Notes to the Consolidated Financial Statements

31 December 2022

1. CORPORATE INFORMATION

ESR Group Limited (formerly known as ESR Cayman Limited) (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law on 14 June 2011. The registered office of the Company is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The address of head office and principal place of business is at Suites 2905-06, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

The Company and its subsidiaries (together, the "**Group**") are principally engaged in logistics real estate development, leasing, management and fund management platforms in the Asia Pacific region.

Information about subsidiaries

As at the end of 31 December 2022, the Company had direct and indirect interests in its principal subsidiaries, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shanghai e-Shang Warehousing Services Co., Ltd.	China 8 July 2011	RMB109,090,909	—	100%	Investment and management
Langfang Weidu International Logistics Co., Ltd.	China 15 March 2011	US$24,000,000	—	100%	Warehousing business
Jiangsu Friend Warehousing Co., Ltd.	China 14 August 2003	RMB371,320,077	—	100%	Warehousing business
ESR Kendall Square, Inc.	South Korea 16 December 2014	KRW34,000,000,000	—	100%	Investment and management
Redwood Asian Investments Ltd. ("**RAIL**")	Cayman Islands 5 August 2013	US$100	100%	—	Investment holding
ESR Singapore Pte. Ltd.	Singapore 27 November 2007	US$1	100%	—	Investment and management
ESR Ltd	Japan 8 May 2006	JPY466,970,000	—	100%	Investment and management
Sunwood Singapore Holding Pte. Ltd.	Singapore 24 December 2014	US$234,206,136	—	95%	Investment and management
ESR Pte. Ltd.	Singapore 26 May 2017	A$308,885,207	95.5%	—	Investment holding
e-Shang Infinity Cayman Limited	Cayman Islands 30 September 2015	US$35,243,934	—	100%	Investment holding
RW Higashi Ogishima TMK ("**Higashi**")	Japan 18 March 2016	JPY6,015,350,000	—	70%	Warehousing business
ESR-LOGOS Funds Management (S) Limited (formerly known as ESR Funds Management (S) Limited)	Singapore 14 September 2005	S$64,714,500	—	99%	Investment and management
ESR-LOGOS Property Management (S) Pte. Ltd. (formerly known as ESR Property Management (S) Pte. Ltd.)	Singapore 4 November 2005	S$250,000	—	100%	Investment and management

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1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shanghai Yurun Meat Food Co., Ltd.	China 3 June 2010	RMB687,142,857	—	70%	Warehousing business
Summit (BVI) Limited	BVI 24 February 2012	US$1	100%	—	Investment and management
Kendall Square Asset Management, Inc.	South Korea 1 September 2016	KRW2,500,000,000	—	100%	Investment and management
ESR HK Management Limited	Cayman Islands 29 June 2018	US$100	100%	—	Investment holding
ESR Asset Management (Holdings) Limited	Australia 3 May 2000	A$91,370,012	—	95.2%	Investment and management
ESR Sachiura 3 TMK	Japan 11 January 2019	JPY5,894,700,000	—	100%	Asset holding
ESR Sachiura 4 TMK	Japan 11 January 2019	JPY6,390,800,000	—	100%	Asset holding
RW Investor (Kuki) Ltd.	Cayman Islands 11 April 2016	US$1	—	100%	Investment holding
ESR Queensland Hold Trust	Australia 29 June 2018	N/A	—	95.2%	Investment holding discretionary trust
ESR India Investment Holdings Pte. Ltd.	Singapore 8 September 2017	S$1	—	100%	Investment holding
Kendall Square REIT Management, Inc.	South Korea 28 May 2020	KRW8,000,000,000	—	100%	Investment and management
Daisy Offshore Holdings (BVI) Limited	BVI 29 May 2019	US$1	100%	—	Investment and management
Suzhou Yihao Warehouse Services Co.,Ltd.	China 23 November 2018	US$60,000,000	—	100%	Warehousing business
Chengdu Yijing Supply Chain Management Services Co., Ltd	China 22 May 2020	US$66,000,000	—	51%	Warehousing business
ESR Landmark Pty Ltd	Australia 26 March 2021	A$492,965,316	—	95.2%	Investment holding
ESR Co-Invest Trust	Australia 29 June 2018	A$767,121,062	—	95.2%	Investment holding
Skye TMK	Japan 27 November 2020	JPY5,962,900,000	—	100%	Warehousing business
Suzhou Yixiang Precision Machinery Co.,Ltd.	China 4 December 2019	USD65,000,000	—	100%	Warehousing business
Shanghai Yizhishang Enterprise Management Services Co., Ltd.	China 24 December 2021	RMB1,000,000	—	100%	Investment and management
ESR 29 TMK	Japan 1 March 2022	JPY6,791,000,000	—	100%	Asset holding

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1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
ESR 27 TMK	Japan 13 May 2022	JPY12,778,050,000	–	100%	Asset holding
ARA Asset Management Limited	Bermuda 1 July 2002	SGD2,571,943	100%	–	Investment holding
ARA Korea Limited	South Korea 29 September 2002	KRW7,000,000,000	–	90.1%	Investment and management
ARA Trust Management (Suntec) Limited	Singapore 30 August 2004	SGD1,000,000	–	100%	Investment and management
ARA Asset Management (Fortune) Limited	Singapore 7 April 2003	SGD1,000,000	–	100%	Investment and management
APM Property Management Pte Ltd	Singapore 1 September 1994	SGD3	–	100%	Investment and management
ARA Dunedin Limited	United Kingdom 28 June 2019	GBP200	–	58.5%	Investment and management
Venn Partners LLP	United Kingdom 30 July 2009	GBP1,311,637	–	60.8%	Investment and management
ARA Real Estate Investors XXI Pte. Ltd.	Singapore 07 February 2018	AUD1	–	100%	Investment holding
ARA Real Estate Investors 28 Limited	Cayman Islands 07 August 2019	AUD1	–	100%	Investment holding
ARA Real Estate Investors 30 Limited	Hong Kong 08 January 2021	JPY100	–	100%	Investment holding
ARA Real Estate Investors XVII Pte Ltd	Singapore 18 February 2014	SGD1	–	100%	Investment holding
ARA Real Estate Investors XIII Limited	BVI 27 March 2015	USD1	–	100%	Investment holding
LOGOS Property Group Limited	BVI 27 January 2015	USD14.84	–	86.4%	Investment holding
LOGOS Supply Chain Management (Shanghai) Co., Ltd.	China 08 February 2018	USD1,000,000	–	86.4%	Investment and management
Logos Development Management Pty Ltd	Australia 26 September 2014	AUD100	–	86.4%	Investment and management
Logos Investment Management Pty Ltd	Australia 26 September 2014	AUD100	–	86.4%	Investment and management
Logos MLP Development Management	Australia 15 April 2021	AUD100	–	86.4%	Investment and management
Logos SE Asia (Funds Management) Pte. Ltd.	Singapore 11 April 2017	SGD4,361,575.99	–	86.4%	Investment and management

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1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the total assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in excessive length. The subsidiaries incorporated in China are registered as wholly foreign-owned enterprises under PRC Law, except for Shanghai Yurun Meat Food Co., Ltd and Chengdu Yijing Supply Chain Management Services Co., Ltd which are non-wholly foreign-owned enterprises.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IAS**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income, and financial assets and liabilities at fair value through profit or loss, which have been measured at fair value. Non-current assets held for sale are stated at the lower of their carrying amount and fair values less cost to sell as further explained in note 2.4. These financial statements are presented in US dollars, with values rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Group. 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 (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Group has, directly or indirectly, 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 with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners 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. 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.

Notes to the Consolidated Financial Statements

31 December 2022

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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 described above. 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

Notes to the Consolidated Financial Statements

31 December 2022

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRS Standards 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that is expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not adopted the following new and revised IFRSs, that have been issued but not yet effective, in the financial statements:

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1, 5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*[2, 4]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024.
5 As a consequence of the amendments to IFRS 17 issued in October 2021, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

Notes to the Consolidated Financial Statements

31 December 2022

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the ISAB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the ISAB issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Notes to the Consolidated Financial Statements

31 December 2022

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity, over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those 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 cost of the investments in associates and joint ventures includes transaction costs. The Group's investments in associates and joint ventures include goodwill identified on acquisition, net of any accumulated impairment losses. The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income respectively. 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 consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence 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 significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

If the Group's ownership interest in a joint venture is reduced, but investment continues to be classified either as a joint venture, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create 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 of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

Notes to the Consolidated Financial Statements

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. 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, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

Fair value measurement

The Group measures its investment properties, financial assets and liabilities at fair value through other comprehensive income and financial assets and liabilities at fair value through profit or loss at 31 December 2022 and 2021. 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. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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— Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2— Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3— 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 re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at 31 December 2022 and 2021.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at 31 December 2022 and 2021 as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". 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 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 calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Estimated useful life	Estimated residual value
Motor vehicles	3–5 years	10%
Machinery	20 years	0%
Leasehold improvements	1–9 years	0%
Others	2–15 years	10%

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.

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 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 machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties comprise completed property and property under construction or re-development (including the leasehold property interest held as a right-of-use asset) held to earn rentals or for capital appreciation or both. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in profit or loss in the year in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of other intangible assets acquired in a business combination is the fair value at the date of the acquisition. The useful lives of other intangible assets are assessed to be finite. Other intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method for another intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash- generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other intangible assets (other than goodwill) (continued)

The principal estimated useful lives of other intangible assets are as follows:

Category	Estimated useful life	Estimated residual value
Software	3 years	0%
Management contracts	5–10 years	0%
Trust management rights	indefinite useful lives	0%
Customer contracts	3 years	0%
Others	indefinite useful lives	0%

Leases

Group as a lessee

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. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

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. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating 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.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, 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 order for a financial asset to be classified and measured at amortised cost or fair value through OCI, 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.

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 fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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 assets.

Subsequent measurement

Financial assets measured at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets measured at amortised cost (continued)

The Group's financial assets at amortised cost includes trade receivables, and financial assets included in prepayments, other receivables and other assets.

Financial assets designated at fair value through OCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI 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 in profit or loss. Dividends are recognised as other income in 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 fair value through other comprehensive income are not subject to impairment assessment.

The Group elected to classify irrevocably its equity investments under this category.

Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, 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 fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in 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.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets

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 consolidated statement of financial position) 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.

Impairment of financial assets

The Group's trade and other receivables are subject to IFRS 9's expected credit loss model.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

General approach (continued)

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group considers a financial asset in default when contractual payments are 150 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income 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 contract assets 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 and contract assets, the Group applies a 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.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, 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.

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings, financial liabilities at fair value through profit or loss, derivative financial instruments and convertible bond.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

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 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 profit or loss.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Convertible bond and redeemable convertible instruments

The component of convertible bond and redeemable convertible instruments that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. On issuance of convertible bond and redeemable convertible instruments, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bond and redeemable convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the conversion option of a convertible bond and redeemable convertible instruments exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the instruments is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

Put options in relation to non-controlling interests

During the process of acquiring an entity and its subsidiaries, the Group provides the non-controlling shareholders of a subsidiary with the right to dispose of the equity interests held by them to the Group. The equity interests in such subsidiary held by the minority shareholders shall be recognised as non-controlling interests in the consolidated financial statements of the Group. At the same time, for the share redemption option, the Group shall assume the obligations to acquire in cash the equity interests in such subsidiary held by the non-controlling interests. The present value of the amount payable at the time of buying of the corresponding equity interests of such share redemption option shall be deducted from non-controlling interests and shall be recognised as the financial liabilities of the Group. Such financial liabilities shall be re-measured at the present value of future exercise in the subsequent period, with changes charged to equity.

Preference shares

Preference share capital issued by certain subsidiaries of the Group is classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Group's shareholders.

Preference share capital issued by certain subsidiaries of the Group is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary, and non-discretionary dividends thereon that are estimated based on profits or net assets of underlying issuers are recognised as fair value gains or losses in profit or loss.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Reclassification of financial liabilities

The nature and risk profile of a financial instrument may change as a result of a change in circumstances. From the date of such change in circumstances, the derivative component of the instruments were reclassified from financial liability to equity (absent of any other terms requiring its continued classification as financial liability).

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired.

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 profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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.

Cash and cash equivalents

For the purpose of the consolidated statements 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.

Cash and bank balances

For the purpose of the statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and restricted cash.

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 31 December 2022 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 profit or loss.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by 31 December 2022, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at 31 December 2022 between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at 31 December 2022 and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at 31 December 2022 and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the year.

Notes to the Consolidated Financial Statements

31 December 2022

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is acting as a principal in all of its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The specific recognition criteria described below must also be met before revenue is recognised.

Management fee income

Management fee income comprise base management fees, asset management fees and development management fees which are recognised over time; and leasing fee income, acquisition fee income and promote fee which are recognised at point in time.

Base management fees are derived from the management of real estate investment funds or warehousing projects. Base management fee derived from the management of real estate investment funds is determined based on the total capital commitment or net equity invested as the case may be for these funds. Asset management fee derived from the management of warehousing projects is determined based on the fair value of properties.

Development management fee comprises of development fee and project management fee. Development management fee is recognised over time when the Group provides services to the owners of the property assets in accordance with the agreements.

Leasing fee income relates to fees earned in consideration of the investment manager carrying out the leasing services for the real estate investment funds.

Acquisition fee income relates to fees earned in relation to the acquisition of properties by real estate investment funds. The acquisition fee income is determined based on the value of the properties acquired and is recognised when the services have been rendered.

Promote fee income relates to income earned in relation to real estate investment funds where the returns of the real asset investment funds exceed certain specified hurdles. Promote fee is recognised to the extent that it is highly probable that a significant reversal of revenue will not occur.

Notes to the Consolidated Financial Statements

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Solar energy income

Solar energy income is recognised based on direct measurements of the value to the customer of the services transferred to date according to contracts with the customer. Revenue are recognised based on price specified in the contracts and output delivered to customers.

Construction income

Construction income is recognised in accordance with the percentage of completion method measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract. The stage of completion is measured by reference to the completion of specific milestones in the construction process. On completion of each milestone, the recoverable costs incurred during the period plus the related fee earned corresponding to the particular milestone are recognised as revenue.

Revenue from other sources

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue.

Interest income

Interest income is accounted for on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the company's right to receive payment is established.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees of the Group receive remuneration in the form of share-based payment, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity- settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at 31 December 2022 and 2021 until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share- based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding option is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

The employees of the Group's subsidiaries which operate in China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The employees of the Group's subsidiaries which operate in Singapore and other jurisdictions are required to participate in a defined contribution plan. 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. Obligations for contributions to defined contribution pension plans are recognised as employee benefit expenses in profit or loss in the periods during which related services are rendered by the employees.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the note 11 to the financial statements.

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.

Foreign currencies

The Company's functional currency is US dollars. 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. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at 31 December 2022. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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 differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than US dollars. As at 31 December 2022, the assets and liabilities of these entities were translated into the presentation currency of the Company at the exchange rates prevailing at 31 December 2022 and their statements of profit or loss are translated into US dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

Notes to the Consolidated Financial Statements

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

For the purpose of the consolidated statements of cash flows, the cash flows of overseas subsidiaries are translated into US dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Deferred tax liabilities for withholding tax

Pursuant to China Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in China (A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors). As at 31 December 2022 and 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and joint ventures established in China. No deferred taxation has been provided for the distributable retained profits of approximately US$39,418,000 as at 31 December 2022 (2021: US$41,132,000), which were derived from China subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Whether the presumption that investment properties stated at fair value are recovered through sale or use in determining deferred tax

As of 31 December 2022, deferred tax liabilities amounting to US$250,762,000 (2021: US$305,696,000) has been provided for the revaluation of investment properties. The Group determines that these deferred tax liabilities are recognised based on the presumption that the investment properties stated at fair value are recovered through use rather than sale. Further details are given in note 29.

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31 December 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Judgement (continued)

Consolidation of structured entities

Management makes significant judgement on whether to control and consolidate structured entities. The decision outcome impacts accounting methodologies in use and the financial and operational results of the Group.

When assessing control, the Group considers: (1) the level of control of the investor over the investee; (2) variable returns gained through participation of relevant activities of the investee; and (3) the amount of return gained from using its power over the investee.

When assessing the level of control over the structured entities, the Group considers the following four aspects:

- the degree of participation when establishing the structured entities;
- contractual arrangements;
- activities that take place only at special occasions or occurring events; and
- commitments made to the investee from the Group.

When assessing whether there is control over the structured entities, the Group also considers whether the decisions it makes are as a principal or as an agent. Aspects of considerations normally include the decision-making scope over the structured entities, substantive rights of third parties, reward of the Group, and the risk of undertaking variable returns from owning other benefits of the structured entities.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at 31 December 2022, 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.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2022 was US$3,455,498,000 (2021: US$542,636,000). Further details are given in note 19.

Provision for expected credit losses on trade receivables, other receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables, other receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

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3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables, other receivables and contract assets (continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables, other receivables and contract assets is disclosed in notes 22 and 23 to the financial statements, respectively.

Fair value of investment properties held either directly or through joint ventures, associate and financial assets at fair value through profit or loss

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(1) current prices in an active market for properties of a different nature, condition or location or subject to different lease or other contracts, adjusted to reflect those differences;

(2) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(3) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in notes 18 and 47 to the financial statements.

Fair value of financial instruments

If the market for a financial instrument is not active, the Group estimates fair value by using a valuation technique. Valuation techniques include using recent prices in arm's length market transactions between knowledgeable and willing parties, if available, with reference to the current fair value of another instrument that is substantially the same, or discounted cash flow analyses and option pricing models. To the extent practicable, valuation technique makes the maximum use of market inputs. However, where market inputs are not available, management needs to make estimates on such unobservable market inputs.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at 31 December 2022. Other intangible assets with indefinite lives are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

The Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) Investment segment is divided into three main categories: (i) properties that the Group holds on balance sheet, from which the Group derives total return, including rental income and appreciation in value, (ii) co-investments funds and investment vehicles and the REIT the Group manages, from which the Group derives dividend income, pro rata earnings and/or pro rata value appreciation, and (iii) other investments.

(b) Fund management segment earns fee income for managing assets on behalf of the Group's capital partners via funds and investment vehicles. Fees include base management fees, asset fund management fees, acquisition fees, development fees and leasing fees, as well as promote fees upon reaching or exceeding certain target internal rates of return and after the Group's capital partners have received their targeted capital returns.

(c) New Economy development segment earns development profit through the development, construction and sale of completed investment properties. The development profit includes construction income, fair value gains on investment properties under construction and gains on disposal of subsidiaries. The Group also derives pro rata earnings and pro rata value appreciation through the development activities of the development funds and investment vehicles managed by the Group in proportion to the Group's co-investments in those funds and investment vehicles. The former development segment has been renamed as New Economy development segment to better reflect the nature of the properties under this segment. There is no change to the business reported under this segment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs, exchange differences, depreciation and amortisation, share-based compensation expense and corporate expenses are excluded from such measurement.

Notes to the Consolidated Financial Statements

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4. OPERATING SEGMENT INFORMATION (continued)

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Year ended 31 December 2022			
	Investment US$'000	Fund management US$'000	New Economy development US$'000	Total US$'000
Segment revenue	97,123	713,297	10,734	821,154
— Intersegment sales	—	1,157	—	1,157
Reconciliation:	97,123	714,454	10,734	822,311
Elimination of intersegment sales	—	(1,157)	—	(1,157)
Revenue from continuing operations	97,123	713,297	10,734	821,154
Operating expenses	(28,908)	(190,830)	(57,946)	(277,684)
Fair value gains on investment properties	63,167	—	132,264	195,431
Changes in carrying value of financial assets and liabilities at fair value through profit or loss	(22,752)	(10)	30,802	8,040
Changes in fair value of assets held for sale	2,869	—	2,522	5,391
Changes in fair value of derivative financial assets and liabilities	—	6,191	—	6,191
Share of profits and losses of joint ventures and associates, net	63,606	27,436	135,674	226,716
Gain/(Loss) on disposal of subsidiaries	21,278	(42)	26,937	48,173
(Loss)/Gain on disposal of interests in joint ventures and associates	(8)	—	11,124	11,116
Loss on disposal of interests in financial assets at fair value through profit or loss	(875)	(8)	—	(883)
Gain on disposal of investment properties	2,348	—	48,275	50,623
Gain on disposal of other assets	—	—	2,291	2,291
Other income	—	16,640	—	16,640
Dividend income	135,798	1,060	—	136,858
Segment result	333,646	573,734	342,677	1,250,057
Reconciliation:				
Depreciation and amortisation				(47,863)
Exchange gain				1,011
Interest income				16,867
Finance costs				(222,415)
Share-based compensation expense				(26,543)
Other unallocated gains				12,430
Corporate and other unallocated expenses				(168,419)
Profit before tax from continuing operations				815,125
Other segment information:				
Depreciation and amortisation				(47,863)
Capital expenditure*				2,511,252
Investments in joint ventures and associates				2,955,816

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4. OPERATING SEGMENT INFORMATION (continued)

	Year ended 31 December 2021			
	Investment US$'000	Fund management US$'000	New Economy development US$'000	Total US$'000
Segment revenue	116,569	244,042	43,815	404,426
Revenue from continuing operations	116,569	244,042	43,815	404,426
Operating expenses	(27,958)	(45,086)	(89,561)	(162,605)
Fair value gains on investment properties	95,825	—	178,659	274,484
Changes in carrying value of financial assets and liabilities at fair value through profit or loss	(4,506)	—	18,688	14,182
Share of profits and losses of joint ventures and associates, net	95,411	—	72,643	168,054
Gain on disposal of assets held for sale	—	—	2,885	2,885
Gain on disposal of interests in joint ventures and associates	3,315	—	8,074	11,389
Gain on disposal of interests in financial assets at fair value through profit or loss	—	—	1,074	1,074
Gain/(Loss) on disposal of subsidiaries	1,373	—	(953)	420
Dividend income	62,464	—	—	62,464
Segment result	342,493	198,956	235,324	776,773
Reconciliation:				
Depreciation and amortisation				(17,137)
Exchange gain				1,587
Interest income				5,328
Finance costs				(163,549)
Share-based compensation expense				(14,818)
Other unallocated gains				1,888
Corporate and other unallocated expenses				(101,232)
Profit before tax from continuing operations				488,840
Other segment information:				
Depreciation and amortisation				(17,137)
Capital expenditure*				1,077,249
Investments in joint ventures and associates				1,331,017

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets including assets from the acquisition of subsidiaries.

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4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2022 US$'000	2021 US$'000
Greater China	**206,671**	124,998
Japan	**102,253**	107,676
South Korea	**149,867**	52,956
Australia and New Zealand	**182,740**	87,520
Southeast Asia	**134,283**	25,205
India	**10,935**	6,071
Europe	**23,427**	—
Others	**10,978**	—
	821,154	404,426

The revenue information of continuing operations above is based on the locations of the assets.

(b) Non-current assets

	2022 US$'000	2021 US$'000
Greater China	**4,157,231**	3,539,089
Japan	**1,714,318**	826,514
South Korea	**510,047**	410,256
Australia and New Zealand	**2,365,203**	770,192
Southeast Asia	**1,967,817**	178,575
India	**152,316**	88,708
Europe	**247,063**	—
Others	**233,801**	—
	11,347,796	5,813,334

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the financial year ended 31 December 2022, no major customer information is presented in accordance with IFRS 8 Operating Segments (2021: Revenue from continuing operations of approximately US$42,218,000 from investment segment by a single customer for the year ended 31 December 2021).

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5. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue

An analysis of revenue is as follows:

	2022 US$'000	2021 US$'000
Rental income from investment property operating leases (note (i))	**91,626**	110,508
Management fee	**713,296**	244,042
Construction income	**10,735**	43,815
Solar energy income	**5,497**	6,061
Total	**821,154**	404,426

Timing of revenue recognition

	2022 US$'000	2021 US$'000
Rental income from investment property operating leases	**91,626**	110,508
Point in time		
Management fee	**177,569**	69,286
Over time		
Management fee	**535,727**	174,756
Construction income	**10,735**	43,815
Solar energy income	**5,497**	6,061
	821,154	404,426

Note:

(i) Rental income from investment property operating leases does not include variable lease payments that do not depend on an index or a rate.

Performance obligations

Information about the Group's performance obligations is summarised below:

Construction services

The performance obligation is satisfied over time as services are rendered.

Management services

For base management, asset management and development management fees, the performance obligation is satisfied over time as services are rendered. For acquisition/disposal and leasing fees, the performance obligation is satisfied at a point in time upon the successful acquisition/disposal of properties and carrying out leasing services, as the customers only receive and consume the benefits provided by the Group upon successful acquisition/disposal and provision of leasing services. For promote fee, the performance obligation is satisfied when the real asset investment funds exceed certain specified hurdles and it is highly probable that a significant reversal will not occur.

Notes to the Consolidated Financial Statements

31 December 2022

5. REVENUE, OTHER INCOME AND GAINS, NET (continued)

(a) Revenue (continued)

Performance obligations (continued)

Solar energy sales

Performance obligations in the contract are the provision of electricity power through the solar panels to the electric power company. They are provided continuously over the contractual period, so the services in the contract represent a single performance obligation. The electric power company simultaneously receives and consumes the benefits provided by the Group.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and 2021 are as follows:

	2022 US$'000	2021 US$'000
Within one year	**54,152**	—
After one year	**63,894**	—
	118,046	—

The amounts of transaction prices allocated to the remaining performance obligations relate to construction services that are to be satisfied within three years, of which the amounts disclosed above do not include variable consideration which is constrained; and promote fee relates to management services to which management has exercised judgement in applying constraint on the recognition of the promote fee income.

(b) Other income and gains, net

	Notes	2022 US$'000	2021 US$'000
Changes in carrying value of financial assets and liabilities at fair value through profit or loss		**8,040**	14,182
Changes in carrying value of assets held for sale		**5,391**	—
Changes in fair value of derivative financial assets and liabilities		**6,191**	—
Dividend income		**136,858**	62,464
Exchange gain		**1,011**	1,587
Fair value gains on completed investment properties	18	**63,167**	95,825
Fair value gains on investment properties under construction	18	**132,264**	178,659
Gain on disposal of asset held for sale		**—**	2,885
Gain on disposal of interests in joint ventures and associates		**11,116**	11,389
Gain on disposal of investment properties		**50,623**	—
Gain on disposal of other assets		**2,291**	—
Gain on disposal of subsidiaries	36	**48,659**	420
Interest income		**16,867**	5,328
(Loss)/Gain on disposal of interests in financial assets at fair value through profit or loss		**(883)**	1,074
Others		**28,578**	1,888
		510,173	375,701

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6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

(a) Employee benefit expense

	2022 US$'000	2021 US$'000
Wages and salaries (including directors' and chief executive's remuneration)	**256,721**	110,898
Share-based compensation expense (note 42)	**26,543**	14,818
Pension scheme contributions#	**11,077**	7,052
	294,341	132,768

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

(b) Other items

	Notes	2022 US$'000	2021 US$'000
Amortisation of other intangible assets	20	**30,261**	6,892
Auditor's remuneration:			
— Audit services		**4,710**	3,289
— Non-audit services		**2,050**	574
Construction cost (note (i))		**9,802**	43,830
Depreciation of property, plant and equipment	13	**5,589**	3,706
Depreciation of right-of-use assets	14	**12,013**	6,539
Entertainment fee		**3,514**	2,429
Impairment of trade receivables and bad debt written off		**15,017**	—
Loss on disposal of items of property, plant and equipment		**1,115**	1
Other tax expenses		**15,031**	14,291
Professional service fee		**68,466**	51,961

Note:

(i) The construction costs for the years ended 31 December 2022 and 2021 are included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

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7. FINANCE COSTS

	2022 US$'000	2021 US$'000
Interest expense on bank loans	**187,665**	89,520
Interest expense on other borrowings	**1,619**	1,457
Interest expense on bonds	**27,699**	62,778
Interest expense on convertible bonds	**5,250**	5,239
Interest accretion on convertible bonds (note (i))	**10,284**	9,772
Interest expense on lease liabilities	**1,347**	580
	233,864	169,346
Less: Interest capitalised	**(11,449)**	(5,797)
	222,415	163,549

Note:

(i) Related to non-cash portion associated with the equity element of the convertible bonds.

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8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022 US$'000	2021 US$'000
Directors' fees	**4,957**	5,066
Other emoluments:		
Salaries, allowances and benefits in kind	**4,903**	2,700
Share-based compensation expense (note (i))	**2,276**	143
	7,179	2,843
	12,136	7,909

Note:

(i) Granted to Redwood Consulting and an entity associated with Mr. Jinchu Shen.

During the year, certain directors were granted share options, in respect of their services to the Group, under the Long Term Incentive Scheme of the Company, further details of which are set out in note 42 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

Directors' fees paid to independent non-executive directors during the year were as follows:

	2022 US$'000	2021 US$'000
Mr Brett Harold Krause	**90**	123
Mr Robin Tom Holdsworth (note (i))	**33**	100
The Right Honourable Sir Hugo George William Swire, KCMG (note (i))	**40**	118
Mr Simon James McDonald	**90**	125
Ms Jingsheng Liu (劉京生)	**65**	100
Ms Serene Siew Noi Nah (note (ii))	**51**	—
Ms Wei-Lin Kwee (note (iii))	**34**	—
	403	566

There were no other emoluments payable to the independent non-executive directors during the year.

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8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (continued)

(b) Executive directors and non-executive directors

2022

	Directors' fees US$'000	Salaries, allowances and benefits-in-kind US$'000	Share-based compensation expense US$'000	Total US$'000
Executive directors:				
Mr Jinchu Shen (沈晉初)	1,800	2,150	1,138	5,088
Mr Stuart Gibson	1,800	2,150	1,138	5,088
	3,600	4,300	2,276	10,176
Non-executive directors:				
Mr Jeffrey David Perlman	—	—	—	—
Mr Charles Alexander Portes	900	—	—	900
Mr Wei Hu (胡偉)	—	—	—	—
Mr David Alasdair William Matheson (note (i))	—	—	—	—
Mr Hwee Chiang Lim (note (iv))	18	603	—	621
Dr Kwok Hung Justin Chiu (note (iv))	18	—	—	18
Mr Rajeev Veeravalli Kannan (note (iv))	18	—	—	18
	954	603	—	1,557
	4,554	4,903	2,276	11,733

There was no arrangement under which a director waived or agreed to waive any remuneration during the year. There were no contributions to pension schemes for directors during the year.

No compensation was paid or receivable by directors or past directors for loss of office as a director of any member of the Group, or of any other position in connection with the management of the affairs of any member of the Group during the year.

Notes:

(i) Mr Robin Tom Holdsworth, The Right Honourable Sir Hugo George William Swire, KCMG and Mr David Alasdair William Matheson retired at the AGM held on 1 June 2022.

(ii) Ms Serene Siew Noi Nah was appointed as an independent non-executive director with effect from 19 April 2022.

(iii) Ms Wei-Lin Kwee was appointed as an independent non-executive director with effect from 25 May 2022.

(iv) Mr Hwee Chiang Lim, Dr Kwok Hung Justin Chiu and Mr Rajeev Veeravalli Kannan were appointed as non-executive directors with effect from 20 January 2022.

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8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (continued)

(b) Executive directors and non-executive directors (continued)

2021

	Directors' fees US$'000	Salaries, allowances and benefits-in-kind US$'000	Share-based compensation expense US$'000	Total US$'000
Executive directors:				
Mr Jinchu Shen (沈晉初)	1,800	1,350	—	3,150
Mr Stuart Gibson	1,800	1,350	—	3,150
	3,600	2,700	—	6,300
Entities associated with the executive directors:				
Entity associated with Mr Jinchu Shen	—	—	27	27
Redwood Consulting	—	—	58	58
	—	—	85	85
Non-executive directors:				
Mr Jeffrey David Perlman	—	—	—	—
Mr Charles Alexander Portes (note (i))	900	—	—	900
Mr Zhenhui Wang (王振輝) (note (ii))	—	—	—	—
Mr Wei Hu (胡偉) (note (iii))	—	—	—	—
Mr David Alasdair William Matheson (note (iv))	—	—	—	—
	900	—	—	900
Entities associated with a non-executive director:				
Redwood Consulting	—	—	58	58
	4,500	2,700	143	7,343

Notes:

(i) Mr Charles Alexander Portes was re-designated as a non-executive Director with effect from 1 January 2021.

(ii) Mr Zhenhui Wang resigned on 15 January 2021.

(iii) Mr Wei Hu was appointed on 2 February 2021.

(iv) Mr David Alasdair William Matheson was appointed on 30 March 2021.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2021: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2021: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 US$'000	2021 US$'000
Salaries, allowances and benefits-in-kind	**6,236**	3,977
Share-based compensation expense	**5,270**	3,077
Pension scheme contributions	**169**	30
	11,675	7,084

The numbers of non-director highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees	
	2022	2021
HK$11,000,001 to HK$11,500,000	**—**	1
HK$15,500,001 to HK$16,000,000	**—**	1
HK$25,000,001 to HK$25,500,000	**1**	—
HK$27,000,001 to HK$27,500,000	**1**	—
HK$29,000,001 to HK$29,500,000	**—**	1
HK$39,000,001 to HK$39,500,000	**1**	—
	3	3

During the year and in prior years, share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 42 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX EXPENSE

	2022 US$'000	2021 US$'000
Current tax	**132,489**	45,789
Deferred tax (note 29)	**51,527**	60,375
	184,016	106,164

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law and is exempted from the payment of Cayman Islands income tax.

During the year, Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the assessable profits arising in Hong Kong.

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10. INCOME TAX EXPENSE (continued)

During the year, the subsidiaries incorporated in China are subject to China income tax at the rate of 25% (2021: 25%).

Taxes on estimated assessable profits elsewhere were calculated at the rates of taxation prevailing in the respective jurisdictions in which the Group operates.

A reconciliation of the tax expense applicable to profit before tax using the applicable rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2022 US$'000	2021 US$'000
Profit before tax	**815,125**	488,840
Tax at the statutory tax rates	**177,391**	118,501
Profits attributable to joint ventures and associates	**(28,731)**	(26,597)
Income not subject to tax	**(62,194)**	(21,058)
Non-deductible expenses	**12,080**	4,523
Effect of withholding tax	**75,477**	24,392
Unrecognised deductible temporary differences	**5,066**	62
Adjustment of current tax of previous periods	**(3,302)**	2,364
Utilisation of tax losses not recognised in previous periods	**(37)**	(382)
Tax losses not recognised	**7,742**	4,368
Previous period tax losses recognised in current period	**(426)**	(20)
Others	**950**	11
Tax charge	**184,016**	106,164

During the year, the share of tax attributable to joint ventures and associates of US$28,731,000 (2021: US$26,597,000) is included in "Share of profits and losses of joint ventures and associates, net" in the consolidated statement of profit or loss and other comprehensive income.

11. DIVIDENDS

On 25 August 2022, the board of directors declared an interim dividend of HK$12.5 cents (2021: nil) per ordinary share for the financial year ending 31 December 2022, amounting to a total of US$70,777,000 (2021: nil).

On 22 March 2023, the board of directors recommended a final dividend of HK$12.5 cents (2021: nil) per ordinary share for the financial year ended 31 December 2022, amounting to approximately US$70,200,000 (2021: nil).

Interim dividend of US$70,777,000 (2021: nil) has been paid by the Company during the financial year ended 31 December 2022.

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12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares of 4,456,506,000 (2021: 3,056,456,000) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2022 US$'000	2021 US$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**574,145**	349,440

	2022 '000	2021 '000
Number of shares:		
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	**4,456,506**	3,056,456
Effect of dilution — weighted average number of ordinary shares:		
Share options	**36,314**	37,586
	4,492,820	3,094,042

Because the diluted earnings per share amount is increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the profit for the year and the profit attributable to ordinary equity holders of the Company of US$574,145,000, and the weighted average number of ordinary shares of 4,492,820,000 in issue during the year.

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13. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles US$'000	Machinery US$'000	Leasehold improvements US$'000	Construction in progress US$'000	Others US$'000	Total US$'000
31 December 2022						
At 1 January 2022:						
Cost	520	33,330	4,400	—	9,578	47,828
Accumulated depreciation	(319)	(4,940)	(2,233)	—	(6,399)	(13,891)
Net carrying amount	201	28,390	2,167	—	3,179	33,937
At 1 January 2022, net of accumulated depreciation	201	28,390	2,167	—	3,179	33,937
Additions	—	5,636	1,539	4,954	4,412	16,541
Acquisition of subsidiaries	404	—	—	—	3,673	4,077
Disposals	(160)	—	(672)	—	(607)	(1,439)
Disposal of subsidiaries	—	—	—	—	(1)	(1)
Depreciation provided during the year	(192)	(1,591)	(774)	—	(3,032)	(5,589)
Reclassification from intangible assets	—	—	—	—	208	208
Transfer to assets held for sale	—	—	(129)	—	—	(129)
Exchange realignment	375	(3,560)	(123)	(163)	(312)	(3,783)
At 31 December 2022, net of accumulated depreciation	628	28,875	2,008	4,791	7,520	43,822
At 31 December 2022:						
Cost	1,110	34,731	4,249	4,791	20,467	65,348
Accumulated depreciation	(482)	(5,856)	(2,241)	—	(12,947)	(21,526)
Net carrying amount	628	28,875	2,008	4,791	7,520	43,822

Notes to the Consolidated Financial Statements

31 December 2022

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Motor vehicles US$'000	Machinery US$'000	Leasehold improvements US$'000	Others US$'000	Total US$'000
31 December 2021					
At 1 January 2021:					
Cost	318	30,502	3,928	8,589	43,337
Accumulated depreciation	(275)	(3,667)	(2,129)	(5,350)	(11,421)
Net carrying amount	43	26,835	1,799	3,239	31,916
At 1 January 2021, net of accumulated depreciation	43	26,835	1,799	3,239	31,916
Additions	196	5,936	736	1,393	8,261
Acquisition of subsidiaries	—	—	331	79	410
Disposals	—	—	—	(10)	(10)
Depreciation provided during the year	(39)	(1,684)	(581)	(1,402)	(3,706)
Exchange realignment	1	(2,697)	(118)	(120)	(2,934)
At 31 December 2021, net of accumulated depreciation	201	28,390	2,167	3,179	33,937
At 31 December 2021:					
Cost	520	33,330	4,400	9,578	47,828
Accumulated depreciation	(319)	(4,940)	(2,233)	(6,399)	(13,891)
Net carrying amount	201	28,390	2,167	3,179	33,937

At 31 December 2022, certain of the Group's property, plant and equipment with a carrying amount of US$28,875,000 (2021: US$28,390,000) were pledged to secure certain bank and other borrowings of the Group as disclosed in note 25.

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14. RIGHT-OF-USE ASSETS

	Office premises US$'000	Equipment US$'000	Total US$'000
31 December 2022			
At 1 January 2022:			
Cost	**25,552**	**3,517**	**29,069**
Accumulated depreciation	**(19,486)**	**(643)**	**(20,129)**
Net carrying amount	**6,066**	**2,874**	**8,940**
At 1 January 2022, net of accumulated depreciation	**6,066**	**2,874**	**8,940**
Additions	**25,590**	**33**	**25,623**
Acquisition of subsidiaries	**14,738**	**—**	**14,738**
Depreciation provided during the year	**(11,858)**	**(155)**	**(12,013)**
Disposals	**(2,680)**	**—**	**(2,680)**
Modifications	**(2,652)**	**—**	**(2,652)**
Exchange realignment	**(575)**	**(382)**	**(957)**
At 31 December 2022, net of accumulated depreciation	**28,629**	**2,370**	**30,999**
At 31 December 2022:			
Cost	**67,081**	**3,080**	**70,161**
Accumulated depreciation	**(38,452)**	**(710)**	**(39,162)**
Net carrying amount	**28,629**	**2,370**	**30,999**
31 December 2021			
At 1 January 2021:			
Cost	23,049	3,498	26,547
Accumulated depreciation	(13,553)	(519)	(14,072)
Net carrying amount	9,496	2,979	12,475
At 1 January 2021, net of accumulated depreciation	9,496	2,979	12,475
Additions	3,482	376	3,858
Depreciation provided during the year	(6,360)	(179)	(6,539)
Disposal	(250)	—	(250)
Exchange realignment	(302)	(302)	(604)
At 31 December 2021, net of accumulated depreciation	6,066	2,874	8,940
At 31 December 2021:			
Cost	25,552	3,517	29,069
Accumulated depreciation	(19,486)	(643)	(20,129)
Net carrying amount	6,066	2,874	8,940

Notes to the Consolidated Financial Statements

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15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Share of net assets from joint ventures	**916,766**	878,187
Share of net assets from associates	**1,637,406**	313,076
Goodwill on retaining interests in joint ventures	**2**	2
	2,554,174	1,191,265
Shareholder loan to joint ventures	**401,642**	139,752
	2,955,816	1,331,017

Shareholder loan to joint ventures are unsecured and interest-free. It is part of the capital commitment to the joint ventures and is only repayable upon mutually agreed by all joint venture partners. Accordingly, the shareholder loan is considered as part of the Group's investments in the joint venture.

Particulars of the Group's material joint ventures and associates are as follows:

		Percentage of				
Name	Place of registration and business	Ownership interest	Voting power	Profit sharing	Principal activities	Classified as investment in
e-Shang Star Cayman Limited ("**e-Shang Star**")	Cayman Islands	25.6455%	33.33%	25.6455%	Investment holding	Joint venture
Sunwood Star Pte. Ltd. ("**Sunwood Star**")	Singapore	20.00%	33.33%	20.00%	Investment holding	Joint venture
ESR GIC Limited ("**ESR-GIC**")	British Virgin Islands	51.00%	50.00%	51.00%	Investment holding	Joint venture
ESR Milestone Partnership ("**EMP**")	Australia	20.00%	20.00%	20.00%	Investment holding	Associate
Cromwell Property Group	Australia	30.69%	30.69%	30.69%	Property investment, funds management, property management and property development	Associate
Kenedix, Inc	Japan	30.00%	30.00%	30.00%	Fund management	Associate

The joint ventures and associates are accounted for using equity method.

Unanimous agreements of all joint venture parties are required for investment in joint ventures.

Investments in joint ventures and associates with a carrying amount of US$371,459,000 (2021: nil) were pledged to secure certain bank and other borrowings of the Group (note 25).

As of 31 December 2022, the fair value of a material associate based on its quoted market price was amounted to US$361,433,000.

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15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following table illustrates the summarised financial information in respect of material joint ventures and associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	e-Shang Star US$'000	Sunwood Star US$'000	ESR-GIC US$'000	EMP US$'000	Cromwell Property Group US$'000	Kenedix, Inc US$'000
31 December 2022						
Cash and bank balances	148,875	40,865	55,360	24,957	84,908	294,336
Other current assets	34,715	1,698	32,934	5,075	186,194	1,295,784
Current assets	183,590	42,563	88,294	30,032	271,102	1,590,120
Non-current assets	2,006,918	1,785,020	791,122	2,538,770	2,915,134	622,520
Financial liabilities, excluding trade and other payables	—	—	(4,196)	—	(51,012)	(21,559)
Other current liabilities	(56,386)	(7,741)	(87,360)	(12,996)	(54,905)	(46,326)
Current liabilities	(56,386)	(7,741)	(91,556)	(12,996)	(105,917)	(67,885)
Non-current financial liabilities, excluding trade and other payables	(695,469)	(226,200)	(232,998)	(1,521,015)	(1,366,987)	(1,237,775)
Other non-current liabilities	(247,178)	(175,240)	(46,857)	—	(805)	(10,057)
Non-current liabilities	(942,647)	(401,440)	(279,855)	(1,521,015)	(1,367,792)	(1,247,832)
Net assets	1,191,475	1,418,402	508,005	1,034,791	1,712,527	896,923
Proportion of the Group's ownership	25.6455%	20.00%	51.00%	20.00%	30.69%	30.00%
Carrying amount of the investment	288,580	283,506	256,040	206,958	575,043	434,221
Revenue	88,480	31,858	4,255	128,127	257,377	565,555
Interest income	407	2,108	—	209	—	—
Interest expenses	(31,569)	(6,065)	(2,760)	(40,207)	(56,756)	(11,686)
Tax	(48,879)	(32,731)	(30,276)	—	2,841	(40,714)
Profit for the year	124,676	232,516	85,373	68,110	832	90,087
Total comprehensive income for the year	124,676	153,080	85,373	85,441	7,207	94,551

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15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

	e-Shang Star US$'000	Sunwood Star US$'000	ESR-GIC US$'000	EALP# US$'000	EMP US$'000
31 December 2021					
Cash and bank balances	147,020	217,355	52,429	11,174	26,721
Other current assets	40,324	833	17,805	4,466	9,254
Current assets	187,344	218,188	70,234	15,640	35,975
Non-current assets	1,963,596	1,951,295	429,744	1,025,203	2,667,036
Financial liabilities, excluding trade and other payables	—	—	(1,768)	(238)	—
Other current liabilities	(112,595)	(7,612)	(22,565)	(37,100)	(26,102)
Current liabilities	(112,595)	(7,612)	(24,333)	(37,338)	(26,102)
Non-current financial liabilities, excluding trade and other payables	(629,011)	(277,200)	(98,173)	(514,788)	(1,632,840)
Other non-current liabilities	(219,487)	(198,828)	(16,729)	—	—
Non-current liabilities	(848,498)	(476,028)	(114,902)	(514,788)	(1,632,840)
Net assets	1,189,847	1,685,843	360,743	488,717	1,044,069
Proportion of the Group's ownership	25.6455%	20%	51%	10%	20%
Carrying amount of the investment	289,847	336,816	181,699	48,872	208,814
Revenue	89,007	40,374	2,982	57,221	71,379
Interest income	346	6,056	—	1,145	123
Interest expenses	(29,355)	(8,133)	(1,343)	(6,655)	(11,991)
Tax	(12,919)	(84,196)	(11,290)	—	—
Profit for the year	17,854	442,506	31,864	161,959	107,998
Total comprehensive income for the year	19,016	321,977	31,234	162,728	111,420

The Group assessed EALP is not a material associate for financial year ended 31 December 2022.

The following table illustrates the aggregate financial information of the Group's joint ventures and associates that are not individually material:

	2022 US$'000	2021 US$'000
Share of the joint ventures and associates' profit for the year	**61,311**	22,417
Share of the joint ventures and associates' total comprehensive income for the year	**68,540**	20,266
Aggregate carrying amount of the Group's investments in the joint ventures and associates	**911,468**	264,969

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16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Current		
Listed equity investments, at fair value (note (i))	**21,883**	—
Non-current		
Unquoted equity interests, at fair value (note (ii))	**752,851**	709,622
	774,734	709,622

Notes:

(i) Listed equity investments at fair value represent the Group's investments in publicly listed companies, which are quoted in active markets.

(ii) The fair value of these investments is estimated based on the Group's share of the net asset value of the investment funds and associates.

In accordance with the exemption in IAS 28 Investments in associates, the Group has elected to measure its investments in associates and joint ventures at fair value through profit or loss in accordance with IFRS 9. This exemption is related to the fact that fair value measurement provides more useful information for users of the financial statements than application of the equity method. This is an exemption from the requirement to measure interests in associates using the equity method, rather than an exception to the scope of IAS 28 for the accounting for associates and a joint venture.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Listed equity investments, at fair value	**781,180**	779,436
Unlisted equity investments, at fair value	**195,215**	—
	976,395	779,436

Listed equity investments at fair value represent the Group's investments in publicly listed companies, which are quoted in active markets.

The fair value of unlisted equity investments is estimated based on the Group's share of the net asset value of the investment funds.

As at 31 December 2022, the above equity investments of US$976,395,000 (2021: US$779,436,000) were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

During the year, the Group recognised loss arising from its equity investments amounted to US$186,003,000 (2021: gain of US$45,674,000) in other comprehensive income. The Group also recognised dividend income in respect of its equity investments amounted to US$79,967,000 (2021: US$22,438,000) in the statement of profit or loss.

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17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

The listed equity investments comprise the following:

	Fair value as at 31 December 2022 US$'000
Hong Kong Exchanges and Clearing Limited ("**HKEX**")	
• Investment A	7,201
Singapore Exchange Securities Trading Limited ("**SGX**")	
• Investment B	271,048
• Investment C	73,056
• Investment D	85,167
• Investment E	272,021
Korea Exchange ("**KRX KOSPI**")	
• Investment F	72,687
	781,180

In May 2022, the Group sold its equity interest in a listed equity investment. The fair value on the date of sale was US$349,259,000 (net of transaction costs) and the accumulated gain recognised in other comprehensive income of US$111,580,000 was transferred to retained earnings.

Listed equity investments at market value with a fair value of US$157,207,000 as at 31 December 2022 (2021: US$183,678,000) have been pledged to secure certain bank and other borrowings of the Group (note 25).

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18. INVESTMENT PROPERTIES

	Completed investment properties US$'000	Investment properties under construction US$'000	Total US$'000
At 1 January 2021	1,454,009	1,209,708	2,663,717
Additions	443,607	343,891	787,498
Acquisition of subsidiaries	226,364	30,424	256,788
Changes in fair values of investment properties	95,825	178,659	274,484
Transfer from investment properties under construction to completed investment properties	217,409	(217,409)	—
Disposal of subsidiaries	(259,895)	(15,251)	(275,146)
Exchange realignment	20,464	(23,562)	(3,098)
At 31 December 2021 and 1 January 2022	**2,197,783**	**1,506,460**	**3,704,243**
Additions	**119,405**	**784,188**	**903,593**
Acquisition of subsidiaries (note 34)	**198,979**	**134,746**	**333,725**
Changes in fair values of investment properties	**63,167**	**132,264**	**195,431**
Transfer from investment properties under construction to completed investment properties	**148,906**	**(148,906)**	**—**
Transfer from completed investment properties to investment properties under construction for redevelopment	**(65,659)**	**65,659**	**—**
Reclassification to assets of a disposal group held for sale	**(288,883)**	**(4,005)**	**(292,888)**
Disposals	**(117,089)**	**(146,750)**	**(263,839)**
Disposal of subsidiaries (note 36)	**(831,380)**	**(97,971)**	**(929,351)**
Exchange realignment	**(165,110)**	**(163,572)**	**(328,682)**
At 31 December 2022	**1,260,119**	**2,062,113**	**3,322,232**

(a) All completed investment properties and investment properties under construction of the Group were revalued at 31 December 2022 based on valuation performed by independent professionally qualified valuers, Colliers Appraisal & Advisory Services Co., Ltd., Jones Lang LaSalle Property Consultants India Private Limited., Cushman & Wakefield K.K., Cushman & Wakefield (Vietnam) Ltd., KJPP Susan Widjojo & Rekan and Colliers International (Hong Kong) Limited at fair value. They are industry specialists in investment property valuation.

In determining fair value, a combination of approaches and methods were used, including the Direct Comparison Method and Discounted Cash Flow Method. The Direct Comparison Method is applied based on the market prices of comparable properties. Comparable properties with similar sizes, characters and locations were analysed, and weighted against all respective advantages and disadvantages to arrive at the fair value of the properties. The Discounted Cash Flow Method measures the value of a property by the present worth of the net economic benefit to be received over the life of the asset.

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31 December 2022

18. INVESTMENT PROPERTIES (continued)

(b) Completed investment properties leased out under operating leases

The Group leases out completed investment properties under operating lease arrangements. All leases run for a period of one to ten years, with an option to renew the leases after the expiry dates, at which time all terms will be renegotiated. The Group's total future minimum lease receivables under non-cancellable operating leases generated from completed investment properties are as follows:

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Within one year	**58,891**	107,325
After one year but within two years	**69,345**	79,404
After two years but within three years	**17,044**	46,860
After three years but within four years	**5,409**	32,614
After four years but within five years	**3,123**	15,444
After five years	**6,043**	10,162
	159,855	291,809

(c) Certain of the Group's completed investment properties and investment properties under construction with a fair value of US$2,802,672,000 (2021: US$2,971,458,000) were pledged to secure bank and other borrowings granted to the Group as disclosed in note 25.

(d) Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Significant observable inputs (Level 2)	**698,023**	453,465
Significant unobservable inputs (Level 3)	**2,624,209**	3,250,778
	3,322,232	3,704,243

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 (2021: nil).

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18. INVESTMENT PROPERTIES (continued)

(d) Fair value hierarchy (continued)

The movement in fair value measurements within Level 3 during the years ended 31 December 2022 and 2021 are as follows:

	2022 US$'000	2021 US$'000
At 1 January	**3,250,778**	2,550,909
Additions	**258,701**	523,817
Acquisition of subsidiaries	**44,941**	226,364
Changes in fair value of investment properties	**178,232**	211,414
Transfer from Level 2 to Level 3	**153,438**	3,702
Reclassification to assets held for sale	**(239,902)**	—
Disposal of subsidiaries	**(720,435)**	(259,895)
Disposal	**—**	—
Exchange realignment	**(301,544)**	(5,533)
At 31 December	**2,624,209**	3,250,778

The valuation of investment properties categorised within Level 2 of the fair value hierarchy is based on comparable market transactions for which the Group considers sales of similar properties that have been transacted in the open market.

Below is a summary of the valuation techniques used and the key unobservable inputs to the valuation of investment properties categorised within Level 3 of the fair value hierarchy:

Investment property details	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Warehouse	Income capitalisation	**Capitalisation rate:** China: 5.40% to 6.85% (2021: 5.00% to 6.25%) Japan: 3.80% to 5.10% (2021: 3.90% to 5.60%) Hong Kong: 3.00% (2021: 3.00%) India: 7.75% (2021: 8.00%)	The estimated fair value varies inversely against the capitalisation rate properties
	Discounted cash flows	**Discount rate:** China: 7.75% to 9.00% (2021: 8.00% to 9.25%) Japan: 3.80% to 5.00% (2021: 3.70% to 6.00%) Hong Kong: 7.00% (2021: 7.00%) India: 9.83% to 13.85% (2021: 12.85% to 13.70%)	The estimated fair value varies inversely against the discount rate
		Terminal capitalisation rate: China: 4.75% to 6.25% (2021: 5.00% to 6.25%) Japan: 3.90% to 5.50% (2021: 4.00% to 5.50%) Hong Kong: 3.00% (2021: 3.00%) India: 7.50% (2021: 8.00%)	The estimated fair value varies inversely against the terminal capitalisation rate

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19. GOODWILL

	US$'000
At 1 January 2021	
Cost	340,243
Accumulated impairment	—
Net carrying amount	340,243
Cost at 1 January 2021, net of accumulated impairment	340,243
Acquisition of subsidiaries	202,393
At 31 December 2021	542,636
At 31 December 2021	
Cost	542,636
Accumulated impairment	—
Net carrying amount	542,636
Cost at 1 January 2022, net of accumulated impairment	542,636
Acquisition of subsidiaries (note 34)	2,912,862
At 31 December 2022	3,455,498
At 31 December 2022	
Cost	3,455,498
Accumulated impairment	—
Net carrying amount	3,455,498

Impairment testing of goodwill

As of 31 December 2022, the Group's goodwill impairment testing is allocated to the Redwood asset management business cash-generating unit, Infinitysub asset management business cash-generating unit, ESR Australia asset management business cash-generating unit, SIP asset management business cash-generating unit and ARA asset management business cash-generating unit.

Redwood asset management business cash-generating unit

The recoverable amount of the Redwood assets management business cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 11.5%. The growth rate used to extrapolate the cash flows of the Redwood asset management business cash-generating unit beyond the five-year period is 3.0%. This growth rate is based on the average growth rate of the management fee in which the business operates. Senior management believes that this growth rate is justified.

Infinitysub asset management business cash-generating unit

The recoverable amount of the Infinitysub asset management business cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 10.0%. The growth rate used to extrapolate the cash flows of the Infinitysub business cash-generating unit beyond the five-year period is 2.5%. This growth rate is based on the average growth rate of the management fee in which the business operates. Senior management believes that this growth rate is justified.

Notes to the Consolidated Financial Statements

31 December 2022

19. GOODWILL (continued)

Impairment testing of goodwill (continued)

ESR Australia asset management business cash-generating unit

The recoverable amount of ESR Australia asset management business cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 9.0%. The growth rate used to extrapolate the cash flows of the ESR Australia asset management business cash-generating unit beyond the five-year period is 2.5%. This growth rate is based on the average growth rate of the management fee in which the business operates. Senior management believes that this growth rate is justified.

SIP asset management business cash-generating unit

The recoverable amount of SIP asset management business cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 10.0%. The growth rate used to extrapolate the cash flows of the SIP business cash-generating unit beyond the five-year period is 2.5%. This growth rate is based on the average growth rate of the management fee in which the business operates. Senior management believes that this growth rate is justified.

ARA asset management business cash-generating unit

The recoverable amount of ARA asset management business cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 7.8%. The growth rate used to extrapolate the cash flows of the ARA business cash-generating unit beyond the five-year period is 1.2%. This growth rate is based on the average growth rate of the management fee in which the business operates. Senior management believes that this growth rate is justified.

With regard to the assessment of the values in use of the cash-generating units, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying values including goodwill of the cash-generating units to materially exceed the recoverable amounts.

Notes to the Consolidated Financial Statements

31 December 2022

19. GOODWILL (continued)

Impairment testing of goodwill (continued)

The carrying amounts of goodwill allocated to each cash-generating unit of business are as follows:

Asset management business	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Redwood	**210,480**	210,480
Infinitysub	**34,370**	34,370
ESR Australia	**284,216**	284,216
SIP	**13,570**	13,570
ARA	**2,912,862**	—
Total	**3,455,498**	542,636

Assumptions were used in the value-in-use calculation of the Group's cash-generating unit for 31 December 2022 and 2021. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted gross fee income — The basis used to determine the value assigned to the budgeted gross fee income is the average fee income achieved in the year immediately before the budget year, increased for expected market development.

Discount rates — The discount rates used reflect specific risks relating to the relevant units.

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31 December 2022

20. OTHER INTANGIBLE ASSETS

	Software US$'000	Management contracts US$'000	Trust management rights with indefinite useful lives US$'000 (note (i), (ii) and (iii))	Customer contracts US$'000	Others US$'000	Total US$'000
31 December 2022						
At 1 January 2022:						
Cost	**1,920**	**55,553**	**74,095**	**3,927**	**892**	**136,387**
Accumulated amortisation	**(1,551)**	**(29,215)**	**—**	**(3,927)**	**—**	**(34,693)**
Net carrying amount	**369**	**26,338**	**74,095**	**—**	**892**	**101,694**
At 1 January 2022, net of accumulated amortisation	**369**	**26,338**	**74,095**	**—**	**892**	**101,694**
Additions	**450**	**—**	**—**	**—**	**1,830**	**2,280**
Acquisition of subsidiaries	**569**	**146,000**	**1,104,000**	**—**	**467**	**1,251,036**
Amortisation provided during the year	**(402)**	**(29,859)**	**—**	**—**	**—**	**(30,261)**
Disposals	**(1)**	**—**	**—**	**—**	**—**	**(1)**
Reclassification to fixed assets	**—**	**—**	**—**	**—**	**(208)**	**(208)**
Impairment	**—**	**—**	**—**	**—**	**(541)**	**(541)**
Exchange realignment	**(46)**	**(1,485)**	**382**	**—**	**(96)**	**(1,245)**
At 31 December 2022	**939**	**140,994**	**1,178,477**	**—**	**2,344**	**1,322,754**
At 31 December 2022:						
Cost	**3,855**	**199,650**	**1,178,477**	**3,649**	**2,344**	**1,387,975**
Accumulated amortisation	**(2,916)**	**(58,656)**	**—**	**(3,649)**	**—**	**(65,221)**
Net carrying amount	**939**	**140,994**	**1,178,477**	**—**	**2,344**	**1,322,754**
31 December 2021						
At 1 January 2021:						
Cost	1,758	33,009	75,246	4,127	720	114,860
Accumulated amortisation	(1,271)	(23,486)	—	(3,440)	—	(28,197)
Net carrying amount	487	9,523	75,246	687	720	86,663
At 1 January 2021, net of accumulated amortisation	487	9,523	75,246	687	720	86,663
Additions	182	—	—	—	235	417
Acquisition of subsidiaries	—	23,875	—	—	—	23,875
Amortisation provided during the year	(279)	(5,941)	—	(672)	—	(6,892)
Exchange realignment	(21)	(1,119)	(1,151)	(15)	(63)	(2,369)
At 31 December 2021	369	26,338	74,095	—	892	101,694
At 31 December 2021:						
Cost	1,920	55,553	74,095	3,927	892	136,387
Accumulated amortisation	(1,551)	(29,215)	—	(3,927)	—	(34,693)
Net carrying amount	369	26,338	74,095	—	892	101,694

Notes to the Consolidated Financial Statements

31 December 2022

20. OTHER INTANGIBLE ASSETS (continued)

Notes:

(i) In June 2019, the Group had acquired SIP, an asset management company providing trust management services in Singapore. The trust management services are expected to continuously contribute to the net cash inflow of the Group.

The Group's trust management rights have indefinite useful lives and are allocated to the Group's SIP asset management business, which is treated as a cash-generating unit for impairment testing. Further details of the impairment test of the SIP asset management business cash-generating unit are given in note 19.

(ii) In January 2017, the Group had acquired Infinitysub Pte. Ltd. ("**Infinitysub**"), an asset management company providing trust management and property management services in Singapore.

In October 2018, the Group had acquired Viva Industrial Trust Management Pte. Ltd. ("**VITM**"), an asset management company providing trust management services in Singapore.

The trust management services are expected to continuously contribute to the net cash inflow of the Group. Both Infinitysub and VITM were consolidated as a single cash-generating unit namely Infinitysub asset management business pursuant to the merger of ESR-REIT and Viva Industrial Trust in October 2018.

The Group's trust management rights have indefinite useful lives and are allocated to the Group's Infinitysub asset management business, which is treated as a cash-generating unit for impairment testing. Further details of the impairment test of the Infinitysub asset management business cash-generating unit are given in note 19.

(iii) In January 2022, the Group had acquired ARA Asset Management Limited and its subsidiaries ("**ARA Group**"), an asset management company providing trust management and property management services including in Singapore and Hong Kong. The Group's trust management rights have indefinite useful lives and are allocated to the Group's ARA asset management business, which is treated as a cash-generating unit for impairment testing. Further details of the impairment test of the ARA asset management business cash-generating unit are given in note 19.

21. OTHER NON-CURRENT ASSETS

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Contract costs	**375**	—
Due from joint ventures	**7,998**	974
Due from non-controlling interests of subsidiaries	**25,184**	13,319
Financial derivative assets	**10,765**	—
Investment in Compulsorily Convertible Debentures (note (i))	**—**	6,815
Investment in Optionally Convertible Debentures (note (ii))	**5,380**	5,376
Investment in Non-convertible Debentures	**10,622**	8,660
Input tax recoverable	**5,367**	19,004
Loan receivables from third parties	**41,583**	—
Prepayments for acquiring land use rights	**99,195**	12,723
Prepayments for construction	**1,700**	9,372
Receivable from funds	**3,758**	7,207
Rental deposits	**4,569**	2,541
Rental income receivables	**517**	2,321
Others	**10,427**	2,555
	227,440	90,867

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31 December 2022

21. OTHER NON-CURRENT ASSETS (continued)

Notes:

(i) The Group subscribed to the Compulsorily Convertible Debentures ("**CCD**") issued by the Group's joint ventures. The CCD shall be fully convertible into equity shares at or anytime before completion of 19 years and 364 days from the allotment date of the CCD. The conversion ratio of the CCD into equity shares would be 1:1 (i.e. one equity shares for each CCD allotted). The fair value measurement for the CCD has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see note 47).

(ii) The Group subscribed to the Optionally Convertible Debentures ("**OCD**") issued by the Group's joint ventures. The OCD, at the request of the lender and consent of the borrower, shall be convertible into equity shares at any time before 3 years from the drawdown date, but before the date of completion of 6 years from the drawdown date. The OCD may be converted into equity shares in one or more tranches. The OCD shall convert into equity shares at the fair market value of the equity shares on the date of conversion of OCD into equity shares. The outstanding OCD that are neither converted nor redeemed, shall be compulsorily redeemed on the date of completion of 6 years from the drawdown date. The fair value measurement for the OCD has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see note 47).

The balances due from non-controlling interests of subsidiaries are non-trade in nature and unsecured. As at 31 December 2022, the balance of US$22,277,000 (2021: US$7,504,000) bears interest of 4.00% to 5.50% (2021: 4%) per annum. The remaining balance is non-interest bearing.

The balance due from joint ventures are non-trade in nature and unsecured. As at 31 December 2022, the balance of US$7,569,000 (2021: Nil) bears interest of 6% per annum. The remaining balance is non-interest bearing.

As at 31 December 2022 and 2021, other non-current assets of the Group were considered to be of low credit risk and thus the Group has assessed that the ECL for deposits was immaterial under the 12-month expected credit loss method.

22. TRADE RECEIVABLES

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Rental income receivables	**6,414**	6,567
Management fees due from the joint ventures and associates of the Group	**109,757**	15,945
Management fees due from funds and REITs managed by the Group	**248,573**	74,342
Management fees due from minority shareholders of subsidiaries	**875**	—
Construction income receivables	**2,247**	28,308
Solar energy income receivables	**661**	806
	368,527	125,968
Impairment	**(15,039)**	—
	353,488	125,968

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. The balances of trade receivables are non-interest-bearing.

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22. TRADE RECEIVABLES (continued)

An aging analysis of the trade receivables as at 31 December 2022 and 2021, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Within 90 days	**347,924**	125,339
91 to 180 days	**3,904**	540
Over 180 days	**1,660**	89
Total	**353,488**	125,968

The movements in the impairment of trade receivables are as follows:

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
At beginning of year	**—**	—
Impairment losses	**15,017**	—
Exchange re-alignment	**22**	—
At end of year	**15,039**	—

The Group has applied the simplified approach to providing impairment for trade receivables prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Impairment loss allowance of US$15,039,000 (2021:Nil) was recognized during the year.

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23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Contract assets	**3,275**	936
Consideration receivable from disposal of subsidiaries	**7,406**	1,918
Deductible value-added tax	**63,417**	70,554
Deposits for acquisition	**61,820**	35,593
Dividend receivable	**8,487**	396
Due from joint ventures	**3,778**	4,064
Due from associates	**327**	—
Due from related parties (note 40(d))	**9,607**	10,031
Due from non-controlling shareholders of subsidiaries	**3,155**	—
Loan receivables from third parties	**64,223**	—
Prepayments on behalf of funds	**2,963**	3,377
Prepayments to suppliers	**13,419**	8,206
Receivable from funds	**116,409**	6,612
Other receivables	**56,472**	14,387
	414,758	156,074

The amounts due from joint ventures and associates are unsecured, interest-free and payable on demand.

The financial assets included in the above balances related to receivables for which there was no recent history of default. As at 31 December 2022 and 2021, other receivables of the Group were considered to be of low credit risk and thus the Group has assessed that the ECL for other receivables was immaterial under the 12-month expected credit loss method.

24. CASH AND BANK BALANCES

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Cash and cash in bank	**1,709,007**	1,517,533
Non-pledged fixed time deposits with a maturity period over three months	**—**	—
Restricted bank balances	**95,878**	68,550
Pledged bank deposits (note 25)	**2,030**	52,145
	1,806,915	1,638,228

The Renminbi ("**RMB**") is not freely convertible into other currencies, however, under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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24. CASH AND BANK BALANCES (continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

The pledged bank deposits at 31 December 2022 was denominated in JPY (2021: RMB). Pledged bank deposits earn interest at interest rates stipulated by the respective financial institutions. The pledged bank deposits represent the amounts pledged to secure bank and other borrowings granted to the Group (note 25).

As at 31 December 2022 and 2021, cash and bank balances and deposits of the Group and the Company were considered to be of low credit risk and thus the Group has assessed that the ECL for cash and bank balances was immaterial under the 12-month expected credit loss method.

25. BANK AND OTHER BORROWINGS

Group

	31 December 2022			31 December 2021		
	Effective interest rate (%)	Maturity	US$'000	Effective interest rate (%)	Maturity	US$'000
Current						
Bank loans — secured	**0.57-7.20**	**2023**	**53,744**	0.57-6.18	2022	438,846
Bank loans — unsecured	**2.20**	**2023**	**95,382**	3.09-4.10	2022	192,479
Other borrowings — unsecured	**0.50-10.00**	**2023**	**52,560**			—
Bonds — unsecured	**4.25-6.00**	**2023**	**88,766**	6.75-7.875	2022	681,558
			290,452			1,312,883
Non-current						
Bank loans — secured	**0.57-9.40**	**2024–2042**	**1,270,017**	0.57-6.18	2023–2041	794,954
Bank loans — unsecured	**1.75-7.98**	**2024–2027**	**3,392,381**	2.00-3.43	2023–2026	1,609,920
Other borrowings — unsecured			**—**	0.50-10.00	2023–2024	57,627
Bonds— unsecured	**4.15-5.10**	**2024–2025**	**224,727**	5.10	2025	163,742
			4,887,125			2,626,243
Convertible bonds (note 31)	**5.03**	**2025**	**319,053**	5.03	2025	308,769
			5,206,178			2,935,012
			5,496,630			4,247,895

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31 December 2022

25. BANK AND OTHER BORROWINGS (continued)

Group (continued)

Debt maturity profile of bank and other borrowings:

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Bank loans repayable		
Within one year	149,126	631,325
In the second year	1,161,178	621,335
In the third to fifth year, inclusive	3,038,692	1,488,164
Beyond five years	462,528	295,375
	4,811,524	3,036,199
Bonds and other borrowings repayable		
Within one year	141,326	681,558
In the second year	59,199	50,099
In the third to fifth year, inclusive	484,581	480,039
	685,106	1,211,696
	5,496,630	4,247,895

Company

	31 December 2022			31 December 2021		
	Effective interest rate (%)	Maturity	US$'000	Effective interest rate (%)	Maturity	US$'000
Current						
Bank loans — secured			—	2.70	2022	40,451
Bank loans — unsecured	2.20	2023	95,382	3.09-4.10	2022	192,479
Bonds — unsecured			—	6.75-7.875	2022	681,558
			95,382			914,488
Non-current						
Bank loans — unsecured	1.75-7.98	2024–2027	2,863,760	2.00-3.43	2023–2026	1,609,920
Bonds — unsecured	5.10	2025	165,528	5.10	2025	163,742
			3,029,288			1,773,662
Convertible bonds (note 31)	5.03	2025	319,053	5.03	2025	308,769
			3,348,341			2,082,431
			3,443,723			2,996,919

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25. BANK AND OTHER BORROWINGS (continued)

Company (continued)

Debt maturity profile of bank and other borrowings:

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Bank loans repayable		
Within one year	**95,382**	232,930
In the second year	**993,071**	475,305
In the third to fifth year, inclusive	**1,870,689**	1,134,615
	2,959,142	1,842,850
Bonds and other borrowings repayable		
Within one year	**—**	681,558
In the second year	**—**	—
In the third to fifth year, inclusive	**484,581**	472,511
	484,581	1,154,069
	3,443,723	2,996,919

Note:

As at 31 December 2022, certain of the Group's completed investment properties and investment properties under construction with a total fair value of US$2,802,672,000 (2021: US$2,971,458,000) (note 18(c)), property, plant and equipment with a carrying amount of US$28,875,000 (2021: US$28,390,000) (note 13), pledged bank deposits with an amount of US$2,030,000 (2021: US$52,145,000)(note 24), listed equity interests at market value with a fair value of US$157,207,000 (2021: US$183,678,000) (note 17), investment in an associate with a carrying amount of US$371,459,000 (2021: nil) (note 15), and an asset held for sale of US$51,285,000 (2021: nil), and equity interests of certain subsidiaries were pledged to secure bank and other borrowings granted to the Group.

26. LEASE LIABILITIES

	31 December 2022			31 December 2021		
	Effective interest rate (%)	Maturity	US$'000	Effective interest rate (%)	Maturity	US$'000
Current lease liabilities	**1-13**	**2023**	**10,403**	1-13	2022	3,488
Non-current lease liabilities	**1-13**	**2024–2042**	**23,785**	1-13	2023–2041	5,601
			34,188			9,089

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27. NON-CURRENT LIABILITIES

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Amounts due to related parties (note (i))	**2,599**	2,624
Deferred revenue	**4,917**	—
Provision for long services payment and retirement pension	**6,121**	4,640
Long-term employee benefits liability	**5,955**	—
Share redemption option granted to non-controlling shareholders of a subsidiary (note (ii))	**93,687**	—
Security deposits	**16,999**	37,714
Others	**1,598**	937
	131,876	45,915

Note:

(i) The amounts due to related parties are non-trade in nature and unsecured. As at 31 December 2022, the balance of US$2,599,000 (2021: US$2,624,000) bears interest of 11.82% to 12.25% per annum.

(ii) The share redemption option granted to non-controlling shareholders of a subsidiary amounting to US$93,687,000 represents liabilities of the Group to acquire interest owned by the non-controlling shareholders of a subsidiary, determined based on net asset fair value, as at 31 December 2022.

28. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLE

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Trade payables	**16,722**	2,963
Accruals	**80,595**	75,315
Consideration payable for acquisition of subsidiaries	**27,122**	18,887
Deferred revenue	**2,718**	—
Interest payable	**26,713**	35,659
Due to non-controlling shareholders of subsidiaries	**7,537**	9,076
Due to related parties	**3,854**	366
Other tax payable	**9,300**	7,932
Payables for addition to property, plant and equipment and investment properties	**126,092**	35,643
Payable to a fund	**2,713**	606
Rental income received in advance	**1,737**	2,646
Staff payroll and welfare payables	**85,791**	34,699
Others	**12,598**	12,130
	403,492	235,922

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28. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLE (continued)

An aging analysis of the trade payables as at 31 December 2022 and 2021, based on the invoice date, is as follows:

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Within 30 days	**13,932**	306
30 to 60 days	**256**	1
Over 60 days	**2,534**	2,656
Total	**16,722**	2,963

The amounts due to related parties are non-trade in nature, unsecured, interest-free and payable on demand.

29. DEFERRED TAX

The movements in deferred tax assets during the years ended 31 December 2022 and 2021 are as follows:

	Losses available for offsetting against future taxable profits US$'000	Employee benefit payable US$'000	Accrued expenses US$'000	Transaction costs from acquisition of subsidiaries US$'000	Others US$'000	Total US$'000
31 December 2022						
At 1 January 2022	**31,099**	**1,585**	**9,940**	**69,622**	**2,710**	**114,956**
Acquisition of subsidiaries	**982**	**1,075**	**99**	**—**	**802**	**2,958**
Deferred tax credited/(charged) to profit or loss during the year	**17,595**	**497**	**(5,135)**	**(19,644)**	**2,448**	**(4,239)**
Disposal of subsidiaries (note 36)	**(3,204)**	**—**	**(132)**	**—**	**(1,209)**	**(4,545)**
Exchange realignment	**(2,895)**	**(176)**	**(597)**	**(3,927)**	**(259)**	**(7,854)**
At 31 December 2022	**43,577**	**2,981**	**4,175**	**46,051**	**4,492**	**101,276**
31 December 2021						
At 1 January 2021	15,543	2,189	4,066	—	2,463	24,261
Acquisition of subsidiaries	18,261	—	40	73,042	—	91,343
Deferred tax credited/(charged) to profit or loss during the year	(1,582)	(516)	6,247	—	337	4,486
Disposal of subsidiaries	—	—	—	—	(151)	(151)
Exchange realignment	(1,123)	(88)	(413)	(3,420)	61	(4,983)
At 31 December 2021	31,099	1,585	9,940	69,622	2,710	114,956

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29. DEFERRED TAX (continued)

The movements in deferred tax liabilities during the years ended 31 December 2022 and 2021 are as follows:

	Fair value adjustments of investment properties US$'000	Gain on fair value change of financial assets at fair value through profit or loss US$'000	Fair value adjustments arising from acquisition of subsidiaries US$'000	Unbilled revenue US$'000	Others US$'000	Total US$'000
31 December 2022						
At 1 January 2022	**305,696**	**8,130**	**26,208**	**10,074**	**5,104**	**355,212**
Acquisition of subsidiaries	**—**	**—**	**305,346**	**717**	**5,626**	**311,689**
Deferred tax charged/(credited) to profit or loss during the year	**38,239**	**(391)**	**(8,399)**	**11,329**	**6,510**	**47,288**
Disposal of subsidiaries (note 36)	**(66,608)**	**—**	**—**	**(420)**	**—**	**(67,028)**
Exchange realignment	**(26,565)**	**(639)**	**(328)**	**(949)**	**(1,176)**	**(29,657)**
At 31 December 2022	**250,762**	**7,100**	**322,827**	**20,751**	**16,064**	**617,504**
31 December 2021						
At 1 January 2021	246,799	7,805	21,160	1,383	3,826	280,973
Acquisition of subsidiaries	—	—	7,162	—	—	7,162
Deferred tax charged/(credited) to profit or loss during the year	54,730	887	(1,596)	9,033	1,807	64,861
Disposal of subsidiaries	(489)	—	—	—	(314)	(803)
Exchange realignment	4,656	(562)	(518)	(342)	(215)	3,019
At 31 December 2021	305,696	8,130	26,208	10,074	5,104	355,212

In accordance with China laws and regulations, tax losses could be carried forward for five years to offset against future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group had unused tax losses available for offsetting against future profits in respect of certain subsidiaries of US$31,284,000 as at 31 December 2022 (2021: US$28,998,000), and the deferred tax assets have not been recognised.

No deferred tax assets have been recognised in respect of these losses due to the unpredictability of future available taxable profit of the subsidiaries to offset against the unused tax losses. The available period of the unused tax losses will expire in one to five years for offsetting against future taxable profits.

Pursuant to China Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in China. The requirement becomes effective on 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 China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by its subsidiaries, joint ventures and associates established in China in respect of earnings generated from 1 January 2008.

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29. DEFERRED TAX (continued)

At 31 December 2022, no deferred tax (2021: nil) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in China and the Group's investments in joint ventures. In the opinion of the directors, it is not probable that these subsidiaries and investments in joint ventures will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in China for which deferred tax liabilities have not been recognised totalled approximately US$39,418,000 at 31 December 2022 (2021: US$41,132,000).

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

The Group had non-cash additions to right-of-use assets and lease liabilities of US$25,623,000 and US$24,771,000 (2021: US$3,858,000 and US$3,708,000), respectively.

(b) Changes in liabilities arising from financing activities

	Bank and other borrowings US$'000	Interest payable US$'000	Other payable - Due to related parties US$'000	Lease liabilities US$'000
31 December 2022				
At 1 January 2022	4,247,895	35,659	366	9,089
Changes from financing cash flows	888,057	(237,366)	3,488	(12,125)
Changes in investing cash flows				
— additions to investment properties	—	(11,449)	—	—
Reclassed to liabilities held for sale	(111,709)	(4,097)	—	—
Foreign exchange movements	(196,564)	—	—	(645)
Interest expense	—	232,517	—	1,347
Capitalised interest expense	—	11,449	—	—
Additions	—	—	—	24,771
Acquisition of subsidiaries	1,015,518	—	—	16,222
Disposal of subsidiaries	(346,567)	—	—	—
Modifications	—	—	—	(4,471)
At 31 December 2022	5,496,630	26,713	3,854	34,188

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30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities (continued)

	Bank and other borrowings US$'000	Interest payable US$'000	Lease liabilities US$'000
31 December 2021			
At 1 January 2021	3,295,278	32,084	13,393
Changes from financing cash flows	1,190,187	(165,191)	(7,450)
Changes in investing cash flows — additions to investment properties	—	(5,797)	—
Foreign exchange movements	(62,915)	—	(614)
Interest expense	—	168,766	580
Capitalised interest expense	—	5,797	—
Addition	—	—	3,708
Disposal of subsidiaries	(174,655)	—	—
Modifications	—	—	(528)
At 31 December 2021	4,247,895	35,659	9,089

31. CONVERTIBLE BONDS

On 9 September 2020, the Company issued US$350,000,000 in principal amount of 1.50% convertible bonds due 2025. There was no movement in the number of these convertible bonds during the year.

The convertible bonds may be converted into ordinary shares of the Company at the option of the convertible bondholders at the prevailing conversion price on or after the date which is 41 days after 30 September 2020 up to and including on the ten day prior to 30 September 2025 ("**Maturity Date**") (both days inclusive). On the date of issuance, the initial conversion price was HK$32.13 per share ("**Conversion Price**"), subject to adjustment upon occurrence of certain prescribed events based on the terms and conditions of the convertible bonds.

Subject to satisfaction of certain conditions, the convertible bonds may be redeemed at the option of the Company at any time after 30 September 2023 and prior to the Maturity Date, in whole, but not in part, for the time being outstanding at their principal amount, together with interest accrued but unpaid to but excluding the date fixed for redemption.

The Company will, at the option of the convertible bondholder to redeem all or some only of such holder's convertible bonds on 30 September 2023 at 100% of their principal amount, together with interest accrued but unpaid up to but excluding such date.

The convertible bonds are interest-bearing at 1.50% per annum payable semi-annually in arrears in March and September respectively.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

As of 31 December 2022, there was no conversion of convertible bonds.

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31. CONVERTIBLE BONDS (continued)

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	Liability component US$'000	Equity component US$'000	Total US$'000
Issue of convertible bonds	301,499	48,501	350,000
Direct transaction costs	(4,959)	—	(4,959)
At the issuance date	296,540	48,501	345,041
At 1 January 2021	298,997	48,501	347,498
Effective interest expense	15,011	—	15,011
Net increase in interest payable	(5,239)	—	(5,239)
At 31 December 2021 and 1 January 2022	308,769	48,501	357,270
Effective interest expense	15,534	—	15,534
Net increase in interest payable	(5,250)	—	(5,250)
At 31 December 2022 (note 25)	319,053	48,501	367,554

32. DISPOSAL GROUP HELD FOR SALE

Disposal group held for sale is primarily related to the disposal of a portfolio of warehousing facilities.

In December 2022, certain wholly-owned subsidiary of the Company entered into joint venture agreement to purchase a portfolio of warehousing facility (the "**Target Entity**") in Hong Kong to a new Hong Kong joint venture. The Target Entity is a wholly-owned subsidiary of the Company as of 31 December 2022.

Pursuant to the joint venture agreement, all assets and liabilities of the Target Entity (including the investment property) were reclassified as disposal group held for sale as at 31 December 2022.

Following the completion of the transaction, the Group will continue to maintain an indirect interest in the Hong Kong joint venture and act as the investment manager of Hong Kong joint venture and asset manager of its property assets and earn management fees for such services.

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32. DISPOSAL GROUP HELD FOR SALE (continued)

Details of assets and liabilities classified as held for sale as at 31 December 2022 are as follows:

	As at 31 December 2022 US$'000
Assets	
Investment properties	239,902
Cash and bank balances	6,458
Other assets	1,068
Assets of a disposal group classified as held for sale	247,428
Liabilities	
Bank and other borrowings	(111,709)
Other liabilities	(121,019)
Liabilities directly associated with assets classified as held for sale	(232,728)
Net assets directly associated with the disposal group	14,700

As at 31 December 2022, the bank and other borrowings of US$111,709,000 bears floating interest rate of 7.26% per annum with maturity in 2023. The investment property with a fair value of US$239,902,000 was pledged to secure bank and other borrowings.

The fair value of the investment properties under the disposal group held for sale as at 31 December 2022 was approximate to the agreed transaction price (Level 2).

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33. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	As at 31 December 2022	As at 31 December 2021
Percentage of equity interests held by non-controlling interests at the reporting date:		
Equity interest held by non-controlling interests:		
Higashi	**30%**	30%
Shanghai Yurun	**30%**	30%
Sunwood Astra Pte Ltd	**50%**	N/A
LOGOS Property Group Limited	**13.6%**	N/A
	US$'000	**US$'000**
Profit for the year allocated to non-controlling interests:		
Equity interests held by non-controlling interests:		
Higashi	**12,710**	6,512
Shanghai Yurun	**619**	7,559
Sunwood Astra Pte Ltd	**12,042**	N/A
LOGOS Property Group Limited	**7,742**	N/A
	33,113	14,071
Accumulated balances of non-controlling interests at the reporting date:		
Equity interests held by non-controlling interests:		
Higashi	**38,313**	29,442
Shanghai Yurun	**97,749**	106,561
Sunwood Astra Pte Ltd	**39,245**	N/A
LOGOS Property Group Limited	**Nil**	N/A
	175,307	136,003

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33. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Higashi US$'000	Shanghai Yurun US$'000	Sunwood Astra Pte Ltd US$'000	LOGOS Property Group Limited US$'000
2022				
Revenue	7,182	—	—	167,510
Total expense	(2,222)	(600)	7	(211,417)
Profit for the year	42,274	2,153	23,756	58,635
Total comprehensive income for the year	29,406	2,153	18,660	11,548
Current assets	12,903	44,971	1	264,672
Non-current assets	216,560	489,719	78,526	531,264
Current liabilities	4,224	15,979	36	163,692
Non-current liabilities	96,424	207,359	—	50,128
Net cash flow from/(used in) operating activities	5,263	325	—	(112,788)
Net cash flow from/(used in) investing activities	—	(72,778)	(4,116)	24,607
Net cash flow from/(used in) financing activities	(3,633)	53,625	4,116	(32,971)
Net increase/(decrease) in cash and cash equivalents	1,630	(18,828)	—	(121,152)

	Higashi US$'000	Shanghai Yurun US$'000
2021		
Revenue	8,412	—
Total expense	(3,719)	(408)
Profit for the year	23,652	28,158
Total comprehensive income for the year	23,652	28,158
Current assets	25,070	67,988
Non-current assets	199,442	507,775
Current liabilities	4,024	6,762
Non-current liabilities	108,916	187,848
Net cash flow from/(used in) operating activities	(10,018)	63
Net cash flow from/(used in) investing activities	1	(86,296)
Net cash flow from/(used in) financing activities	(144,565)	140,069
Net increase/(decrease) in cash and cash equivalents	(154,582)	53,836

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34. BUSINESS COMBINATION

ARA Asset Management Limited and its subsidiaries ("ARA Group")

On 20 January 2022, the Group completed the acquisition of 100% equity interests in ARA Group. The acquisition of ARA Group was identified as a business combination by the management. The total consideration of US$4,859,393,000 is satisfied with US$519,231,000* in cash and US$4,340,162,000 by the issuance of new shares, determined based on prevailing share price on completion of HK$25.15 per share. ARA Group is a fully operational company as at the acquisition date and its principal activity is to raise, manage and advise public and private investment funds that invest across real estate assets, private real estate credit and infrastructure and new economy real estate assets.

The fair values of the identifiable assets and liabilities of ARA and goodwill on acquisition at the date of acquisition as disclosed in the table below.

	Net assets acquired US$'000
Net assets acquired	
Investments in joint ventures and associates	1,406,807
Financial assets at fair value through profit or loss	80,466
Financial assets at fair value through other comprehensive income	662,754
Investment properties	114,312
Cash and bank balances	457,412
Other assets	302,386
Bank and other borrowings	(970,738)
Other liabilities	(290,751)
Total identifiable net assets at fair value	1,762,648
Goodwill arising from acquisition	2,912,862
Management rights and trust management rights arising from acquisition	1,250,000
Deferred tax liability on management rights and trust management rights arising from acquisition	(297,500)
Non-controlling interests	(67,832)
Perpetual capital securities	(699,830)
Share-based payment reserve	(955)
	4,859,393

	US$'000
Satisfied by	
Cash	511,659
Consideration shares	4,340,162
Consideration payable	7,572
	4,859,393

* The cash consideration of US$519,231,000 was partially funded via issuance of new shares to SMBC (SMBC subscription). Consequently, the net cash outlay to the Company is US$269,231,000.

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34. BUSINESS COMBINATION (continued)

ARA Asset Management Limited and its subsidiaries ("ARA Group") (continued)

An analysis of the cash flows in respect of the acquisition of subsidiaries are as follows:

	Cashflow on acquisition US$'000
Cash consideration	(511,659)
Cash and bank balances acquired	457,412
Net outflow of cash and cash equivalents included in cash flows related to investing activities	(54,247)

Since the acquisition, ARA Group contributed US$367,504,000 to the Group's revenue and US$181,789,000 to the consolidated profit for the year ended 31 December 2022.

Had the combination taken place at the beginning of the period, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2022 would have been US$834,948,000 and US$631,092,000, respectively.

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34. BUSINESS COMBINATION (continued)

Acquisition of subsidiaries that are not businesses

Gati Realtors Private Limited ("Gati") and Future Retail Destination Private Limited ("FRDPL")

The Group previously held 51% interests in ESR Nagpur 1 Pte Ltd ("**Gati**") and ESR Delhi 3 Pte Ltd ("**FRDPL**") and classified the investments as investments in joint ventures (the "**joint ventures**"). In January 2022, the other shareholder of these joint ventures sold its stakes to an external party. Accordingly, a revised shareholder agreement was entered into by the Group with the new shareholder. Pursuant to the revised shareholder agreement, the Group continues to hold 51% interests in these joint ventures but will be the key decision maker. Consequently, the Group deemed to have control over Gati and FRDPL and consolidated both entities with effect from 1 January 2022.

On the acquisition date, there were no other material assets and liabilities other than those disclosed in the table below.

	Net assets acquired US$'000
Net assets acquired	
Investment properties	44,942
Cash and bank balances	22,196
Other assets	7,022
Bank and other borrowings	(44,780)
Other liabilities	(17,918)
Total identifiable net assets at fair value	11,462
Non-controlling interests	(5,654)
	5,808
Satisfied by	
Investment in joint ventures	5,808

An analysis of the cash flows in respect of the acquisition of subsidiaries are as follows:

	Cashflow on acquisition US$'000
Cash and bank balances acquired	22,196
Net inflow of cash and cash equivalents included in cash flows related to investing activities	22,196

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34. BUSINESS COMBINATION (continued)

Acquisition of subsidiaries that are not businesses (continued)

The Group also acquired the following subsidiaries during the year ended 31 December 2022 for a total consideration of US$121,114,000:

Name of subsidiaries acquired	Equity interest acquired	Month of acquisition
Hainan Hujiang Enterprise Management Co., Ltd	100%	January 2022
Shanghai Zhaoran Enterprise Management Co., Ltd	75%	January 2022
Foshan Rongjin Food and Beverage Co., Ltd	75%	June 2022
Sanhe City Yiyang E-commerce Industrial Park Co., LTD	87.3%	June 2022
Shanghai Huanlu Industrial Co., Ltd	100%	July 2022
NuoFeng Investment Limited	90%	October 2022
JinChang International Limited	90%	October 2022
Space4anseong PFV	100%	October 2022
Bakefsfield Enterprises Co., Ltd	75%	November 2022
Fresno Industry Co Ltd	75%	November 2022

On the acquisition date, there were no other material assets and liabilities other than those disclosed in the table below. The transactions were accounted for as an asset acquisition.

	Net assets acquired US$'000
Net assets acquired	
Investment properties	174,471
Cash and bank balances	12,496
Other assets	11,225
Other liabilities	(70,504)
Non-controlling interests	(6,574)
	121,114
Satisfied by	
Cash	116,146
Consideration payable	4,968
	121,114

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34. BUSINESS COMBINATION (continued)

Acquisition of subsidiaries that are not businesses (continued)

An analysis of the cash flows in respect of the acquisition of subsidiaries are as follows:

	Cashflow on acquisition US$'000
Cash consideration	(116,146)
Cash and bank balances acquired	12,496
Net outflow of cash and cash equivalents included in cash flows related to investing activities	(103,650)

35. INTERESTS IN THE UNCONSOLIDATED STRUCTURED ENTITIES

As at 31 December 2022, the Group considers its equity investments in 48 (2021: 20) investment funds to be interests in unconsolidated structured entities. The investment funds are designed so that the management rights are not the dominant factor in deciding who controls them, and are financed through the issue of an ownership interest instrument to each investor.

The Group also acts as the investment/asset manager for 71 (2021: 25) real estate funds to manage the operations of those assets to earn fee income based on their capital contributed by investors, development costs incurred on real estate projects, or for the acquisition advisory services and brokerage services. The assets have been designed so that voting and similar rights are not the dominant factor in deciding how the investing activities should be conducted and are financed through the issue of ownership interest instruments to investors. The Group did not provide any financial support and has no intention of providing financial or any other support.

The Group earned a total gross fee Income of US$266,869,000 (2021: US$65,619,000) from the real estate funds for the year ended 31 December 2022. As at 31 December 2022, the Group's maximum exposure to loss as a result of acting as the investment manager of the real estate funds was equivalent to the carrying amount of the fee income receivable from them amounting to US$69,344,000 (2021: US$35,978,000) and the carrying amount of the investments amounting to US$731,965,000 (2021: US$538,066,000).

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36. DISPOSAL OF SUBSIDIARIES

On 3 July 2022, certain wholly-owned subsidiaries of the Company entered into share sale and purchase agreements to dispose 100% interests in a portfolio of logistics and warehousing facilities in China to a new China income venture. Following completion of the transaction, the Group continues to maintain an indirect interest in the China income venture and acts as the investment manager of the China income venture and asset manager of its property assets and earns management fees for such services.

	US$'000
Net assets disposed of	
Property, plant and equipment	1
Investment properties	720,436
Cash and bank balances	42,370
Prepayments, trade and other receivables and other assets#	140,694
Deferred tax assets	4,430
Bank and other borrowings	(280,058)
Trade payables, accruals and other payables#	(275,032)
Deferred tax liabilities	(67,028)
Non-controlling interests	(5,067)
	280,746
Exchange fluctuation reserve	343
Other reserve	(927)
Gain on disposal of subsidiaries	47,834
	327,996
Satisfied by	
Cash	320,590
Other receivables	7,406
	327,996

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	US$'000
Cash consideration	320,590
Cash and bank balances of subsidiaries disposed of	(42,370)
Net inflow of cash and cash equivalents included in cash flows related to investing activities	278,220

Included net amount of US$98,126,000 that was subsequently repaid by China income venture to the Group during the year.

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36. DISPOSAL OF SUBSIDIARIES (continued)

In April 2022, the Group has, through its wholly-owned subsidiary, entered into a sale and purchase agreement to dispose of 47.38% interests in a subsidiary, which is Brendale Asset Trust.

	US$'000
Net assets disposed of	
Investment properties	110,945
Cash and bank balances	1,800
Trade receivables, prepayments, trade and other receivables	457
Bank and other borrowings	(66,509)
Trade payables	(2,268)
	44,425
Gain on disposal of subsidiaries	517
	44,942
Satisfied by	
Cash	21,565
Investment in a joint venture	23,377
	44,942

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	US$'000
Cash consideration	21,565
Cash and bank balances of a subsidiary disposed of	(1,800)
Net inflow of cash and cash equivalents included in cash flows related to investing activities	19,765

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36. DISPOSAL OF SUBSIDIARIES (continued)

The Group also disposed the following subsidiaries during the year:

Name of subsidiaries disposed	Equity interest disposed	Month of disposal
ECN IV Offshore Holdings (BVI) Limited	100%	January 2022
Nanning Xinrong Zhongrong Logistics Co., Ltd	100%	February 2022
Kawanishi 1 TMK	100%	February 2022
Kawanishi 2 TMK	100%	February 2022
LV Project 6 Pte Ltd	100%	February 2022
ARA Real Estate Investors X Pte. Ltd.	100%	April 2022
Islay Eleven Singapore Holding Pte. Ltd.	100%	May 2022
ARA Real Estate Investors 25 Limited	100%	May 2022
Harmony V/FM (ADIII)/Mgrs (MIP)	100%	June 2022
Langfang Baiyi Supply Chain Co., Ltd	100%	June 2022
Sanhe City Yiyang E-commerce Industrial Park Co., LTD	90%	August 2022
RW Kafu 2 Pte Ltd	100%	August 2022
Victory Lane Development Limited	49%	August 2022
Hana K Pte Ltd	100%	August 2022
Korea DC 1 Pte Ltd	50%	August 2022
SKDC 1 Pte Ltd	96%	August 2022
ARC UK (Holdings) Pte Ltd/ARC Asset Management Limited	100%	November 2022
ESR DC Investor 1 Pte Ltd	100%	November 2022
ESR DC Investor 7 Pte Ltd	100%	November 2022

	US$'000
Net assets disposed of	
Investment in joint ventures	14,812
Investment properties	97,970
Financial assets at fair value through profit or loss	5,089
Cash and bank balances	39,748
Prepayments, trade and other receivables and other assets	242,350
Deferred tax assets	115
Trade payables, accruals and other payables#	(366,762)
Non-controlling interests	(3,041)
	30,281
Exchange fluctuation reserve	5,223
Gain on disposal of subsidiaries	308
	35,812
Satisfied by	
Cash	35,042
Financial assets at fair value through profit or loss	770
	35,812

Included an amount of US$108,634,000 that was subsequently repaid by the joint ventures and funds to the Group during the year.

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36. DISPOSAL OF SUBSIDIARIES (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	US$'000
Cash consideration	35,042
Cash and bank balances of subsidiaries disposed of	(39,748)
Net outflow of cash and cash equivalents included in cash flows related to investing activities	(4,706)

37. CONTINGENT LIABILITIES

As at 31 December 2022 and 2021, neither the Group nor the Company had any significant contingent liabilities.

38. PLEDGE OF ASSETS

Details of the Group's interest-bearing bank and other borrowings, which are secured by the assets of the Group, are included in note 25 to the financial statements.

39. COMMITMENTS

(a) Operating lease commitments

As lessor

The Group leases out its completed investment properties under operating lease arrangements on terms ranging from one to ten years and with an option for renewal after the expiry dates, at which time all terms will be renegotiated.

At 31 December 2022 and 2021, the Group had total future minimum leases receivable under non-cancellable operating leases with its tenants falling due as stated in note 18.

(b) Capital commitments

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Contracted, but not provided for investment properties	**367,421**	584,628
Contracted, but not provided for plant and machinery	**7,636**	—
Undrawn capital calls to real estate investment funds	**1,300,989**	1,187,297
	1,676,046	1,771,925

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40. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the years ended 31 December 2022 and 2021:

(a) Transactions with related parties:

	2022 US$'000	2021 US$'000
Associates:		
— Management fee income (note (i))	**81,456**	50,444
— Construction revenue	**—**	9,755
Joint ventures:		
— Management fees income (note (i))	**122,342**	87,192
— Repayment from/(Advances to) joint ventures (note (ii))	**(3,784)**	9,084
— Repayment from joint ventures (note (iii))	**63,120**	29,430
— Investments in debentures issued by joint ventures (note (iv))	**6,482**	9,537
— Interest income on investment in debentures (note (iv))	**1,212**	1,851
— Construction revenue	**—**	307
Entity associated with Directors:		
— Loans	**(50,000)**	—
— Repayment	**50,000**	—
— Interest	**578**	—
Directors:		
— Interest	**464**	452

Notes:

(i) The Group and its subsidiaries entered into agreements with joint ventures (including their operating subsidiaries) and some associates to charge management services, which comprised the following:

a) Land acquisition fee at a certain percentage of the net land cost;

b) Development fee at a certain percentage of the total budget of project development cost during the construction period;

c) Asset management fee at a certain percentage of the aggregate costs of the project before stabilisation or at fair value after stabilisation; and

d) Leasing fee in respect of each new lease entered into.

(ii) Repayment from/(advances to) related parties and joint ventures are unsecured, interest-free and repayable on demand. The outstanding amount due from related parties as of 31 December 2022 is US$4,105,000 (2021: US$4,064,000).

(iii) During the year, the Group received repayment of US$63,120,000 from the subsidiaries disposed to joint ventures of the Group. The amount was paid to the Group after disposal was completed.

(iv) Investments in debentures issued by joint ventures and related interest income are relating to Group's investments in Compulsorily Convertible Debentures, Optionally Convertible Debentures and Non-convertible Debentures as disclosed in Note 21.

(b) Commitments with related parties

The Group expects the total capital commitment to associates and joint ventures to be US$301,335,000 and US$386,099,000 (2021: US$255,187,000 and US$417,249,000), respectively.

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40. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group:

	2022 US$'000	2021 US$'000
Short term employee benefits	**9,665**	8,312
Post-employment benefits	**32**	13
Share-based payment	**2,683**	379
Total compensation paid to key management personnel	**12,380**	8,704

(d) Loans to Directors

Loans to Directors, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	At 1 January 2021 US$'000	Maximum amount outstanding during the year US$'000	At 31 December 2021 and 1 January 2022 US$'000	Maximum amount outstanding during the year US$'000	At 31 December 2022 US$'000
Mr. Stuart Gibson	4,600	4,853	4,853	4,600	**4,600**
Mr. Charles Alexander Portes	4,600	4,853	4,853	4,600	**4,600**

Loans granted to directors bear interest at Libor plus 4% (2021: 4.5%) per annum, and they are unsecured and repayable in year 2023. Loans to Directors and the related interest receivables were included in the balance of prepayments, other receivables and other assets as of 31 December 2022.

41. SHARE CAPITAL

	As at 31 December 2022	As at 31 December 2021
Authorised number of shares	**8,000,000,000**	8,000,000,000

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Issued and fully paid	**4,422**	3,049

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41. SHARE CAPITAL (continued)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital US$'000	Share premium account US$'000	Total US$'000
At 1 January 2021	3,059,814,917	3,060	2,064,135	2,067,195
Share-based compensation plan exercised (note (i), (ii))	2,662,626	3	121	124
Share repurchased and cancellation (note (iii))	(13,873,800)	(14)	(42,068)	(42,082)
At 31 December 2021 and 1 January 2022	3,048,603,743	3,049	2,022,188	2,025,237
Acquisition of subsidiaries	1,345,898,078	1,346	4,338,816	4,340,162
Issue of new shares	76,689,349	77	249,923	250,000
Share-based compensation plan exercised (note (iv), (v), (vi))	15,162,222	14	6,545	6,559
Share repurchased and cancellation (note (vii))	(64,089,200)	(64)	(169,253)	(169,317)
At 31 December 2022	4,422,264,192	4,422	6,448,219	6,452,641

Notes:

(i) 2,662,626 shares were issued by the Company for a nil cash consideration in satisfaction of 4,837,951 share options exercised in 2021 at the exercise price of US$0.99 per share (note 42). An amount of US$3,216,000 (before tax of US$1,851,000) was transferred from the share-based payment reserve to share capital and share premium upon the exercise of the share options.

(ii) During the year ended 31 December 2021, the Company paid withholding tax of US$1,241,000 in relation to share options exercised in the previous financial year. The withholding tax expense was recorded in share premium account.

(iii) During the year ended 31 December 2021, the Company repurchased 13,873,800 of its own shares on the Hong Kong Stock Exchange for a consideration of approximately US$42,082,000. The repurchased shares have been cancelled and the amount paid for the purchase of the shares has been charged to share capital and share premium.

(iv) 14,955,955 shares were issued by the Company for a nil cash consideration in satisfaction of 19,396,448 share options exercised in 2022 at the exercise price of US$0.5 per share and 206,267 shares were issued by the Company in satisfaction of 464,134 award of RSUs granted under the Long Term Incentive Scheme vested in 2022 (note 42). An amount of US$8,203,000 (before tax of US$135,000) was transferred from the share-based payment reserve to share capital and share premium upon the exercise of the share-based compensation plan.

(v) Pursuant to the rules and trust deed of the Long Term Incentive Scheme ("**LTI Scheme**") adopted on 2 June 2021, the trustee of the LTI Scheme had purchased on the Hong Kong Stock Exchange a total of 387,700 shares of the Company at a total consideration of US$1,158,000 during the year ended 31 December 2022.

(vi) During the year ended 31 December 2022, the Company paid withholding tax of US$351,000 in relation to share options exercised in the previous financial year. The withholding tax expense was recorded in share premium account.

(vii) During the year ended 31 December 2022, the Company repurchased 69,739,200 of its own shares on the Hong Kong Stock Exchange for a consideration of approximately US$169,317,000. 64,089,200 shares have been cancelled before the reporting date of 31 December 2022 and 5,650,000 shares were cancelled subsequent to the reporting date in January 2023, the amount paid for the purchase of the shares has been charged to share capital and share premium.

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42. SHARE-BASED COMPENSATION PLAN

A. Share Option Plan issued by the Company

The following share options were outstanding under the share option plans including KM ESOP, Tier 1 ESOP and Post-IPO Share Option Scheme (the "**Plans**") during the years ended 31 December 2022 and 2021:

	Weighted average exercise price US$	Number of options '000
At 1 January 2021		57,139
Granted during the year	3.15	11,486
Forfeited during the year	0.99	(298)
Exercised during the year	0.99	(4,837)
At 31 December 2021 and at 1 January 2022		63,490
Granted during the year	2.92	384
Forfeited during the year	2.52	(86)
Exercised during the year	0.54	(19,397)
At 31 December 2022		44,391

The weighted average share price at the date of exercise for share options exercised during the year ended 2022 was HK$16.70 (2021: HK$25.11) per share.

Notes to the Consolidated Financial Statements

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42. SHARE-BASED COMPENSATION PLAN (continued)

A. Share Option Plan issued by the Company (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of each of the years ended 31 December 2022 and 2021 are as follows:

Number of options			
2022 '000	**2021 '000**	**Exercise price per share**	**Exercise period**
7,800	24,700	US$0.4600	20-04-17 to 20-01-26
100	100	US$0.4722	01-01-23* to 22-02-29
13,767	15,659	US$0.9445	01-01-23* to 19-05-29
873	873	US$1.1453	16-08-23* to 15-08-28
948	948	US$1.3655	16-02-24* to 25-02-29
2,437	3,074	US$1.5172	20-05-24* to 19-05-29
6,650	6,650	HK$27.30	28-12-21 to 27-12-30
11,432	11,486	HK$24.50	23-08-21 to 22-08-31
384#	—	HK$22.78	08-06-22 to 07-06-32
44,391	63,490		

* Participants will have an unconditional right to exercise an option to the extent that it is vested after the earliest of the followings:

a) an IPO;

b) an Early Vesting Event;

c) 5 years of the date of grant.

If there is (i) a sale of all or substantially all of the shares in; or (ii) a disposal of all or substantially all of the business of the member of the Group of which a participant is a director or by which the participant is employed, as appropriate, by way of trade sale or by way of sale to a third party (an "**Early Vesting Event**"), any options granted to the participant will vest in full on the occurrence of the Early Vesting Event.

\# Total share options of 384,000, at an exercise price of HK$22.78, were granted to the directors of Company, Jinchu Shen and Stuart Gibson on 8 June 2022, in equal amount. The share options will vest in three equal tranches on 8 June 2022, 8 June 2023 and 8 June 2024.

The fair value of the share options granted during 2022 and 2021 was approximately US$434,412 (US$1.13 each) and US$12,281,408 (US$1.07 each), respectively.

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42. SHARE-BASED COMPENSATION PLAN (continued)

A. Share Option Plan issued by the Company (continued)

The fair value of share options granted during the years ended 31 December 2022 and 2021 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	As at 31 December 2022	As at 31 December 2021
Dividend yields (%)	**—**	—
Volatility (%)	**25.06**	25.59
Risk-free interest rate (%)	**2.87**	1.13
Expected life of options (year)	**10.00**	10.00

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The 19,396,448 share options exercised during the year resulted in the issue of 14,955,955 ordinary shares of the Company and new share capital of US$14,956 (before issue expenses), as further detailed in note 41.

At 31 December 2022, the Company had 44,391,293 share options outstanding under the Plans. The exercise in full of the outstanding share options by the conventional exercise method would, under the present capital structure of the Company, result in the issue of 44,391,293 additional ordinary shares of the Company and additional share capital and share premium of US$83,120,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 44,391,293 share options outstanding under the Plans, which represented approximately 1.0% of the Company's shares in issue as at that date.

B. Share Option Plan by a subsidiary of the Company

On 20 January 2022, the Group completed the acquisition of 100% equity interests in ARA Group. ARA Group has the following share-based payment arrangement held by its subsidiary.

In 2021, the subsidiary established an employee share option plan ("**ESOP Plan**"), subject to the subsidiary's board of directors' discretion, which entitles employees to purchase shares in the company. The ESOP Plan is intended to motivate, reward and retain certain members of the management team and the purpose is to promote the long-term growth of the subsidiary and drive strategic and economic alignment with shareholders.

Under the ESOP Plan, subject to the subsidiary's board of directors' discretion, holders of vested options are entitled to purchase shares at an exercise price determined by the board of directors of the subsidiary having regard to the market value of an ordinary share at the date on which the options were granted. The ESOP Plan shall expire in September 2031.

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42. SHARE-BASED COMPENSATION PLAN (continued)

B. Share Option Plan by a subsidiary of the Company (continued)

Provided that the holders remain in continuous employment at the subsidiary between the date of entry into the ESOP Plan and the relevant vesting date of the options, the holders are only entitled to exercise the vested options on the occurrence of an exit event stipulated in the ESOP Plan.

In September 2021, a total of 790.13 options were granted under the ESOP Plan to certain eligible employees. These options vest equally in 4 tranches in September 2021 and in December of each year from 2021 to 2023.

In September 2022, a total of 102.20 options were granted under the ESOP Plan to certain eligible employees. These options vest equally in 5 tranches in September 2022 and in December of each year from 2022 to 2025.

The fair value of the share options has been measured using the Black-Scholes option-pricing model. The following table lists the inputs to the model used:

	As at 31 December 2022	As at 31 December 2021
Expected dividend yield (%)	**—**	—
Exercise price (US$)	**14,545**	14,545
Volatility (%)	**33.1%**	29.1%
Risk-free interest rate (%)	**4.23%**	0.25%
Expected life (years)	**3.3 years**	3.4 years

The number and exercise price of share options under the ESOP Plan is as follows:

	Weighted average exercise price US$	Number of options
At 31 December 2021 and at 1 January 2022		—
Acquisition of subsidiary	14,545	790.13
Granted during the year	14,545	102.20
Cancelled during the year	14,545	(112.93)
At 31 December 2022		779.40

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42. SHARE-BASED COMPENSATION PLAN (continued)

C. Long Term Incentive Scheme

The purpose of the Long Term Incentive Scheme is to attract skilled and experienced personnel, to incentivise them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

Eligible participants of the Long Term Incentive Scheme include employees, executive Directors and non-executive Directors (including independent non-executive Directors), agents or consultants of the Company or its Subsidiary who the Board considers, in its absolute discretion, have contributed or will contribute to the Group. Each Participant who accepts the offer of the grant of an award ("**Award**", an award of RSUs and/or PSUs to be granted to a Participant under the Long Term Incentive Scheme (where a performance share unit ("**PSU**"), being a contingent right to receive a Share (or a Cash Payment) subject to certain terms and conditions (including performance-based vesting conditions) as set out in the Long Term Incentive Scheme and the relevant grant letter; a restricted share unit ("**RSU**"), being a contingent right to receive a Share (or a Cash Payment) subject to certain terms and conditions (including performance-based vesting conditions) as set out in the Long Term Incentive Scheme and the relevant grant letter) under the Long Term Incentive Scheme is a "Grantee". The Long Term Incentive Scheme became effective on 2 June 2021 and, unless otherwise canceled or amended, will remain in force for 10 years from that date.

The maximum number of shares in respect of which Awards may be granted under the Long Term Incentive Scheme (the "**Maximum Number**") when aggregated with the maximum number of Shares in respect of any share options to be granted under the Post-IPO Share Option Scheme is that number which is equal to 10% of the total number of Shares in issue on the Adoption Date (i.e. up to total of 306,004,506 shares). According to the Long Term Incentive Scheme, the Board may grant an Award to a Participant by a notice ("**Grant Letter**") in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Award on the terms and conditions on which it is to be granted and to be bound by the terms of the Long Term Incentive Scheme.

The following awarded shares were outstanding under the Long Term Incentive Scheme during the year ended 31 December 2022:

	Weighted average share price at grant date US$	Number of awarded shares '000
At 1 January 2022		—
Granted during the year	2.98	14,406
Cancelled during the year	3.12	(90)
Vested during the year	3.08	(594)
At 31 December 2022		13,722

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42. SHARE-BASED COMPENSATION PLAN (continued)

C. Long Term Incentive Scheme (continued)

The share price at grant date and vesting periods of the awarded shares outstanding under the Long Term Incentive Scheme outstanding as at 31 December 2022 is as follows:

Number of awarded shares ('000)	Share price at grant date per share	Exercise period
4,267	HK$24.35	23-02-22 to 30-06-25
9,455	HK$22.70	08-06-22 to 08-06-26
13,722		

The fair value of the awarded shares was determined based on the market value of the Company's shares at the grant date. The weighted average fair value of the awarded shares granted during the year ended 31 December 2022 was HK$23.25 per share. The total expense recognised in respect of the Long Term Incentive Scheme adopted by the Company for the year ended 31 December 2022 was US$17,612,000.

As at 31 December 2022, the Company had 13,722,333 awarded shares outstanding under the Long Term Incentive Scheme, which represented approximately 0.31% of the Company's shares in issue as at that date.

43. PERPETUAL CAPITAL SECURITIES

Perpetual Securities NC5 5.65%

In March 2021, the Company issued an aggregate principal amount of S$200,000,000 perpetual resettable step-up subordinated securities under the US$2,000,000,000 Multicurrency Debt Issuance Programme. In June 2021, the Company issued a further tranche for an aggregate principal amount of S$150,000,000, bringing the aggregate total amount to S$350,000,000.

The distribution rate is 5.65% per annum, with the first distribution rate resets falling on 2 March 2026 and subsequent resets occurring every five years thereafter. Distributions are payable semi-annually in arrears. Subject to the relevant terms and conditions in the supplemental offering circular dated 23 February 2021, the Company may elect to defer making distributions on the perpetual capital securities and is not subject to any limits as to the number of times a distribution can be deferred.

The perpetual capital securities may be redeemed at the option of the Company, on 2 March 2026 or on any distribution payment date thereafter, on giving not less than 30 nor more than 60 days' irrevocable notice in accordance with the terms and conditions of the issuance. The perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

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43. PERPETUAL CAPITAL SECURITIES (continued)

Perpetual Securities Series 001, Series 002 and Series 004

On 20 January 2022, the Group consolidated subordinated perpetual capital securities amounting to US$699,830,000 (inclusive of issuance cost and accrued dividend distribution) upon completion of the acquisition of 100% equity interests in ARA Group. These related to subordinated perpetual securities (the "**perpetual securities**") with aggregate principal amounts totaling S$950,000,000 (approximately US$698,000,000) (Series 001, Series 002, Series 004 at S$300,000,000, S$300,000,000, S$350,000,000 respectively) issued by ARA Asset Management Pte Ltd on 17 July 2017 ("**Series 001**"), 21 June 2018 ("**Series 002**") and 4 September 2019 ("**Series 004**").

Such perpetual securities bear distributions at a rate of 5.2% (Series 001), 5.65% (Series 002) and 5.6% (Series 004) per annum, payable semi-annually. Subject to relevant terms and conditions in the Information Memorandum dated 29 June 2017 (Series 001), 12 February 2018 (Series 002) and 4 September 2019 (Series 004), ARA Group may elect to defer making distributions on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred. The perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

The perpetual securities constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank pari passu, without any preference or priority among themselves, and pari passu with any unsecured obligations of the Issuer. Perpetual securities Series 001 were fully redeemed on 4 May 2022.

Movements of the perpetual capital securities are as follows:

	Principal US$'000	Distribution US$'000	Total US$'000
At 1 January 2021	—	—	—
Issuance of perpetual capital securities	260,197	—	260,197
Direct issue costs attributable to the perpetual capital securities	(3,879)	—	(3,879)
Profit attributable to holders of perpetual capital securities	—	10,664	10,664
Distribution to holders of perpetual capital securities	—	(5,835)	(5,835)
At 31 December 2021 and 1 January 2022	256,318	4,829	261,147
Acquisition of subsidiaries	699,830	—	699,830
Profit attributable to holders of perpetual capital securities	—	42,524	42,524
Distribution to holders of perpetual capital securities	—	(44,199)	(44,199)
Redemption of perpetual capital securities, net of transaction costs	(216,601)	—	(216,601)
At 31 December 2022	739,547	3,154	742,701

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44. RESERVES

(a) Group

The amount of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity of the financial statements.

(i) Statutory reserve

In accordance with the Company Law of the People's Republic of China, the subsidiaries in China are required to allocate 10% of the statutory after tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant China 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 China subsidiaries.

(ii) Merger reserve

The merger reserve of the Group represents the reserve arising pursuant to the reorganisation of subsidiaries.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

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44. RESERVES (continued)

(b) The Company

	Share premium US$'000	Share-based payment reserve US$'000	Exchange fluctuation reserve US$'000	Accumulated losses US$'000	Investment reserve (non-recycling) US$'000	Other reserve US$'000	Total US$'000
As at 1 January 2022	2,022,188	29,899	19,590	(583,272)	17,357	29,218	1,534,980
Loss for the year	–	–	–	(157,126)	–	–	(157,126)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	(1,285)	–	(1,285)
Share of other comprehensive loss of joint ventures	–	–	(27,648)	–	–	–	(27,648)
Total comprehensive loss for the year	–	–	(27,648)	(157,126)	(1,285)	–	(186,059)
Disposal of financial assets at fair value through other comprehensive income	–	–	–	17,179	(17,179)	–	–
Profit attributable to holders of perpetual capital securities	–	–	–	(14,333)	–	–	(14,333)
Acquisition of subsidiaries	4,338,816	–	–	–	–	–	4,338,816
Dividend paid	–	–	–	(70,777)	–	–	(70,777)
Issue of new shares	249,923	–	–	–	–	–	249,923
Share repurchase and cancellation	(169,253)	–	–	–	–	–	(169,253)
Issue of shares upon exercise of share options	6,349	(6,838)	–	–	–	–	(489)
Transfer of share-based payment reserve upon the forfeiture of share options	–	(21)	–	21	–	–	–
Issue of shares pursuant to Long Term Incentive Scheme	196	(1,354)	–	–	–	–	(1,158)
Share-based compensation arrangement	–	25,709	–	–	–	–	25,709
As at 31 December 2022	6,448,219	47,395	(8,058)	(808,308)	(1,107)	29,218	5,707,359

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44. RESERVES (continued)

(b) The Company (continued)

	Share premium US$'000	Share-based payment reserve US$'000	Exchange fluctuation reserve US$'000	Accumulated losses US$'000	Investment reserve (non-recycling) US$'000	Other reserve US$'000	Total US$'000
As at 1 January 2021	2,064,135	18,511	11,673	(371,908)	17,306	29,218	1,768,935
Loss for the year	–	–	–	(200,914)	–	–	(200,914)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	51	–	51
Share of other comprehensive income of joint ventures	–	–	7,917	–	–	–	7,917
Total comprehensive loss for the year	–	–	7,917	(200,914)	51	–	(192,946)
Profit attributable to holders of perpetual capital securities	–	–	–	(10,664)	–	–	(10,664)
Share repurchase and cancellation	(42,068)	–	–	–	–	–	(42,068)
Share-based compensation plan exercised	121	(3,216)	–	–	–	–	(3,095)
Transfer of share-based payment reserve upon the forfeiture of share options	–	(214)	–	214	–	–	–
Share-based compensation arrangement	–	14,818	–	–	–	–	14,818
As at 31 December 2021	2,022,188	29,899	19,590	(583,272)	17,357	29,218	1,534,980

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowings, financial liabilities included in trade and other payables, cash and bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets included in other non-current assets. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash and short-term deposits, which arose directly from its operations. The main risks faced by the Group are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The directors reviews and agrees policies for managing each of the risks which are summarised below:

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to its interest-bearing bank and other borrowings. The Group does not use derivative financial instruments to manage its interest rate risk. The interest rates and terms of repayments of the borrowings are disclosed in note 25.

The following table demonstrates the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit before tax (mainly the impact on floating rate borrowings). The Group's equity is not affected, other than the consequential effect on the accumulated losses of the changes in profit before tax as disclosed below.

	Increase/(decrease) in basis point	(Decrease)/increase in profit before tax US$'000
Year ended 31 December 2022	100/(100)	(38,748)/38,748
Year ended 31 December 2021	100/(100)	(19,819)/19,819

Foreign currency risk

The Group had monetary assets and liabilities, which were denominated in foreign currencies, and were exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities, which are denominated in currencies that are not the functional currencies of the relevant entities.

The following table details the Group's sensitivity to a 1% increase and decrease in the relevant foreign currencies against the functional currency. The sensitivity analysis includes only outstanding monetary items denominated in a foreign currency and adjusts their translation at 31 December 2022 for a 1% change in foreign currency rates.

	2022 US$'000	2021 US$'000
Increase/(decrease) in profit before tax		
If US$ weakens against RMB	**359**	169
If US$ strengthens against RMB	**(359)**	(169)
If US$ weakens against JPY	**(4,561)**	(1,309)
If US$ strengthens against JPY	**4,561**	1,309
If US$ weakens against S$	**(2,634)**	(2,710)
If US$ strengthens against S$	**2,634**	2,710
If US$ weakens against A$	**(2,043)**	(402)
If US$ strengthens against A$	**2,043**	402
If US$ weakens against INR	**1,064**	1,041
If US$ strengthens against INR	**(1,064)**	(1,041)

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

IFRS 9

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meets its contractual obligation. The Group has no concentration of credit risk from third party debtors. The carrying amounts of restricted cash, cash and bank balances, financial assets included in prepayments, other receivables and other assets in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

All cash and bank balances were deposited in high-credit-quality financial institutions without significant credit risk.

The Group has established a policy to perform an assessment of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the other receivables into Stage 1 and Stage 2, as described below:

Stage 1 — When other receivables are first recognised, the Group recognises an allowance based on 12 months' expected credit loss (ECL)

Stage 2 — When other receivables have shown a significant increase in credit risk since origination, the Group recognises an allowance for the lifetime ECLs

Management also regularly reviews the recoverability of these receivables and follow up the dispute or amount overdue, if any. Management is of the opinion that the risk of default by counterparties is low.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and other receivables and expected loss allowance provision are disclosed in notes 22 and 23.

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's policy is to maintain sufficient cash and bank balances or to have available funding through the use of bank and other borrowings to meet its commitments over the foreseeable future in accordance with its strategic plan.

The maturity profile of the Group's financial liabilities as at 31 December 2022 and 2021, based on the contractual undiscounted payments, is as follows:

Group

	Less than 1 year US$'000	1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
31 December 2022				
Non-derivative financial liabilities				
Interest-bearing bank and other borrowings	**573,016**	**5,399,738**	**538,530**	**6,511,284**
Trade and other payables	**303,868**	**—**	**—**	**303,868**
Contingent consideration payable	**2,581**	**—**	**—**	**2,581**
Lease liabilities	**11,684**	**21,891**	**5,932**	**39,507**
Other non-current liabilities	**—**	**95,227**	**31,732**	**126,959**
	891,149	**5,516,856**	**576,194**	**6,984,199**
Derivative financial instruments				
Foreign currency forward contracts (gross settled)				
— Outflow	**(5,406)**	**—**	**—**	**—**
— Inflow	**5,463**	**—**	**—**	**—**
	57	**—**	**—**	**—**
31 December 2021				
Non-derivative financial liabilities				
Interest-bearing bank and other borrowings	1,434,802	2,877,172	365,398	4,677,372
Trade and other payables	190,645	—	—	190,645
Lease liabilities	3,766	3,591	2,945	10,302
Other non-current liabilities	—	—	45,915	45,915
	1,629,213	2,880,763	414,258	4,924,234

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Company

	Less than 1 year US$'000	1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
31 December 2022				
Interest-bearing bank and other borrowings	**298,409**	**3,658,464**	**143,830**	**4,100,703**
Trade and other payables	**140,910**	**—**	**—**	**140,910**
	439,319	**3,658,464**	**143,830**	**4,241,613**
31 December 2021				
Interest-bearing bank and other borrowings	996,561	2,224,886	—	3,221,447
Trade and other payables	132,035	—	—	132,035
	1,128,596	2,224,886	—	3,353,482

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as financial assets at fair value through comprehensive income (note 17) as at 31 December 2022 and 2021. The Group's listed investments are listed on Hong Kong Exchanges and Clearing Limited, Singapore Exchange Securities Trading Limited, and Korea Exchange and are valued at quoted market prices.

The market equity indices for the following stock exchanges, at the close of business from the nearest trading day in the year to the end of each of the years ended 31 December 2022 and 2021, and their respective highest and lowest points during the year were as follows:

	31 December 2022	High/Low 2022	31 December 2021	High/Low 2021
Singapore — STI Index	**3,251**	**3,466/2,969**	3,124	3,274/2,832
Hong Kong — Hang Seng Index	**19,781**	**25,051/14,597**	23,398	31,183/22,665
Korea — KRX KOSPI Index	**2,236**	**2,995/2,135**	2,978	3,316/2,823

Notes to the Consolidated Financial Statements

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The Group adopts a proactive and disciplined capital management approach to maintain a strong and well-capitalised balance sheet, and regularly review its debt maturity profile and liquidity position on an ongoing basis. The Group maintains a strong balance sheet, and actively diversifies its funding sources through a combination of facilities with both local and international banks, and capital market issuances in optimising its costs of debt financing.

The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

The Group monitors the capital using net gearing ratio, which is calculated by dividing net debt, defined as total bank and other borrowings less cash and bank balances, by total assets at the end of each year. The gearing ratios as at 31 December 2022 and 2021 were as follows:

	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
Bank and other borrowings		
Current	290,452	1,312,883
Non-current	5,206,178	2,935,012
Bank and other borrowings — Total	5,496,630	4,247,895
Less: Cash and bank balances	(1,806,915)	(1,638,228)
Net debt	3,689,715	2,609,667
Total assets	16,199,374	9,337,618
Gearing ratio (net debt/total assets)	22.8%	27.9%

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46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2022 and 2021 are as follows:

31 December 2022

	Financial assets at fair value through profit or loss US$'000	Financial assets at amortised cost US$'000	Financial assets at fair value through other comprehensive income US$'000	Total US$'000
Financial assets				
Financial assets at fair value through profit or loss	774,734	—	—	774,734
Financial assets at fair value through other comprehensive income	—	—	976,395	976,395
Trade receivables	—	353,488	—	353,488
Financial assets included in other non-current assets	16,145	104,658	—	120,803
Financial assets included in prepayments, other receivables and other assets	189	272,638	—	272,827
Pledged bank deposits	—	2,030	—	2,030
Restricted bank balances	—	95,878	—	95,878
Cash and bank balances	—	1,709,007	—	1,709,007
	791,068	2,537,699	976,395	4,305,162

	Financial liabilities at fair value through profit or loss US$'000	Financial liabilities at amortised cost US$'000	Total US$'000
Financial liabilities			
Financial liabilities included in trade payables, accruals and other payables	78	303,868	303,946
Interest-bearing bank and other borrowings	—	5,496,630	5,496,630
Lease liabilities	—	34,188	34,188
Contingent consideration payable	—	2,581	2,581
Financial liabilities included in other non-current liabilities	93,687	33,272	126,959
	93,765	5,870,539	5,964,304

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46. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2021

	Financial assets at fair value through profit or loss US$'000	Financial assets at amortised cost US$'000	Financial assets at fair value through other comprehensive income US$'000	Total US$'000
Financial assets				
Financial assets at fair value through profit or loss	709,622	—	—	709,622
Financial assets at fair value through other comprehensive income	—	—	779,436	779,436
Trade receivables	—	125,968	—	125,968
Financial assets included in other non-current assets	12,191	37,577	—	49,768
Financial assets included in prepayments, other receivables and other assets	—	40,785	—	40,785
Pledged bank deposits	—	52,145	—	52,145
Restricted bank balances	—	68,550	—	68,550
Cash and bank balances	—	1,517,533	—	1,517,533
	721,813	1,842,558	779,436	3,343,807

	Financial liabilities at amortised cost US$'000	Total US$'000
Financial liabilities		
Financial liabilities included in trade payables, accruals and other payables	190,645	190,645
Interest-bearing bank and other borrowings	4,247,895	4,247,895
Lease liabilities	9,089	9,089
Financial liabilities included in other non-current liabilities	45,915	45,915
	4,493,544	4,493,544

Notes to the Consolidated Financial Statements

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47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management is responsible for determining the policies and procedures for the fair value management of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors for annual financial reporting.

Management has assessed that the fair values of cash and bank balances, amounts due from related parties, trade receivables, financial assets included in prepayments, other receivables and other assets, current interest-bearing bank and other borrowings, amounts due to related parties, trade payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted financial assets at fair value have been estimated based on the Group's share of the net asset value of the investment funds. The net asset value of the investment funds comprise mainly their investment properties whose fair values were determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. Therefore, management has determined that the net asset value of the investment funds represent the fair value as at the financial year end.

The Group entered into derivative financial instruments, including foreign currency forward contracts and put option contract. The fair values of foreign currency forward contracts are measured using quoted prices of similar financial assets adjusted for the transaction expenses. The fair value of put option contract is determined using option pricing model based on the present value techniques that reflect both the time value and the intrinsic value of an option. The inputs used in the present value techniques included the estimated share price and discount rate, which involve a significant degree of management judgement where adjustments may be made by management for differences between the share price of investment in associate and the referenced comparable.

Notes to the Consolidated Financial Statements

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47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each of the financial years is as follows:

	Valuation technique	Key unobservable input	Range	Sensitivity of the fair value to the input
Unlisted financial assets at fair value through other comprehensive income and profit or loss	Net asset value	Net asset value	2022: US$51,000 to US$1,761,000,000 2021: US$395,000 to US$642,305,000	1% increase (decrease) in net asset value would result in increase (decrease) in fair value by 1%
Investment in OCD at fair value	Discounted cash flows	Cost of equity	2022: 10.25% 2021: 10.25%	1% increase (decrease) in cost of equity would result in (decrease) increase in estimated fair value by 0.11%
Put option contract	Option pricing model	Share price of investment in associate	2022: JPY712 2021: Nil	5% increase (decrease) in share price of investment in associate would result in (decrease) increase in estimated fair value by (US$1,965,000) and US$2,333,000
		Discount rate	2022: 1.45% 2021: Nil	10 basis points increase (decrease) in discount rate would result in (decrease) increase in estimated fair value by US$21,000
Share redemption option	Discounted cash flow	Net asset fair value	2022: US$962,485,000 2021: Nil	1% increase (decrease) in net asset fair value would result in increase (decrease) in estimated fair value by 1%

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47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Group

Assets measured at fair value

	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
As at 31 December 2022				
Financial assets at fair value through profit or loss	**21,883**	**—**	**758,231**	**780,114**
Financial assets at fair value through other comprehensive income	**781,180**	**—**	**195,215**	**976,395**
Financial derivative assets	**—**	**189**	**10,765**	**10,954**
	803,063	**189**	**964,211**	**1,767,463**
As at 31 December 2021				
Financial assets at fair value through profit or loss	—	—	721,813	721,813
Financial assets at fair value through other comprehensive income	779,436	—	—	779,436
	779,436	—	721,813	1,501,249

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47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Group (continued)

Assets measured at fair value (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	Put option contract US$'000	Equity instruments US$'000
Financial assets at fair value		
At 1 January 2021	—	685,223
Gain on disposal of interests in financial assets at fair value through profit or loss	—	1,074
Disposal	—	(22,817)
Disposal of subsidiary (net of interest retained)	—	257
Distribution	—	(71,448)
Interest receivable	—	1,067
Purchases	—	156,045
Total gain recognised in profit or loss included in other income	—	13,976
Exchange realignment	—	(41,564)
At 31 December 2021 and 1 January 2022	—	721,813
Acquisition of subsidiaries	5,316	333,729
Disposal of subsidiaries	—	(4,319)
Distribution and capital redemption	—	(135,906)
Elimination	—	(6,815)
Gain on sale of interests in financial assets at fair value through profit or loss	—	(8)
Interest receivable	—	526
Purchases	—	186,200
Reclassification to assets held for sale	—	(21,649)
Reclassification from investments in joint venture	—	(1,532)
Total loss recognised in other comprehensive income	—	(50,693)
Total gain recognised in profit or loss included in other income	6,191	10,370
Exchange realignment	(742)	(78,270)
At 31 December 2022	10,765	953,446

Notes to the Consolidated Financial Statements

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47. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Group (continued)

Liabilities measured at fair value

	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
At 31 December 2022			
Financial derivative liabilities	78	—	78
Share redemption option	—	93,687	93,687
	78	93,687	93,765

During the years ended 31 December 2022 and 2021, there were no transfers of fair values measurements into or out of Level 3 for financial liabilities.

Company

Assets measured at fair value

	Quoted prices In active market (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
As at 31 December 2022				
Financial assets at fair value through other comprehensive income	12,391	—	—	12,391
As at 31 December 2021				
Financial assets at fair value through other comprehensive income	43,012	—	—	43,012

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48. EVENTS AFTER THE REPORTING DATES

On 12 January 2023, the Company, through ESR V Investor 5 (a wholly-owned subsidiary of the Company), agreed to subscribe for 168,358,478 newly issued shares in BW Industrial Development Joint Stock Company ("**BW**") (the "**Subscription**") and may, following the completion of the Subscription, elect to subscribe for such number of additional shares so that it will hold no less than 15.0% of the issued shares of BW (on a fully diluted basis) (the "**Additional Subscription**") on completion of such Additional Subscription. The Subscription and any Additional Subscription (which will be subject to ESR V Investor 5 having obtained an approval from the Department of Planning and Investment of Binh Duong Province, Vietnam) (collectively, the "**Transaction**") are part of a broader equity fundraising exercise by BW in which the Company has been informed by BW that BW has also entered into share subscription agreements with other third party investors whereby BW will raise additional equity investment from such investors at the same Subscription Price and on substantially the same terms as the Subscription.

In connection with the Subscription, on 12 January 2023, ESR V Investor 5 and BW entered into the Framework Agreement which set out the terms governing certain services that may be provided by ESR V Investor 5 (itself or through one or more of its affiliates) to BW and its subsidiaries for which it will receive various fees as part of its market leading development and fund management platform.

On 12 January 2023, BW (through VC3, a subsidiary of BW) indirectly holds 51% of the shareholding interest in TH1 Holdco Joint Stock Company and TH2 Holdco Joint Stock Company ("**Disposal Company 1**" and "**Disposal Company 2**"), respectively. The other 49% interest in Disposal Company 1 and Disposal Company 2 was held by the Company (through its wholly-owned subsidiary ESR V Investor 1 and ESR V Investor 2). On 12 January 2023, ESR V Investor 1 and ESR Investor 2 (as sellers) and ESR V Investment (as guarantor) entered into Share Purchase Deed to sell 3,458,820 shares of Disposal Company 1 and 1,345,100 shares of Disposal Company 2 to VC3.

The Subscription and the Disposals have been completed on 12 January 2023.

Notes to the Consolidated Financial Statements

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49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2022 US$'000	As at 31 December 2021 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**44**	49
Financial assets at fair value through other comprehensive income		**12,391**	43,012
Investments in subsidiaries		**5,564,568**	764,575
Investment in a joint venture		**288,580**	289,848
Other intangible assets		**31**	89
Other non-current assets		**8,199**	8,479
Total non-current assets		**5,873,813**	1,106,052
CURRENT ASSETS			
Prepayments, other receivables and other assets		**3,004,648**	2,992,024
Cash and bank balances		**731,147**	882,425
Total current assets		**3,735,795**	3,874,449
CURRENT LIABILITIES			
Bank and other borrowings	25	**95,382**	914,488
Trade payables, accruals and other payables		**143,625**	134,911
Income tax payable		**994**	994
Total current liabilities		**240,001**	1,050,393
NET CURRENT ASSETS		**3,495,794**	2,824,056
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,369,607**	3,930,108
NON-CURRENT LIABILITIES			
Bank and other borrowings	25	**3,348,341**	2,082,431
Total non-current liabilities		**3,348,341**	2,082,431
NET ASSETS		**6,021,266**	1,847,677
EQUITY			
Issued capital		**4,422**	3,049
Perpetual capital securities		**260,984**	261,147
Equity components of convertible bonds	31	**48,501**	48,501
Other reserves	44	**5,707,359**	1,534,980
TOTAL EQUITY		**6,021,266**	1,847,677

50. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 22 March 2023.