46,679
Proceeds from bank borrowings	611,205	–	–	–	–	611,205
Repayment of bank borrowings	(632,633)	–	–	–	–	(632,633)
Payment of lease liabilities	–	–	–	–	(5,422)	(5,422)
	(24,266)	–	120,261	46,679	(5,422)	137,252
The effect of changes in foreign exchange rates	(10,809)	(178)	(2,919)	(1,504)	(3,032)	(18,442)
Other changes						
Liability-related						
Additions	–	–	–	–	2,886	2,886
Disposals	–	–	–	–	(6,282)	(6,282)
Amortisation of transaction costs	4,536	–	–	–	–	4,536
Interest expense on lease liabilities	–	–	–	–	3,338	3,338
Deconsolidation of a subsidiary (Note 30(b))	(36,147)	(12,349)	–	–	–	(48,496)
Loans from non-controlling interest of subsidiaries in operating cash flows	–	3,721	–	–	–	3,721
Loans from an affiliate of a non-controlling interests of a subsidiary in operating cash flows	–	–	–	25,845	–	25,845
Net proceeds from bank borrowings in operating cash flows	1,121	–	–	–	–	1,121
Total liability-related other changes	(30,490)	(8,628)	–	25,845	(58)	(13,331)
Balance at 31 December 2019	621,163	3,721	131,466	71,020	71,747	899,117

19. Trade and other payables

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Trade payables		**35,310**	54,023	**–**	–
Accruals		**24,066**	32,283	**7,421**	9,419
Value added tax, business tax and other taxes payable		**5,517**	4,587	**109**	97
Non-trade amounts due to:					
- former shareholders and affiliates of subsidiaries		**1,725**	1,735	**–**	–
- subsidiaries		**–**	–	**37,276**	227,024
- associates	7	**211,833**	131,466	**–**	–
- a joint venture	7	**10,036**	–	**10,036**	–
- non-controlling interests of subsidiaries		**20,297**	731	**–**	–
Loans from non-controlling interests of subsidiaries		**4,232**	3,721	**–**	–
Loans from an affiliate of a non-controlling interest of a subsidiary		**40,729**	71,020	**–**	–
Dividend payable	16	**18,262**	–	**18,266**	–
Other payables		**22,013**	56,950	**3,568**	2,318
		394,020	356,516	**76,676**	238,858

Trade payables are unsecured and interest-free.

The non-trade amounts due to former shareholders and affiliates of subsidiaries, subsidiaries, associates, a joint venture, and non-controlling interests of subsidiaries are unsecured, interest-free and repayable on demand.

The loans from non-controlling interests of subsidiaries as at 31 December 2020 and 31 December 2019 are unsecured, interest-bearing at rates ranging from 3.6% to 4.8% per annum and due between 2026 to 2029.

The loans from an affiliate of a non-controlling interest of a subsidiary amounting to $40,729,000 as at 31 December 2020 (2019: $45,710,000) are unsecured, interest-bearing at 6.5% (2019: 6.5%) per annum and due in 2022 (2019: 2022). The loans receivable as at 31 December 2019 also included $25,310,000 which was interest-free and repayable on demand.

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-current	**45,417**	49,431	**–**	–
Current	**348,603**	307,085	**76,676**	238,858
	394,020	356,516	**76,676**	238,858

20. Lease liabilities

	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-current	**74,087**	69,358	**106**	466
Current	**2,596**	2,389	**210**	156
	76,683	71,747	**316**	622

The incremental borrowing rates applied to the lease liabilities ranged from 1.8% to 6.0% (2019: 1.8% to 6.0%) per annum for the Group and 1.8% (2019: 1.8%) per annum for the Company.

21. Contract liabilities

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for sale of development properties. See Note 2.25 for more details.

Contract liabilities are recognised as revenue as the Group performs under the contract. The significant changes in contract liabilities during the year are as follows:

	Group 2020 $'000	Group 2019 $'000
Balance at 1 January	**39,288**	161,279
Revenue recognised that was included in contract liabilities at the beginning of the year	**(61,682)**	(211,143)
Increase due to cash received, excluding amounts recognised as revenue during the year	**394,630**	89,152
Balance at 31 December	**372,236**	39,288

The aggregate amount of transaction price allocated to the unsatisfied (or partially satisfied) performance obligations as at 31 December 2020 is $372,236,000.

The Group expects to recognise $372,236,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially satisfied) performance obligations as at 31 December 2020 in the next five years.

22. Receipts in advance

Receipts in advance comprise advance receipts received from the disposal of assets held-for-sale and rental income collected in advance.

23. Revenue

	Group 2020 $'000	Group 2019 $'000
Sale of properties	**56,989**	159,976
Rental income from investment properties	**8,858**	11,082
Interest income under the effective interest method on:		
- loans to third parties	**47,199**	46,059
- loan to an affiliated corporation	**106**	–
- loans to associates and joint ventures	**57,876**	41,163
- vendor financing arrangements	**28**	203
	105,209	87,425
Hotel operations	**32,880**	60,681
	203,936	319,164

The following tables provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Property development

Nature of goods or services	The Group constructs residential, commercial and mixed development properties for sale in the PRC and Europe.
When revenue is recognised	**Properties under development for which revenue is recognised at a point in time** For the contracts to sell residential properties and commercial properties in the PRC, the Group assessed that revenue is recognised when (a) the construction of the relevant property has been completed; (b) the property is ready for handover to the purchasers; and (c) collectability of the proceeds is reasonably assured and the Group has present right to the proceeds. **Completed properties for which revenue is recognised at a point in time** Where contracts relate to the sale of completed properties, revenue is recognised when collectability of the proceeds is reasonably assured and the Group has present right to the proceeds.
Significant payment terms	**Properties under development and completed properties** Billings to customers are based on terms set out in the sale and purchase agreement.

Property financing

Nature of goods or services	The Group generates interest income from property financing and vendor financing.
When revenue is recognised	Interest income is recognised as revenue using the effective interest method.
Significant payment terms	Interest is received according to the terms set out in the loan agreement.

23. Revenue (cont'd)

Hotel operations

Nature of goods or services	The Group generates hotel income from owning and operating hotels.
When revenue is recognised	Hotel income is recognised at the point at which the accommodation and related services are provided.
Significant payment terms	For hotel room income, payment is received when the accommodation and related services are provided to the customers. For hotel banquet sales, contract consideration will be billed in stages with the final payment to be received when the goods and services are provided to the customers (i.e., at the end of the event). For protective reasons, a portion of the contract consideration is received upfront upon signing of the contract, and the remaining consideration will be billed in stages with the final payment to be received from the customers when goods and services are provided to the customers. As such, no financing component has been recognised as the payment terms are for reasons other than financing. For hotel food and beverages sales, payment is received when the goods are provided to the customers.

Disaggregation of revenue from contracts with customers

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

	Property development		Property financing		Hotel operations		Total*	
	2020	2019	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical markets								
PRC	**51,395**	151,429	**48,630**	51,559	**13,803**	21,543	**113,828**	224,531
Europe	**5,588**	8,547	**52,075**	35,866	**19,077**	39,138	**76,740**	83,551
Others	**6**	–	**4,504**	–	**–**	–	**4,510**	–
	56,989	159,976	**105,209**	87,425	**32,880**	60,681	**195,078**	308,082
Timing of revenue recognition								
Products transferred at a point in time	**56,989**	159,976	**105,209**	87,425	**32,880**	60,681	**195,078**	308,082

* This excludes rental income from investment properties.

24. Other gains (net)

Other gains (net) comprise:

	Note	Group 2020 $'000	Group 2019 $'000
Gain/(loss) on disposal of:			
- assets held-for-sale		**2,758**	7,710
- subsidiaries	30(a)	**86**	35,516
- investment properties		**–**	679
- an associate		**2**	–
- other investments		**250**	76
- property, plant and equipment		**(28)**	(14)
Impairment loss on assets held-for-sale		**–**	(481)
Loss on deconsolidation of a subsidiary	30(b)	**–**	(637)
Loss on liquidation of subsidiaries		**(157)**	–
Property, plant and equipment written off		**(4)**	(22)
		2,907	42,827

25. Net finance (costs)/income

	Group 2020 $'000	Group 2019 $'000
Finance income		
Interest income under the effective interest method on bank deposits	**1,626**	1,470
Interest income on:		
- structured deposits	**4,988**	5,592
- financial derivatives	**14,415**	15,181
- loans to a non-controlling interest of a subsidiary	**2,091**	1,352
Dividend income from other investments	**–**	203
	23,120	23,798
Finance costs		
Amortisation of transaction costs	**(4,292)**	(4,536)
Interest expense on:		
- bank loans	**(13,320)**	(8,653)
- financial derivatives	**(8,859)**	(5,941)
- loans from non-controlling interests	**(119)**	(679)
- a loan from an affiliate of a non-controlling interest of a subsidiary	**(2,702)**	(1,952)
- accrued interest on significant financing component of contract liabilities	**(8,659)**	–
- lease liabilities to an associate	**(3,352)**	(3,140)
- lease liabilities to third parties	**(179)**	(198)
	(41,482)	(25,099)
Less: Amount capitalised	**14,774**	2,171
	(26,708)	(22,928)
Net finance (costs)/income	**(3,588)**	870

26. Profit before tax

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

	Note	Group 2020 $'000	Group 2019 $'000
Audit fees paid/payable to:			
- auditors of the Company		**177**	263
- other auditors		**360**	373
Non-audit fees paid/payable to:			
- auditors of the Company		**–**	50
Depreciation of property, plant and equipment	4	**12,160**	10,356
Direct operating expenses arising from rental of investment properties		**552**	980
Exchange (gain)/loss (net)		**(74,307)**	27,374
Fair value loss/(gain) (net) on:			
- investment properties	5	**4,311**	(1,918)
- derivative assets/liabilities		**69,291**	(24,786)
- other investments		**(7,371)**	(528)
Write down of development properties	12	**–**	1,915
Impairment loss on property, plant and equipment	4	**4,247**	46,160
Hotel base stocks written off		**709**	495
Hotel pre-opening expenses		**443**	937
Expenses relating to short-term leases	33	**6**	113
Staff costs		**25,931**	37,539
Staff costs			
Wages and salaries		**25,375**	36,412
Contributions to defined contribution plans		**2,592**	3,110
Termination benefits		**28**	–
		27,995	39,522
Less: Amounts capitalised in development properties	12	**(2,064)**	(1,983)
		25,931	37,539

Government grants relating to the various Covid-19 related wage support schemes available to the Group entities amounting to $5,481,000 (2019: $Nil) have been deducted from the respective staff costs reported for the year.

27. Tax expense

	Group 2020 $'000	Group 2019 $'000
Current tax expense		
Current year	**11,864**	18,938
(Over)/under provision in respect of prior years	**(17)**	621
	11,847	19,559
Land appreciation (credit)/tax expense	**(6,067)**	16,452
Withholding tax	**704**	39
	6,484	36,050
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	**15,354**	(7,658)
Under-provision in respect of prior years	**1,853**	–
Effect of changes in tax rates	**810**	231
	18,017	(7,427)
Total tax expense	**24,501**	28,623
Reconciliation of effective tax rate		
Profit for the year	**101,111**	165,576
Tax expense	**24,501**	28,623
Profit before tax	**125,612**	194,199
Tax calculated using tax rate of 25% (2019: 25%)	**31,403**	48,550
Effect of changes in tax rates	**810**	231
Effect of different tax rates in other jurisdictions	**3,017**	(5,565)
Effect of deferred tax assets not recognised	**6,815**	2,893
Expenses not deductible for tax purposes	**15,935**	6,043
Income not subject to tax	**(34,562)**	(18,021)
Utilisation of previously unrecognised deferred tax assets	**–**	(701)
Land appreciation tax (credit)/expense	**(6,067)**	16,452
Effect of tax deduction on land appreciation tax	**1,517**	(4,113)
Under-provision in respect of prior years	**1,836**	621
Withholding tax	**704**	39
Effect of share of results of associates and joint ventures	**3,093**	(17,806)
	24,501	28,623

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 financial year ended 31 December 2020 are 25% (2019: 25%).

27. Tax expense (cont'd)

Withholding tax arising from the distribution of dividends

Pursuant to the tax law in the Netherlands, a 15% withholding tax is in principle levied on dividends declared to foreign investors from the foreign investment enterprises established in the Netherlands.

A 10% withholding tax is levied on dividends declared to foreign investors by the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

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% (2019: 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.

Effect of changes in tax rates

The deferred tax charge of $810,000 related to the effect of an increase in the corporate income tax rates in the Netherlands on opening deferred tax balances. Specifically, the rate applicable from 1 January 2021 had been further increased from 21.7% to 25.0% in 2020. The change in tax rates had increased the relevant deferred tax liability as at 31 December 2020.

In 2019, the deferred tax charge of $231,000 related to the effect of an increase in the corporate income tax rates in the Netherlands on opening deferred tax balances. Specifically, the rate applicable from 1 January 2021 had been increased from 20.5% to 21.7%. For the year ended 31 December 2020, the rate has been revised back to 25.0% instead of the earlier announced 22.55%. The change in tax rates had increased the relevant deferred tax liability as at 31 December 2019.

28. Earnings per share

Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders as set out below, and the weighted average number of ordinary shares outstanding, calculated as follows:

Profit attributable to ordinary shareholders

	Group 2020 $'000	Group 2019 $'000
Profit for the year, attributable to the owners of the Company	**103,174**	167,088
Distributions of PCCS	**(2,975)**	(3,478)
Profit attributable to ordinary shareholders	**100,199**	163,610

Weighted average number of ordinary shares

	Group 2020	Group 2019
Weighted average number of ordinary shares (basic) [(i)]	**795,076,473**	648,707,986
Effect of PCCS converted during the year	**36,537,870**	107,389,385
Effect of warrants exercised during the year	**5,464,268**	–
Weighted average number of ordinary shares during the year	**837,078,611**	756,097,371

(i) Adjusted for the effect of 307,682 (2019: 307,682) shares in the Company held by a subsidiary.

Diluted earnings per share

	Group 2020 $'000	Group 2019 $'000
Profit attributable to ordinary shareholders (basic)	**100,199**	163,610
Distributions of PCCS	**2,975**	3,478
Profit attributable to ordinary shareholders (diluted)	**103,174**	167,088

Weighted average number of ordinary shares (diluted)

	Group 2020	Group 2019
Weighted average number of ordinary shares (basic) [(i)]	**1,143,452,694**	903,331,421
Effect of conversion of PCCS	**(37,283,841)**	(40,964,966)
Effect of exercise of warrants	**57,348,588**	113,565,854
Weighted average number of ordinary shares (diluted) during the year	**1,163,517,441**	975,932,309

(i) Adjusted for the effect of 307,682 (2019: 307,682) shares in the Company held by a subsidiary.

29. Acquisition of subsidiaries

Acquisitions in 2020

(a) On 11 May 2020, FSDG6, an indirect wholly-owned subsidiary of the Company, incorporated Dongguan Shou Ye Investment Consultancy Co., Ltd. ("DGSY"), a 49%-owned associated company with a third party. On 28 July 2020, FSDG6 contributed $10.2 million (RMB51.0 million) in cash to the registered capital of DGSY. Following the capital contribution, the Group's equity interest in DGSY increased from 49% to 97% and became a subsidiary of the Group.

Acquisitions in 2019

(b) On 29 March 2019, FS DE Property 2 GmbH, an indirect wholly-owned subsidiary of the Company incorporated under the laws of Germany, acquired from a third party seller, 94.9% of the issued shares in the capital of each of FSE PropCo 2 GmbH (formerly known as BRE/GH II Dresden I Investor GmbH) and Hotel Bellevue Dresden Betriebs GmbH, which owns and operates the 340-room Westin Bellevue Dresden Hotel respectively, for a total purchase consideration of $70.8 million (EUR46.3 million) ("Dresden Acquisition"). The remaining 5.1% of the issued shares in the capital of the two entities continues to be held by Event Hotels Group ("Event") which manages the hotel. The Group had ascribed an acquisition value of $71.8 million (EUR47.0 million) to the hotel which was based on its fair value at the acquisition date. No goodwill or negative goodwill has arisen from the acquisition. The hotel was renamed as Bilderberg Bellevue Hotel Dresden on 1 January 2020.

From the date of acquisition to 31 December 2019, the 2 entities acquired contributed revenue of $14.2 million (EUR9.3 million) and net profit after tax and non-controlling interests of $0.3 million (EUR0.2 million) to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have been $17.3 million (EUR11.3 million), and consolidated loss after tax and non-controlling interests for the year would have been $1.7 million (EUR1.1 million). In determining these amounts, management had assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019. There have not been any adjustments made upon finalisation of the purchase price allocation.

(c) On 20 May 2019, Wenjiang (BVI) Limited, a wholly-owned subsidiary of the Company, acquired 60% of the issued shares in Concord Focus Development Limited ("CFDL"), a limited liability investment holding company incorporated in Hong Kong from three individual vendors for a total purchase consideration of $87.8 million (RMB444.3 million), including transaction costs. The remaining 40% was acquired by Masaoka Realty Investment (H.K) Limited, an unrelated third party. CFDL's wholly-owned subsidiary has the land use rights to the development site, namely, The Pinnacle, Chang'an in Dongguan, which is under development. When completed, it would comprise residential apartments, SOHO units, retail space and car park lots.

(d) On 15 November 2019, the Company acquired the remaining 50% of the issued shares of FS Australia Holdings Pte. Ltd., formerly known as FS Nieuw Holland Holdco 2 Pte. Ltd. ("FSAH") from Tai Tak Industries Pte. Ltd., a wholly-owned subsidiary of Tai Tak Estates Sendirian Berhad for a nominal cash consideration of $1 (AUD1). Accordingly, FSAH became a wholly-owned subsidiary of the Company after this transaction.

Except for (b), the acquisitions were accounted for as acquisitions of assets and are out of scope of IFRS 3 *Business Combinations*.

29. Acquisition of subsidiaries (cont'd)

Identifiable assets acquired and liabilities assumed

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

	Note	2020 $'000	2019 $'000
Property, plant and equipment	4	–	71,846
Deferred tax assets	10	–	2,261
Development properties		–	146,747
Inventories		–	252
Trade and other receivables		**105,653**	739
Cash and cash equivalents		**1**	1,802
Trade and other payables		**(95,470)**	(2,740)
Shareholders' loans		–	(110,786)
Net identifiable assets acquired		**10,184**	110,121
Shareholders' loans acquired		–	110,786
Non-controlling interests (based on share of net assets)		**(5,146)**	(62,335)
Total consideration		**5,038**	158,572
Less: Cash and cash equivalents acquired		**(1)**	(1,802)
Net cash outflow		**5,037**	156,770

The transaction costs incurred for the Dresden Acquisition amounted to $1,322,000 and had been included in "other operating expenses" in the consolidated statement of profit or loss in 2019.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired in FY2019 were as follows:

Asset required	Valuation technique
Property, plant and equipment	*Market comparison and discounted cash flow methodology:* The market comparison method considers recent quoted market prices for similar properties. Under the discounted cash flow methodology, future cash flows are estimated based on the present value of expected payment, which is determined by considering the fair value at the time of exit and discounted to their present value.

Goodwill

Goodwill arising from the Dresden Acquisition was recognised as follows:

	2019 $'000
Total consideration transferred	70,770
Fair value of pre-existing interest in the acquiree	(40,001)
Fair value of identifiable net assets	(30,769)
Goodwill	–

30. Disposal of subsidiaries

(a) Disposal of subsidiaries

FY2020

i. On 4 June 2020, the Company disposed of the entire issued share capital of Idea Valley No. 3 Company Limited, a direct wholly-owned dormant subsidiary, to a third party for a cash consideration of HKD1.

ii. On 31 October 2020, Chengdu Zhong Ren No. 1 Management Consultancy Co., Ltd, an indirect wholly-owned subsidiary of the Company, disposed of its entire 70% stake in Chengdu Fuqing Commercial Operation Management Co., Ltd., a 70%-owned dormant subsidiary, to a third party for a cash consideration of $0.1 million (RMB0.7 million).

iii. On 7 December 2020, the Company disposed of the entire issued share capital of Chengdu Industries Pte. Ltd., a direct wholly-owned subsidiary, to a third party for a cash consideration of $5.0 million.

FY2019

On 27 November 2019, the Group disposed of the one ordinary share it held in the capital of NLP15 representing the entire issued share capital of NLP15, to its 33%-owned associate, FSMC, for a total cash consideration of $75.5 million (EUR49.4 million). NLP15 owns the Oliphant office property in Amsterdam. In addition, pursuant to the sale and purchase agreement entered by the Group with FSMC, the Group will further receive $8.9 million (EUR5.8 million) from FSMC within ten business days after the completion of the development works in respect of a new parking garage at the Oliphant. The Group would bear the costs of such development works which have commenced in 2020 and expected to be completed by the end of 2021.

The net assets and cash flows of the subsidiaries disposed of are provided below:

	Note	2020 $'000	2019 $'000
Property, plant and equipment	4	**54**	6,282
Development property		**–**	90,470
Other receivables		**5,017**	679
Cash at bank		**76**	2,544
Trade and other payables		**(63)**	(72,184)
Lease liabilities		**–**	(6,282)
Non-controlling interest		**(30)**	–
Identified net assets disposed		**5,054**	21,509
Total consideration		**5,140**	75,547
Less: Cash and cash equivalents disposed		**(76)**	(2,544)
Net cash inflow		**5,064**	73,003
Total consideration		**5,140**	75,547
Less:			
Net identified assets on disposal		**(5,054)**	(21,509)
Transaction costs		**–**	(764)
Gain on disposal		**86**	53,274

In 2019, $35,516,000 of the gain on disposal from NLP15 was recognised in "other gains" in the consolidated statement of profit or loss. The balance of $17,758,000 was recognised as part of the Group's share of after-tax profit of associates in the consolidated statement of profit or loss.

30. Disposal of subsidiaries (cont'd)

(b) Deconsolidation of a subsidiary – NLP1

On 28 June 2019, NLP1 was deconsolidated when the Group forfeited its unilateral right to exercise a call option entered with the other three co-investors which would have entitled the Group to hold majority voting rights in NLP1. Accordingly, NLP1 has been accounted for by the Group as an associated company effective from that date.

The net assets and cash flows of the subsidiary deconsolidated are provided below:

	Note	2019 $'000
Investment property	5	97,762
Other receivables		31
Cash at bank		2,322
Trade and other payables		(31,358)
Deferred tax liability	10	(2,349)
Loan from non-controlling interest		(12,349)
Loans and borrowings	18	(36,147)
Identified net assets disposed		17,912
Realisation of foreign currency translation reserve		318
Less: Non-controlling interest		(11,682)
		6,548
Consideration		–
Less: Cash and cash equivalents deconsolidated		(2,322)
Net cash outflow		(2,322)
Fair value of interest retained		5,911
Less: Net identified assets on deconsolidation		(6,548)
Loss on deconsolidation of a subsidiary		(637)

31. Operating segments

Information reported to the Group CEO and Group CFO (collectively the Group's chief operating decision makers ("CODM")) for the purpose of resource allocation and assessment of performance is specifically focused on the functionality of services provided. The following summary describes the operations in each of the Group's reportable 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 – hotels and hotspring owner

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

31. Operating segments (cont'd)

Information about reportable segments

	Property development $'000	Property investment $'000	Property financing $'000	Hotel operations $'000	Total reportable segments $'000	Unallocated $'000	Total $'000
2020							
Segment revenue	56,989	6,909	105,209	39,536	208,643	10,735	219,378
Elimination of inter-segment revenue	–	–	–	(6,656)	(6,656)	(8,786)	(15,442)
External revenue	56,989	6,909	105,209	32,880	201,987	1,949	203,936
Profit/(loss) from operating activities	51,793	13,105	103,892	(21,805)	146,985	(5,412)	141,573
Finance income	13,113	426	1,365	2,877	17,781	5,339	23,120
Finance costs	(10,089)	(634)	(9)	(5,640)	(16,372)	(10,336)	(26,708)
Share of after-tax results of associates and joint ventures	13,483	(5,472)	467	(20,863)	(12,385)	12	(12,373)
Segment profit/(loss) before tax	68,300	7,425	105,715	(45,431)	136,009	(10,397)	125,612
Other material non-cash items (debit)/credit:							
Depreciation	(759)	–	(84)	(10,755)	(11,598)	(562)	(12,160)
Impairment loss on property, plant and equipment	–	–	–	(4,247)	(4,247)	–	(4,247)
Fair value gain on other investments	–	7,290	–	–	–	81	7,371
Fair value loss on investment properties	–	(4,311)	–	–	(4,311)	–	(4,311)
Fair value loss on derivatives (net)	(14,733)	(3,891)	(46,623)	(4,044)	(69,291)	–	(69,291)
Assets							
Segment assets	1,170,985	173,064	1,062,484	368,693	2,775,226	99,412	2,874,638
Interests in associates and joint ventures	517,025	51,644	14,629	(33,355)	549,943	–	549,943
	1,688,010	224,708	1,077,113	335,338	3,325,169	99,412	3,424,581
Liabilities							
Segment liabilities	971,791	14,947	453,845	126,223	1,566,806	110,456	1,677,262
Other segment information:							
Capital expenditure	726	–	12	16,478	17,216	1,193	18,409

31. Operating segments (cont'd)

Information about reportable segments (cont'd)

	Property development $'000	Property investment $'000	Property financing $'000	Hotel operations $'000	Total reportable segments $'000	Unallocated $'000	Total $'000
2019							
Segment revenue	159,976	9,450	87,425	65,668	322,519	12,243	334,762
Elimination of inter-segment revenue	–	–	–	(4,987)	(4,987)	(10,611)	(15,598)
External revenue	159,976	9,450	87,425	60,681	317,532	1,632	319,164
Profit/(loss) from operating activities	91,416	14,633	73,736	(47,229)	132,556	(10,449)	122,107
Finance income	15,711	2,683	486	3,248	22,128	1,670	23,798
Finance costs	(12,032)	(1,077)	(13)	(6,882)	(20,004)	(2,924)	(22,928)
Share of after-tax profit/(loss) of associates and joint ventures	65,461	18,342	358	(12,931)	71,230	(8)	71,222
Segment profit/(loss) before tax	160,556	34,581	74,567	(63,794)	205,910	(11,711)	194,199
Other material non-cash items (debit)/credit:							
Depreciation	(665)	–	(18)	(9,191)	(9,874)	(482)	(10,356)
Impairment loss on assets held-for-sale	–	(481)	–	–	(481)	–	(481)
Impairment loss on property, plant and equipment	–	–	–	(46,160)	(46,160)	–	(46,160)
Fair value gain on other investments	–	–	–	–	–	528	528
Fair value gain on investment properties	–	1,918	–	–	1,918	–	1,918
Fair value gain on derivatives (net)	4,643	2,372	15,911	1,860	24,786	–	24,786
Assets							
Segment assets	760,472	184,109	1,088,498	350,179	2,383,258	79,176	2,462,434
Interests in associates and joint ventures	251,027	45,577	14,162	(12,718)	298,048	14	298,062
	1,011,499	229,686	1,102,660	337,461	2,681,306	79,190	2,760,496
Liabilities							
Segment liabilities	387,057	15,900	527,826	119,106	1,049,889	112,018	1,161,907
Other segment information:							
Capital expenditure *	1,028	4,976	266	38,290	44,560	784	45,344

The Group initially applied IFRS 16 at 1 January 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases. As a result, the Group recognised $78,294,000 of right-of-use assets and $80,259,000 of lease liabilities from those lease contracts. These assets and liabilities were included in property development, property financing, hotel operations and unallocated segments as at 31 December 2019. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated.

* Includes property, plant and equipment and investment properties

31. Operating segments (cont'd)

Geographical information

The Group's main businesses are those relating to property development, property investment, property financing and hotel operations.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2020 $'000	2019 $'000
Revenue		
PRC	**114,050**	224,818
Europe	**85,374**	94,346
Other countries	**4,512**	–
	203,936	319,164
Non-current assets*		
PRC	**620,514**	361,026
Europe	**367,124**	366,948
Other countries	**31,629**	10,762
	1,019,267	738,736

* Include property, plant and equipment, investment properties and interests in associates and joint ventures.

32. Financial risk management objectives and policies

Overview

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Risk management framework

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk, liquidity risk, market risk, interest rate risk and foreign currency risk.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

32. Financial risk management objectives and policies (cont'd)

Risk management framework (cont'd)

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

Credit risk is the risk of potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

It is the Group's policy that receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Trade and other receivables - vendor financing

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis.

The Group assesses the credit risk in respect of its property development operations to be relatively low as payments are usually received from property buyers in advance.

Expected credit loss assessment

The Group uses a provision matrix to measure the lifetime ECL allowance for trade receivables.

In measuring the ECLs, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the ECL rates, the Group benchmarks to historical data for similar financial assets and adjusts for forward-looking macroeconomic factors.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2020:

	Group	
	Gross carrying amount	Credit impaired
	$'000	
2020		
Not past due	**2,887**	No
Past due 1 – 60 days	**46**	No
Past due 61 – 90 days	**21**	No
More than 90 days	**31**	Yes
	2,985	

32. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Trade and other receivables - vendor financing (cont'd)

Expected credit loss assessment (cont'd)

	Group	
	Gross carrying amount $'000	Credit impaired
2019		
Not past due	7,841	No
Past due 1 – 60 days	153	No
Past due 61 – 90 days	50	No
More than 90 days	36	Yes
	8,080	

The gross trade receivable balances of $31,000 (2019: $36,000) at 31 December 2020 that were more than 90 days past related to outstanding vendor financing receivables in the PRC, for which the purchasers had defaulted on their instalment payments. The Group still holds the legal title of the underlying units. The Group believes that no ECL allowance in respect of these balances is required at reporting date.

Trade and other receivables – hotel receivables

The Group does not have any significant concentrations of credit risk. Sales are made to customers that meet the Group's credit rating. Goods and services are sold subject to payment deadlines ranging from zero to 90 days. A different payment period may apply to major customers, in which case additional securities are demanded, including guarantees. The ECL allowance in respect of these balances is immaterial at reporting date.

Trade and other receivables (excluding vendor financing and hotel receivables)

The Group assesses the credit risk in respect of the property financing operations, including entrusted loans to third parties to be relatively low as such loans are generally secured by a first legal mortgage of land use rights and/or property as well as personal guarantees and/or corporate guarantees in favour of the entrusted bank. The loan disbursed is capped at a pre-set loan to value ratio of the property collateral. In respect of the credit risk arising from its property investment operations, the Group manages the risk by collecting rental deposits in advance and monitors the outstanding balances on an ongoing basis, therefore, the credit risk is relatively low. In relation to amount due from an affiliate of a non-controlling interest of a subsidiary and amounts due from non-controlling interests of subsidiaries, the Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for debtors requiring credit over a certain amount.

Included in the gross trade receivable balances at 31 December 2020 were outstanding loan principal of $66,780,000 (RMB329.9 million) in respect of two cross collaterised PRC property financing loans for which the Group commenced legal enforcement action in the Shanghai court in November 2020 against the borrower group as the loans have been in arrears for one month's interest for eight consecutive months since March 2020. The Group held the first legal mortgage to the properties pledged as loan collateral. Based on the external valuation of the mortgaged properties, no ECL was deemed necessary for the outstanding loan principal due and interest accrued at 31 December 2020.

In 2019, the Group had successfully enforced on a defaulted loan of $33,900,000 (RMB170.0 million) which resulted in the full settlement of the outstanding loan receivable and the recognition of related penalty interest which was included as part of property financing revenue income in the profit or loss account.

32. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Non-trade amounts due from subsidiaries

The Company held non-trade receivables from its subsidiaries amounting to $1,649,394,000 (2019: $1,341,430,000). These balances represent amounts lent to its subsidiaries to satisfy their long and short-term funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposure. No allowance of these balances is required at the reporting date.

Derivatives

Derivatives are only entered into with banks and financial institutions with sound credit ratings.

Financial guarantees

The Group computes ECL for financial guarantees using the probability of default approach. In determining ECL for financial guarantees, the Group considers events such as default on instalment payments and determined that a significant increase in credit risk would occur when there are changes in the risk that the specified debtor would default on the contract.

As at 31 December 2020, the Group provided guarantees amounting to $277,497,000 (2019: $172,927,000) to banks in connection with mortgage loans granted to purchasers to finance their purchase of the properties developed by the Group. For properties under development for sales, the Group typically provides guarantees to the banks for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of his or her mortgage loan during the term of the guarantee, the bank holding the mortgage interest may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon to discharge the Group's obligation.

Under such circumstances, the Group is able to retain the purchaser's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price drops by no less than 30%, which is remote, the Group would not be in a loss position in reselling those properties subsequently.

The guarantees will be released by the banks upon the registration of the relevant property mortgages and the completion of transfer of legal title of the properties to the purchasers. The Group has not suffered any loss due to the guarantees. At the reporting date, the directors of the Company did not consider it probable that the Group will sustain a loss under these guarantees. As such, no value has been recognised at the inception of the guarantee contracts and at the end of 31 December 2020 and 2019.

Credit risk concentration profile

At the end of the reporting period, approximately:

- 76% (2019: 54%) of the Group's trade receivables were due from three (2019: two) major customers located in the PRC.
- 55% (2019: 55%) of the Group's trade and other receivables were due from related parties, while almost all the Company's receivables were balances with subsidiaries.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

32. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Typically, the Group and the Company ensure that they maintain sufficient reserves of cash on demand and adequate committed lines of funding from major financial institutions and its shareholders to meet its liquidity requirements in the short and longer term. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The Group has contractual commitments to incur expenditure on its development properties, investment properties and property, plant and equipment (see Note 34).

Analysis of financial liabilities by remaining contractual maturities

The expected undiscounted cash outflows of financial liabilities, including interest payments, if any, and excluding netting agreements are as follows:

	Carrying amount	Contractual cash flows	Cash flows within 1 year	Cash flows after 1 year but within 5 years	Cash flows after 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
2020					
Non-derivative financial liabilities					
Loans and borrowings	739,572	758,232	127,983	630,249	–
Lease liabilities	76,683	126,592	5,953	20,838	99,801
Trade and other payables	394,020	399,251	351,881	42,833	4,537
Recognised financial liabilities	1,210,275	1,284,075	485,817	693,920	104,338
Financial guarantees	–	277,497	277,497	–	–
	1,210,275	1,561,572	763,314	693,920	104,338
Derivative financial instruments					
CCSs, FCSs and FXFs (gross settled)	(8,522)				
- Outflow		(384,197)	(53,634)	(330,563)	–
- Inflow		401,708	60,352	341,356	–
CCSs, FCSs and FXFs (gross settled)	39,206				
- Outflow		(885,660)	(42,771)	(842,889)	–
- Inflow		888,841	40,815	848,026	–

32. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows within 1 year $'000	Cash flows after 1 year but within 5 years $'000	Cash flows after 5 years $'000
Group					
2019					
Non-derivative financial liabilities					
Loans and borrowings	621,163	628,932	251,861	377,071	–
Lease liabilities	71,747	119,256	5,350	19,496	94,410
Trade and other payables	356,516	358,935	307,085	47,897	3,953
Recognised financial liabilities	1,049,426	1,107,123	564,296	444,464	98,363
Financial guarantees	–	172,927	172,927	–	–
	1,049,426	1,280,050	737,223	444,464	98,363
Derivative financial instruments					
CCSs and FCSs (gross settled)	(41,323)				
- Outflow		(860,071)	(253,696)	(606,375)	–
- Inflow		902,300	281,938	620,362	–
CCSs and FCSs (gross settled)	2,717				
- Outflow		(126,729)	(93,684)	(33,045)	–
- Inflow		130,887	99,061	31,826	–

	Carrying amount $'000	Contractual cash flows $'000	Cash flows within 1 year $'000	Cash flows after 1 year but within 5 years $'000	Cash flows after 5 years $'000
Company					
2020					
Non-derivative financial liabilities					
Loans and borrowings	**761,572**	**783,224**	**128,706**	**654,518**	**–**
Lease liabilities	**316**	**317**	**211**	**106**	**–**
Trade and other payables	**76,676**	**76,676**	**76,676**	**–**	**–**
Recognised financial liabilities	**838,564**	**860,217**	**205,593**	**654,624**	**–**
Derivative financial instruments					
CCSs, FCSs and FXFs (gross settled)	**(8,522)**				
- Outflow		**(384,197)**	**(53,634)**	**(330,563)**	**–**
- Inflow		**401,708**	**60,352**	**341,356**	**–**
CCSs, FCSs and FXFs (gross settled)	**39,206**				
- Outflow		**(885,660)**	**(42,771)**	**(842,889)**	**–**
- Inflow		**888,841**	**40,815**	**848,026**	**–**

32. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows within 1 year $'000	Cash flows after 1 year but within 5 years $'000	Cash flows after 5 years $'000
Company					
2019					
Non-derivative financial liabilities					
Loans and borrowings	621,163	628,932	251,861	377,071	–
Lease liabilities	622	556	133	423	–
Trade and other payables	238,858	238,858	238,858	–	–
Recognised financial liabilities	860,643	868,346	490,852	377,494	–
Derivative financial instruments					
CCSs and FCSs (gross settled)	(41,323)				
- Outflow		(860,071)	(253,696)	(606,375)	–
- Inflow		902,300	281,938	620,362	–
CCSs and FCSs (gross settled)	2,717				
- Outflow		(126,729)	(93,684)	(33,045)	–
- Inflow		130,887	99,061	31,826	–

The maturity analyses show the contractual undiscounted cash flows of the financial liabilities of the Group and the Company on the basis of their earliest possible contractual maturity.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates change. Except for these financial liabilities and the cash flows arising from the financial guarantees issued, it is not expected that the cash flows included in the maturity analyses above could occur significantly earlier, or at significantly different amounts.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from its trade and other receivables, and loans and borrowings. Presently, the Group and the Company do not use derivative financial instruments to hedge its interest rate risk.

32. Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

Interest rate profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments of the Group and the Company were:

	Group		Company	
	Nominal amount		Nominal amount	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Fixed rate instruments				
Financial assets	**1,164,723**	1,057,883	**96,344**	4,118
Financial liabilities	**(537,608)**	(554,293)	**(514,648)**	(504,862)
	627,115	503,590	**(418,304)**	(500,744)
Variable rate instruments				
Financial assets	**313,840**	286,529	**145,964**	594,892
Financial liabilities	**(254,977)**	(124,070)	**(254,977)**	(124,070)
	58,863	162,459	**(109,013)**	470,822

Cash flow sensitivity analysis for variable rate instruments

An increase/decrease of 100 (2019: 100) basis points ("bps") in interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. There is no impact on other components of equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Increase/(decrease) in profit before tax	
	100 bps increase	100 bps decrease
	$'000	$'000
Group		
31 December 2020		
Variable rate instruments	**589**	**(589)**
31 December 2019		
Variable rate instruments	1,625	(1,625)
Company		
31 December 2020		
Variable rate instruments	**(1,090)**	**1,090**
31 December 2019		
Variable rate instruments	4,708	(4,708)

32. Financial risk management objectives and policies (cont'd)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily the EUR, Singapore Dollar, RMB, US Dollar, Malaysian Ringgit and AUD.

Please refer to Note 8 for details of the financial derivatives that the Group has entered into. The Group does not apply hedge accounting.

The exposure of the Group and Company to foreign currencies based on nominal amounts is as follows:

	EUR $'000	Singapore Dollar $'000	RMB $'000	US Dollar $'000	Malaysian Ringgit $'000	AUD $'000
Group						
2020						
Cash and cash equivalents	**6,082**	**740**	**129,569**	**1,814**	**–**	**1,157**
Trade and other receivables	**–**	**15**	**–**	**390**	**–**	**–**
Trade and other payables	**(913)**	**(33)**	**(804)**	**(376)**	**(1,683)**	**(10,158)**
Intercompany balances	**1,022,149**	**–**	**176,003**	**–**	**–**	**29,035**
Loans and borrowings	**(67,280)**	**–**	**(122,047)**	**(355,148)**	**–**	**(5,022)**
Net statement of financial position exposure	**960,038**	**722**	**182,721**	**(353,320)**	**(1,683)**	**15,012**
CCSs, FCSs and FXFs	**(1,063,330)**	**–**	**(127,627)**	**355,148**	**–**	**(26,176)**
Net exposure	**(103,292)**	**722**	**55,094**	**1,828**	**(1,683)**	**(11,164)**
2019						
Cash and cash equivalents	16,400	–	736	3,465	–	498
Trade and other receivables	4	–	31,266	715	–	–
Trade and other payables	(1,034)	(25)	(147)	(730)	(1,685)	–
Intercompany balances	849,429	–	123,268	(3,129)	–	–
Loans and borrowings	(81,172)	–	–	(271,298)	–	–
Net statement of financial position exposure	783,627	(25)	155,123	(270,977)	(1,685)	498
CCSs and FCSs	(787,822)	–	(102,665)	271,298	–	(9,388)
Net exposure	(4,195)	(25)	52,458	321	(1,685)	(8,890)

32. Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

	EUR $'000	RMB $'000	US dollar $'000	AUD $'000
Company				
2020				
Cash and cash equivalents	**5,238**	**128,652**	**1,277**	**1,157**
Trade and other receivables	**–**	**–**	**386**	**–**
Trade and other payables	**(913)**	**(760)**	**(376)**	**(10,158)**
Intercompany balances	**1,026,490**	**451,411**	**(73)**	**29,157**
Loans and borrowings	**(67,280)**	**(122,047)**	**(355,148)**	**(5,022)**
Net statement of financial position exposure	**963,535**	**457,256**	**(353,934)**	**15,134**
CCSs, FCSs and FXFs	**(1,063,330)**	**(127,627)**	**355,148**	**(26,176)**
Net exposure	**(99,795)**	**329,629**	**1,214**	**(11,042)**
2019				
Cash and cash equivalents	16,383	509	3,426	498
Trade and other receivables	4	–	714	–
Trade and other payables	(1,034)	(277)	(730)	–
Intercompany balances	849,429	123,268	(3,129)	–
Loans and borrowings	(81,172)	–	(271,298)	–
Net statement of financial position exposure	783,610	123,500	(271,017)	498
CCSs and FCSs	(787,822)	(102,665)	271,298	(9,388)
Net exposure	(4,212)	20,835	281	(8,890)

Sensitivity analysis

A 10% (2019: 10%) strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date would impact the profit before tax of the Group and the Company by the amounts shown below. A 10% weakening of the above major currencies against the functional currency of each of the Group's entities at the reporting date would have an equal but opposite effect. There is no impact on other components of equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Increase/(decrease) in profit before tax		Company Increase/(decrease) in profit before tax	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
EUR	**(10,329)**	(420)	**(9,980)**	(421)
Singapore Dollar	**72**	(3)	**–**	–
RMB	**5,509**	5,246	**32,963**	2,084
US Dollar	**183**	32	**121**	28
Malaysian Ringgit	**(168)**	(169)	**–**	–
AUD	**(1,116)**	(889)	**(1,104)**	(889)

32. Financial risk management objectives and policies (cont'd)

Accounting classifications and fair values

Fair values versus carrying amounts

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value		
	Note	Financial assets at amortised cost	Financial liabilities at amortised cost	Designated at fair value through profit or loss	Total	Level 1	Level 2	Level 3
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
2020								
Financial assets not measured at fair value								
Trade and other receivables, excluding prepayments	11	1,216,716	–	–	1,216,716	–	1,216,707	–
Cash and cash equivalents	14	476,304	–	–	476,304			
		1,693,020	–	–	1,693,020			
Financial assets measured at fair value								
Derivative assets	8	–	–	8,522	8,522	–	8,522	–
Other investments:								
- Equity securities	9	–	–	57,586	57,586	14,344	–	43,242
- Debt securities	9	–	–	39,500	39,500	–	–	39,500
		–	–	105,608	105,608			
Financial liabilities not measured at fair value								
Loans and borrowings	18	–	(739,572)	–	(739,572)			
Trade and other payables	19	–	(394,020)	–	(394,020)			
Lease liabilities	20	–	(76,683)	–	(76,683)			
		–	(1,210,275)	–	(1,210,275)			
Financial liabilities measured at fair value								
Derivative liabilities	8	–	–	(39,206)	(39,206)	–	(39,206)	–

32. Financial risk management objectives and policies (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value		
	Note	Financial assets at amortised cost	Financial liabilities at amortised cost	Designated at fair value through profit or loss	Total	Level 1	Level 2	Level 3
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
2019								
Financial assets not measured at fair value								
Trade and other receivables, excluding prepayments	11	1,134,579	–	–	1,134,579	–	1,134,162	–
Cash and cash equivalents	14	313,389	–	–	313,389			
		1,447,968	–	–	1,447,968			
Financial assets measured at fair value								
Derivative assets	8	–	–	41,323	41,323	–	41,323	–
Other investments:								
- Equity securities	9	–	–	35,094	35,094	816	–	34,278
- Debt securities	9	–	–	39,500	39,500	–	–	39,500
		–	–	115,917	115,917			
Financial liabilities not measured at fair value								
Loans and borrowings	18	–	(621,163)	–	(621,163)			
Trade and other payables	19	–	(356,516)	–	(356,516)			
Lease liabilities	20	–	(71,747)	–	(71,747)			
		–	(1,049,426)	–	(1,049,426)			
Financial liabilities measured at fair value								
Derivative liabilities	8	–	–	(2,717)	(2,717)	–	(2,717)	–

32. Financial risk management objectives and policies (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount				Fair value
	Note	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Designated at fair value through profit or loss $'000	Total $'000	Level 2 $'000
Company						
2020						
Financial assets not measured at fair value						
Trade and other receivables, excluding prepayments	11	**1,651,483**	**–**	**–**	**1,651,483**	
Cash and cash equivalents	14	**141,945**	**–**	**–**	**141,945**	
		1,793,428	**–**	**–**	**1,793,428**	
Financial assets measured at fair value						
Derivative assets	8	**–**	**–**	**8,522**	**8,522**	**8,522**
Financial liabilities not measured at fair value						
Loans and borrowings	18	**–**	**(761,572)**	**–**	**(761,572)**	
Lease liabilities	20	**–**	**(316)**	**–**	**(316)**	
Trade and other payables	19	**–**	**(76,676)**	**–**	**(76,676)**	
		–				
		–	**(838,564)**	**–**	**(838,564)**	
Financial liabilities measured at fair value						
Derivative liabilities	8	**–**	**–**	**(39,206)**	**(39,206)**	**(39,206)**
2019						
Financial assets not measured at fair value						
Investment in redeemable preference shares	6	628,693	–	–	628,693	
Trade and other receivables, excluding prepayments	11	1,343,953	–	–	1,343,953	
Cash and cash equivalents	14	22,629	–	–	22,629	
		1,995,275	–	–	1,995,275	
Financial assets measured at fair value						
Derivative assets	8	–	–	41,323	41,323	41,323
Financial liabilities not measured at fair value						
Loans and borrowings	18	–	(621,163)	–	(621,163)	
Lease liabilities	20	–	(622)	–	(622)	
Trade and other payables	19	–	(238,858)	–	(238,858)	
		–	(860,643)	–	(860,643)	
Financial liabilities measured at fair value						
Derivative liabilities	8	–	–	(2,717)	(2,717)	(2,717)

32. Financial risk management objectives and policies (cont'd)

Accounting classifications and fair values (cont'd)

Measurement of fair value

Level 2 fair value measurements - derivatives

CCSs, FCSs and FXFs are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and foreign exchange spot and forward rates.

Level 3 fair value measurements – information about unobservable inputs used

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Group			
Unquoted equity securities – at fair value through profit or loss	Net asset value of the investee entity adjusted for the fair value of the underlying properties held by the investee	Income capitalisation: Discount rate of 6.0% (2019: 6.0% to 7.0%)	An increase in the discount rate would result in a lower fair value measurement.
Debt securities – at fair value through profit or loss	Discounted cash flow	Probability of default: 0.0% (2019: 0.0%)	An increase in the probability of default would result in a higher fair value measurement.

Financial instruments not measured at fair value

Determination of fair value – Trade and other receivables, excluding prepayments

The fair values disclosed are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the end of the reporting period.

32. Financial risk management objectives and policies (cont'd)

Accounting classifications and fair values (cont'd)

Level 3 fair values

The following table shows a reconciliation of the opening balances to the ending balances for Level 3 fair values:

	Group Unquoted equity securities - at fair value through profit or loss	
	2020	**2019**
	$'000	**$'000**
At 1 January	**73,778**	74,805
Change in fair value included in profit or loss	**7,290**	–
Effect of movements in exchange rates	**1,675**	(1,027)
At 31 December	**82,743**	73,778

Sensitivity analysis

For the Group's unquoted equity investment at fair value through profit or loss, a 10% increase in the discount rate applied, where applicable, would have decreased the Group's profit before tax by $8,274,000 (2019: $7,378,000). A decrease in the discount rate applied at the reporting date would have an equal but opposite effect.

Valuation policies and procedures

Please refer to Note 5 (ii) for the valuation policies and procedures of the Group.

33. Leases

Leases as lessee (IFRS 16)

The Group leases land, properties and motor vehicles. The leases typically run for a period of 2 to 29 years, with an option to renew the lease after that date. Lease payments are renegotiated before the maturity of the lease to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The office and hotel leases were entered into many years ago as combined leases of land. Previously, these leases were classified as operating leases under IAS 17.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term (i.e., equal to or less than twelve months) and/or leases of low-value items.

Information about leases for which the Group is a lessee is presented below.

33. Leases (cont'd)

Right-of-use assets

Group

	Note	Leasehold land $'000	Leased properties $'000	Motor vehicles $'000	Total $'000
Balance at 1 January 2019		18,070	78,098	196	96,364
Additions		–	2,768	118	2,886
Charge for the year		(543)	(3,421)	(74)	(4,038)
Deconsolidation of a subsidiary	30(b)	–	(6,282)	–	(6,282)
Translation differences on consolidation		(515)	(2,896)	(8)	(3,419)
Balance at 31 December 2019 and 1 January 2020	4	**17,012**	**68,267**	**232**	**85,511**
Additions		**–**	**1,700**	**32**	**1,732**
Adjustments		**–**	**(102)**	**–**	**(102)**
Charge for the year		**(549)**	**(3,726)**	**(82)**	**(4,357)**
Translation differences on consolidation		**778**	**5,368**	**17**	**6,163**
Balance at 31 December 2020	4	**17,241**	**71,507**	**199**	**88,947**

Company

	Note	Leased properties $'000
Balance at 1 January 2019		303
Additions		517
Charge for the year		(202)
Balance at 31 December 2019 and 1 January 2020	4	**618**
Adjustments		**(102)**
Charge for the year		**(204)**
Balance at 31 December 2020	4	**312**

Amounts recognised in profit or loss

	2020 $'000	2019 $'000
Leases under IFRS 16		
Expenses relating to short-term leases	**6**	113
Interest expense on lease liabilities (Note 20)	**3,531**	3,338

Amounts recognised in statement of cash flows

	2020 $'000	2019 $'000
Total cash outflow for leases	**(5,904)**	(5,422)

33. Leases (cont'd)

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Group as a lessor

The Group leases out its investment properties consisting of its owned commercial properties (see Note 5). All leases are classified as operating leases from a lessor perspective. These leases have terms of between 10 and 25 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Operating lease

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 5 sets out information about the operating leases of investment properties.

Rental income from investment properties recognised by the Group amounted to $6,909,000 (2019: $9,450,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received by the Group after the reporting date.

	2020 $'000	2019 $'000
Operating leases under IFRS 16		
Within one year	**12,939**	10,886
After one year but within five years	**47,036**	37,000
After five years	**110,033**	89,422
Total	**170,008**	137,308

34. Commitments

The Group has the following commitments as at the reporting date:

Capital commitments

	Group	
	2020 $'000	2019 $'000
Contracted but not provided for in the financial statements:		
- Expenditure in respect of investment properties and development properties	**88,633**	141,832
- Commitment in respect of an investment in an associate	**5,186**	23,387

35. Related parties

Other than as disclosed elsewhere in the financial statements, transactions with related parties based on terms agreed between the parties are as follows:

	Group 2020 $'000	Group 2019 $'000
Associates and joint ventures		
Consultancy fees received and receivable	**901**	578
Service income received and receivable	**1,894**	1,578
Affiliated corporations		
Service income received and receivable	**31**	31
Consultancy fees received and receivable	**517**	–
Sale of properties	**35,290**	–

During the financial year ended 31 December 2019, the Group entered into sale option agreements to sell four SOHO units in the Millennium Waterfront project to a director of certain subsidiaries (who is also the sole shareholder of a non-controlling shareholder in the Company) for an aggregate purchase price of approximately $580,000.

An affiliated corporation is defined as a corporation:

(a) in which a director of the Group has substantial financial interests or who is in a position to exercise significant influence; and/or

(b) which directly or indirectly, through one or more intermediaries is under the control of a common shareholder.

Transactions with key management personnel

The key management personnel compensation comprises:

	Group 2020 $'000	Group 2019 $'000
Directors' fees	**378**	339
Short-term employee benefits	**7,299**	8,819
Defined contribution plans	**80**	81
	7,757	9,239

36. Employee share option scheme

On 19 May 2014, the shareholders of the Company adopted a share option scheme known as the First Sponsor Employee Share Option Scheme (the "Share Option Scheme") that entitles eligible participants (which include the non-executive directors) to purchase shares in the Company. The Share Option Scheme shall continue in operation for a maximum period of 10 years commencing from 19 May 2014, and may continue for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Share Option Scheme is administered by the Administration Committee, comprising members of the Remuneration Committee and the Nominating Committee.

36. Employee share option scheme (cont'd)

The aggregate number of shares which may be offered by way of grant of options to all controlling shareholders of the Company and their respective associates under the Share Option Scheme shall not exceed 25% of the total number of shares available under the Share Option Scheme, with the number of shares which may be offered by way of granting options to each controlling shareholder of the Company and his respective associate not exceeding 10% of the total number of shares available under the Share Option Scheme.

The exercise price of the options granted under the Share Option Scheme shall be determined at the discretion of the Administration Committee and may be:

(a) set at a discount to a price (the "Market Price") equal to the average of the last dealt prices for the shares on the SGX-ST for the five consecutive market days immediately preceding the relevant date of grant of the relevant option (subject to a maximum discount of 20.0%), in which event, such options may be exercised after the second anniversary from the date of grant of the options; or

(b) fixed at the Market Price, in which event such options may be exercised after the first anniversary of the date of grant of that option.

Options granted under the Share Option Scheme will have a life span of 10 years.

During the years ended 31 December 2020 and 2019, no options have been granted under the Share Option Scheme.

37. Subsequent events

Other than as disclosed elsewhere in the financial statements, the following significant events occurred subsequent to the financial year end.

In February 2021, the Group entered into a conditional sale and purchase agreement with Chuang's China Realty Limited ("Seller") to acquire the entire share capital of a Hong Kong incorporated company, Double Wealthy Company Limited ("Panyu HoldCo") which wholly owns a large residential property development company in Panyu, Guangzhou, namely Panyu Chuang's Real Estate Development Co., Ltd. ("Panyu ProjectCo"). As part of the acquisition, the Seller would also assign to the Group an existing shareholder's loan granted by the Seller to Panyu HoldCo. The Group's effective equity interest in Panyu HoldCo and Panyu ProjectCo will be 95% as the acquisition will be made through a subsidiary which will be 95%-owned by the Group as at the completion of this acquisition. The estimated total purchase consideration of the equity interest in Panyu HoldCo and the acquisition of the shareholder's loan at par is approximately $323.3 million (approximately RMB1,564.1 million), of which the Group's effective 95% share amounts to approximately $307.1 million (approximately RMB1,485.9 million) in aggregate. The Group is currently targeting for the completion of this acquisition to take place before the end of the third quarter of 2021.

38. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 5 March 2021.

STATISTICS OF ORDINARY SHAREHOLDING

As at 10 March 2021

Number of Issued Shares [1] (excluding treasury shares)	:	913,325,132 ordinary shares of US$0.10 each
Voting Rights	:	1 vote per share
Number of Treasury Shares	:	Nil

Note:

(1) This includes 307,682 shares held by a wholly-owned subsidiary of the Company.

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	–	99	43	2.15	633	0.00
100	–	1,000	743	37.15	380,029	0.04
1,001	–	10,000	924	46.20	2,997,770	0.33
10,001	–	1,000,000	267	13.35	19,542,371	2.14
1,000,001	and	above	23	1.15	890,404,329	97.49
Total			**2,000**	**100.00**	**913,325,132**	**100.00**

TWENTY LARGEST SHAREHOLDERS REGISTERED WITH THE CENTRAL DEPOSITORY (PTE) LIMITED

No.	Name	No. of Shares	%
1	REPUBLIC HOTELS & RESORTS LIMITED	289,844,938	31.74
2	FIRST SPONSOR CAPITAL LIMITED	286,764,270	31.40
3	CITIBANK NOMINEES SINGAPORE PTE LTD	131,119,125	14.36
4	PHILLIP SECURITIES PTE LTD	38,566,591	4.22
5	M&C HOSPITALITY INTERNATIONAL LIMITED	36,402,658	3.99
6	DBS NOMINEES PTE LTD	30,462,153	3.34
7	DBS VICKERS SECURITIES (S) PTE LTD	17,923,604	1.96
8	ARARAT HOLDINGS LIMITED	8,430,070	0.92
9	MAGNIFICENT OPPORTUNITY LIMITED	7,846,850	0.86
10	NEO TECK PHENG	6,887,926	0.75
11	BPSS NOMINEES SINGAPORE (PTE.) LTD.	6,771,429	0.74
12	HOCKSONS PTE LTD	5,804,571	0.64
13	HO HAN LEONG CALVIN	5,300,000	0.58
14	JCL CAPITAL PTE LTD	3,223,000	0.35
15	HO HAN KHOON	2,830,000	0.31
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,276,500	0.25
17	KGI SECURITIES (SINGAPORE) PTE. LTD.	1,699,200	0.19
18	ONG KIAN GIAP DANIEL	1,523,900	0.17
19	HO HAN SIONG CHRISTOPHER	1,498,000	0.16
20	LEE SAU HUN	1,488,571	0.16
	Total:	**886,663,356**	**97.09**

STATISTICS OF ORDINARY SHAREHOLDING

As at 10 March 2021

SHAREHOLDING IN THE HANDS OF THE PUBLIC AS AT 10 MARCH 2021

The percentage of shareholding in the hands of the public was approximately 13.08% of the total number of issued and fully paid-up ordinary shares of the Company. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities has been complied with.

SUBSTANTIAL SHAREHOLDERS

	Shares			
	Direct Interest		Deemed Interest	
	Number of Shares	% of Issued Shares	Number of Shares	% of Issued Shares
Mr. Ho Han Leong Calvin (1)	5,300,000	0.58	416,614,513	45.62
Mr. Ho Han Khoon (2)	2,830,000	0.31	286,764,270	31.40
Mr. Neo Teck Pheng (3)	8,954,926 (4)	0.98	303,041,190	33.18
First Sponsor Capital Limited	286,764,270	31.40	–	–
Tai Tak Asia Properties Limited (5)	115,450,549 (6)	12.64	301,163,964	32.97
Tai Tak Industries Pte. Ltd. (7)	–	–	416,614,513	45.62
Tai Tak Estates Sendirian Berhad (8)	–	–	416,614,513	45.62
SG Investments Pte. Ltd. (9)	–	–	416,614,513	45.62
First Sponsor Management Limited (10)	–	–	286,764,270	31.40
TT Properties (Asia) Ltd. (11)	–	–	286,764,270	31.40
Republic Hotels & Resorts Limited	289,844,938	31.74	–	–
M&C Hotel Investments Pte. Ltd. (12)	–	–	289,844,938	31.74
M&C Hospitality International Limited (13)	36,402,658	3.99	289,844,938	31.74
M&C Singapore Holdings (UK) Limited (14)	–	–	326,247,596	35.72
Millennium & Copthorne Hotels Limited (15)	–	–	326,247,596	35.72
Agapier Investments Limited (16)	–	–	326,247,596	35.72
Singapura Developments (Private) Limited (17)	–	–	326,247,596	35.72
City Developments Limited (18)	–	–	326,247,596	35.72
Hong Leong Investment Holdings Pte. Ltd. (19)	–	–	326,247,596	35.72

Notes:

(1) Mr Ho Han Leong Calvin, the Company's Non-Executive Chairman, is treated as having an interest under Section 4 of the SFA in (a) the Shares held directly by First Sponsor Capital Limited ("FSCL"), (b) the Shares held directly by Tai Tak Asia Properties Limited ("TTAPL") and in which TTAPL is treated as having an interest under Section 4 of the SFA and (c) the Shares in which Chengdu Tianfu Properties Ltd. ("CTF") is treated as having an interest under Section 4 of the SFA, which are 286,764,270 Shares, 416,614,513 Shares and 14,399,694 Shares respectively. These three entities are entities in which he is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof. Please refer to note 4 below for the details on the Shares in which TTAPL and CTF are treated as having an interest under Section 4 of the SFA. He is also treated as having an interest in the Shares held indirectly by Tai Tak Industries Pte. Ltd. ("TTI"), Tai Tak Estates Sendirian Berhad ("TTESB"), SG Investments Pte. Ltd. ("SGI"), First Sponsor Management Limited ("FSML") and TT Properties (Asia) Ltd. ("TTPA"), in which he is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof.

(2) Mr Ho Han Khoon, an alternate director to the Company's Non-Executive Chairman, is treated as having an interest under Section 4 of the SFA in the Shares held directly by FSCL and indirectly by FSML and TTPA, in which he is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 286,764,270 Shares.

(3) Mr Neo Teck Pheng, the Group Chief Executive Officer and Executive Director, is treated as having an interest under Section 4 of the SFA in the Shares held directly by FSCL, Ararat Holdings Limited and Magnificent Opportunity Limited, which are 286,764,270 Shares, 8,430,070 Shares and 7,846,850 Shares, respectively. These three entities are entities in which he is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof. He is also treated as having an interest under Section 4 of the SFA in the Shares held indirectly by FSML, in which he is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof.

(4) Includes 2,067,000 Shares held via United Overseas Bank Nominees (Private) Limited.

(5) TTAPL is treated as having an interest under Section 4 of the SFA in (a) the Shares held by FSCL directly and (b) the Shares held by CTF via DBS Vickers Securities (S) Pte Ltd, which are 286,764,270 Shares and 14,399,694 Shares, respectively. TTAPL is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares of FSCL and CTF.

(6) Includes 115,000,000 Shares held via Citibank Nominees Singapore Pte Ltd.

(7) TTI is treated as having an interest under Section 4 of the SFA in the Shares held directly and indirectly by TTAPL, in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 416,614,513 Shares.

(8) TTESB is treated as having an interest under Section 4 of the SFA in the Shares held indirectly by TTI, in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 416,614,513 Shares.

(9) SGI is treated as having an interest under Section 4 of the SFA in the Shares held indirectly by TTESB, in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 416,614,513 Shares.

(10) FSML is treated as having an interest under Section 4 of the SFA in the Shares held directly by FSCL, in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 286,764,270 Shares.

(11) TTPA is treated as having an interest under Section 4 of the SFA in the Shares held indirectly by FSML, in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 286,764,270 Shares.

(12) M&C Hotel Investments Pte. Ltd. ("MHIPL") is treated as having an interest under Section 4 of the SFA in the Shares held directly by Republic Hotels & Resorts Limited, in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 289,844,938 Shares.

(13) M&C Hospitality International Limited ("MHIL") is treated as having an interest under Section 4 of the SFA in the Shares held indirectly by MHIPL, in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 289,844,938 Shares.

(14) M&C Singapore Holdings (UK) Limited ("MSH") is treated as having an interest under Section 4 of the SFA in the Shares held directly and indirectly by MHIL, in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 326,247,596 Shares.

(15) Millennium & Copthorne Hotels Limited ("M&C") is treated as having an interest under Section 4 of the SFA in the Shares held indirectly by MSH, in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 326,247,596 Shares.

(16) Agapier Investments Limited ("AIL") is treated as having an interest under Section 4 of the SFA in the Shares held indirectly by M&C, in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 326,247,596 Shares.

(17) Singapura Developments (Private) Limited ("SDP") is treated as having an interest under Section 4 of the SFA in the Shares held indirectly by AIL, in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 326,247,596 Shares.

(18) City Developments Limited ("CDL") is treated as having an interest under Section 4 of the SFA in the Shares held indirectly by SDP, in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 326,247,596 Shares.

(19) Hong Leong Investment Holdings Pte. Ltd. is treated as having an interest under Section 4 of the SFA in the Shares held indirectly by CDL, in which it is entitled to exercise or control the exercise of not less than 20 per cent. of the votes attached to the voting shares thereof, which is 326,247,596 Shares.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The information required under Rule 720(6) and Appendix 7.4.1 of the SGX-ST Listing Manual in respect of Directors seeking re-election at the Annual General Meeting on 23 April 2021 is set out below:

	Mr Yee Chia Hsing	**Ms Ting Ping Ee Joan Maria**
Date of Appointment	19 May 2014	19 May 2014
Date of last re-appointment (if applicable)	24 April 2018	24 April 2018
Age	49	65
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Yee has continued to discharge his duties as Lead Independent Director well and to contribute positively to the Company. The process of succession planning for the Board, appointment of Directors and the re-nomination and re-election of Directors are set out on pages 82 to 86 of the Annual Report.	Ms Ting has continued to discharge her duties as Independent Director well and to contribute positively to the Company. The process of succession planning for the Board, appointment of Directors and the re-nomination and re-election of Directors are set out on pages 82 to 86 of the Annual Report.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director Chairman of the Audit and Risk Committee and a member of the Nominating Committee	Independent Director Chairperson of the Nominating Committee and a member of the Audit and Risk Committee and the Remuneration Committee
Professional qualifications	Bachelor of Accountancy Degree (First Class Honours), Nanyang Technological University, Singapore	Bachelor of Accountancy Degree (Honours), University of Singapore
Working experience and occupation(s) during the past 10 years	March 2021 to present Director of Corporate Affairs and General Manager of the Entity Health nutraceutical business of iX Biopharma Ltd, listed on SGX January 2016 to present Independent Director of Ezion Holdings Limited April 2009 to present Audit Committee Member of Ren Ci Hospital January 2011 to February 2021 Head of Catalist, CIMB Bank Berhad, Singapore Branch September 2015 to June 2020 Elected Member of the Parliament of Singapore	January 2017 to present Independent Director of Grand Union Holdings and Investments Incorporated February 2014 to December 2017 Independent Director of Grandland Shipping Limited October 2001 to June 2013 Managing Director, Head Corporate Credit Group, DBS Bank Ltd. Ms Ting has spent her entire career from April 1977 to June 2013 at DBS Bank

	Mr Yee Chia Hsing	Ms Ting Ping Ee Joan Maria
Shareholding interest in the listed issuer and its subsidiaries	Please refer to the section titled "Directors' Interests" in the Directors' Statement on pages 107 and 108 of the Annual Report.	Please refer to the section titled "Directors' Interests" in the Directors' Statement on pages 107 and 108 of the Annual Report.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directors# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	***Past (for the last 5 years)*** ● Head of Catalist, CIMB Bank Berhad, Singapore Branch ● Elected Member of the Parliament of Singapore ***Present*** ● Director of Corporate Affairs and General Manager of Entity Health nutraceutical business of iX Biopharma Ltd, listed on SGX ● Independent Director of Ezion Holdings Limited ● Audit Committee Member of Ren Ci Hospital	***Past (for the last 5 years)*** ● Independent Director of Grandland Shipping Limited ***Present*** ● Independent Director of Grand Union Holdings and Investments Incorporated
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No

		Mr Yee Chia Hsing	Ms Ting Ping Ee Joan Maria
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgement against him/her?	No	No
(d)	Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No
(e)	Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No

		Mr Yee Chia Hsing	Ms Ting Ping Ee Joan Maria
(f)	Whether at any time during the last 10 years, judgement has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No
(g)	Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he/she has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No
(j)	Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

	Mr Yee Chia Hsing	Ms Ting Ping Ee Joan Maria
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	No	No
(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable	Not Applicable

FIRST SPONSOR GROUP LIMITED

Company Registration No.: AT-195714
Incorporated in the Cayman Islands
on 24 September 2007

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