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## **ESR GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1821)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board of directors (the “**Board**” and the “**Directors**” respectively) of ESR Group Limited (the “**Company**” or “**ESR**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2022 (the “**Period**” or “**1H2022**”) together with the comparative figures for the six months ended 30 June 2021 (“**1H2021**”).

The comparative financial information for 1H2021 set out in this announcement are based on the Company’s consolidated financial results for 1H2021 as reported in the Company’s announcement dated 19 August 2021. As announced on 20 January 2022, the Company completed the acquisition of ARA Asset Management Limited (“**ARA**”, together with its subsidiaries, the “**ARA Group**”) on 20 January 2022, following which the financial results of ARA Group have been consolidated into the accounts of the Company. A comparison of the Group’s 1H2022 financial information with the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Group (as enlarged by the acquisition of ARA Group, the “**Enlarged Group**”) for 1H2021 as set out in the Company’s circular dated 18 October 2021 and the unaudited pro forma consolidated statement of financial position of the Enlarged Group as of 31 December 2021 as set out in the Company’s 2021 annual report published on 29 April 2022 are set out in the Company’s 1H2022 financial results presentation, which is available on the Company’s website at [www.esr.com](http://www.esr.com).

## FINANCIAL HIGHLIGHTS

	1H2022 (Unaudited) US\$'000	1H2021 (Unaudited) US\$'000	Year-on-Year Change* %
<b>Key financial performance</b>			
Revenue	431,706	204,399	111.2
Revenue (excluding construction revenue)	431,555	177,658	142.9
Profit for the period	419,743	229,695	82.7
EBITDA <sup>(i)</sup>	637,135	373,450	70.6
Adjusted EBITDA <sup>(i)</sup>	508,165	214,812	136.6
Segmental results (EBITDA)	727,490	415,557	75.1
PATMI	380,607	213,947	77.9
PATMI (adjusted) <sup>(ii)</sup>	412,027	213,947	92.6
Core PATMI <sup>(i)</sup>	389,436	166,940	133.3
	As at 30 June 2022 (Unaudited) US\$'000	As at 31 December 2021 (Audited) US\$'000	Year-on-Year Change* %
Cash	2,014,685	1,638,228	23.0
Net debt/total assets (Gearing ratio)	17.9%	27.9%	(10.0pp)
	1H2022 (Unaudited) US\$'000	1H2021 (Unaudited) US\$'000	Year-on-Year Change* %
<b>Revenue by region</b>			
Greater China	120,454	58,089	107.4
Japan	57,808	61,615	(6.2)
South Korea	71,114	22,459	216.6
Australia and New Zealand <sup>#</sup>	93,891	46,267	102.9
Southeast Asia	65,528	12,638	418.5
India	6,064	3,331	82.0
Others	16,847	–	n.m.
	<u>431,706</u>	<u>204,399</u>	111.2

\* Year-on-Year (“YoY”) Change % represents a comparison between the first half of current year and the first half of last year.

<sup>(i)</sup> EBITDA, Adjusted EBITDA and Core PATMI are non-IFRS measures. EBITDA is calculated as profit before tax, adding back depreciation and amortisation and finance costs (net). Refer to Non-IFRS measures in page 13 and 14 for calculations of Adjusted EBITDA and Core PATMI.

<sup>(ii)</sup> Excluding costs related to ARA acquisition of US\$23,091,000 and amortisation relating to intangible assets arising from acquisition of ARA (net of tax effects) of US\$8,329,000. PATMI (adjusted) is non-IFRS measures.

<sup>#</sup> Includes construction revenue of US\$151,000 and US\$26,741,000 for the six months ended 30 June 2022 and 30 June 2021 respectively.

## OPERATIONAL HIGHLIGHTS

In the interests of providing a more uniform illustration of the growth achieved, the Group's first half 2022 operational data have been compared to the pro forma ESR Group in first half 2021 as if the ARA acquisition had already been completed.

The following table summarises Asset Under Management ("AUM") and Gross Floor Area ("GFA") held on Group's balance sheet and in the funds and investment vehicles that the Group managed as of 30 June 2022 and 31 December 2021, respectively:

Region	AUM		GFA	
	30 June 2022## (US\$'billions)	31 December 2021#	30 June 2022## (sqm in millions)	31 December 2021#
Greater China	31.9	30.3	13.9	13.6
Japan	32.2	31.8	4.3	4.3
South Korea	14.4	13.4	5.0	4.8
Australia and New Zealand	25.2	22.9	8.4	7.5
Southeast Asia	8.9	8.0	4.8	4.2
India	1.7	1.7	2.0	1.8
APAC	13.9	11.4	2.4	2.3
US/Europe	21.2	20.7	1.6	1.3
	<b>149.4</b>	<b>140.2</b>	<b>42.4</b>	<b>39.8</b>

# Includes AUM and GFA held on ARA's balance sheet and in the funds and investment vehicles that ARA managed as of 31 December 2021.

## Based on constant forex translation as of 31 December 2021 for a like for like comparison. Based on forex translation as of 30 June 2022, total AUM would be US\$138 billion (US\$11 billion forex translation impact) and New Economy AUM would be US\$63 billion (US\$4 billion forex translation impact). Includes ESR Data Centre Fund 1 which was disclosed in a news release dated 25 July 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During 1H2022, ESR continued to deliver stellar financial and operational results on the back of strong secular trends such as sustained e-commerce demand amidst pandemic-led supply disruptions and accelerated growth of data consumption. ESR's outstanding set of results is a testament to the Group's strong business fundamentals, as well as unmatched scale and breadth of our APAC-focused investment platform and New Economy infrastructure as an enlarged Group, combined with the recent successful acquisition and integration of ARA and LOGOS.

Supported by its well-established fund management platform and ongoing fundraising growth momentum, the Group's total AUM increased 14% year-on-year to US\$149 billion<sup>1</sup>, while New Economy AUM accelerated 23% year-on-year to US\$67 billion<sup>1</sup>. Following the successful accretive acquisition of ARA, EPS<sup>2</sup> growth was 31.8% year-on-year despite the enlarged share base.

### Maiden Dividend Declaration

The Board declared a maiden interim dividend of HK\$12.5 cents per share (approximately 1.6 US cents per share) (which implies a 1.3%<sup>3</sup> yield) for the financial year ending 31 December 2022, amounting to approximately US\$70 million, which will be paid to Shareholders on Friday, 30 September 2022. The distribution of a dividend follows the announcement of the adoption of Group's Dividend Policy last month, underscoring the Group's commitment to deliver returns and continued growth to its shareholders.

<sup>1</sup> Based on constant forex translation as of 31 December 2021 for a like-for-like comparison. Based on forex translation as of 30 June 2022, total AUM would be US\$138 billion (US\$11 billion forex translation impact) and New Economy AUM would be US\$63 billion (US\$4 billion forex translation impact). Includes ESR Data Centre Fund 1 which was disclosed in a news release dated 25 July 2022.

<sup>2</sup> Excludes amortisation of intangibles and transaction costs relating to ARA.

<sup>3</sup> Based on closing share price of HK\$19.12 as of 24 August 2022; on an annualised basis.

## Exceptional fund management performance fuelled by strong capital support

ESR Fund Management segment continued to record new highs in terms of performance, given the strong capital entrustment from its capital partners. Fund management EBITDA<sup>4</sup> increased 196.4% to US\$288 million, driven by high recurring fee revenue from higher AUM, record development, leasing fees and solid promote fees. This was even a stronger result as the first half 2021 Fund Management EBITDA (on a pro forma Enlarged Group basis) was a very robust period for comparison given that it delivered higher EBITDA than in the second half of 2021 (on a pro forma Enlarged Group basis). Segment growth was driven by the exceptional growth momentum of the Group's fund AUM which rose 14% to US\$146 billion<sup>5</sup> on a normalised basis as well as the record development starts and leasing fees. New Economy AUM grew 23% year-on-year to US\$67 billion<sup>1</sup>.

The Group continues to see strong capital flows into logistics from global institutional investors who are seeking to strategically rebalance their portfolios into New Economy sectors. Supported by the deep capital partner relationships and track record the Group has established, the Group raised US\$3.9 billion through 15 new or upsized funds and mandates, representing a 56% year-on-year growth, of which over 80% of new capital raised focused on New Economy. This includes the newly launched Pan Asia discretionary development vehicle and the Group's inaugural US\$1 billion APAC data centre fund which comprises a development pipeline of eight seed projects with 260 megawatts of capacity. ESR also entered into a US\$1 billion joint venture with a leading global institutional investor following the sell-down of ESR's balance sheet assets in China, and in South Korea, ESR also upsized its second development joint venture with APG and Canada Pension Plan Investment Board ("**CPP Investments**") by up to US\$1 billion for investment in and development of a best-in-class industrial and warehouse logistics portfolio. As of 30 June 2022, the Group had US\$17.9 billion (includes ESR Data Centre Fund 1 which was disclosed in a news release dated 25 July 2022) of dry powder capital to deploy in new investments.

<sup>4</sup> Excludes amortisation of intangibles and transaction costs relating to ARA and mergers and acquisitions related items such as bargain purchase and financial instruments in relation to certain associates. Reclassification of Cromwell under Investment segment to reflect the current asset heavy nature of the investment.

<sup>5</sup> Based on constant FX translation as of 31 December 2021 for a like-for-like comparison. Based on forex translation as of 30 June 2022, total Fund AUM would be US\$135 billion (US\$11 billion forex translation impact). Includes ESR Data Centre Fund 1 which was disclosed in a news release dated 25 July 2022.

## **Record development starts fuel APAC's largest development workbook**

ESR has over 38 million sqm of GFA in operation and under development across its portfolio and a sizeable landbank of over 4.4 million sqm for future development as of 30 June 2022. Given the record low vacancy rates across the portfolio, the Group had substantially increased its development starts by 109% year-on-year to US\$3.5 billion. This was further complemented by US\$2.0 billion in development completions, an increase of 51% year-on-year. On the back of that continued progress, the Group has US\$12 billion in development work-in-progress, the largest development workbook in APAC.

- In Japan, the Group is developing the ESR Yokohama Sachiura Logistics Park in Greater Tokyo. The multi-phase development provides approximately 720,000 sqm logistics space over four phases, set to be the largest logistics park (by value) in Japan and one of the largest ever developed (by value) in APAC upon completion. Its second phase, ESR Yokohama Sachiura Distribution Centre 2, commenced construction in June 2021 and is scheduled for completion in January 2023.
- The Group is developing a US\$1.5 billion multi-phase logistics park, ESR Kawanishi Distribution Centre, on a 505,647 sqm site in Greater Osaka, unveiling one of the largest and most significant urban rezoning developments to accommodate Japan's ongoing expansion in e-commerce driven New Economy real estate.
- LOGOS and its partners are in the process of developing the US\$3 billion Moorebank Logistics Park, Australia's largest intermodal logistics facility at Moorebank in south-western Sydney, into high quality industrial property and infrastructure including initial approval for 850,000 sqm of warehouse opportunities directly adjacent to key rail intermodal facilities being developed by Qube Holdings Limited with direct linkage to Port Botany and the regional New South Wales and interstate rail networks.
- In Singapore, ESR is partnering with PGIM Real Estate in a built-to-suit redevelopment to build a 64,490 sqm logistics facility for POKKA, which has signed a 10-year lease to commit a minimum of 70% of the building space.

Key development starts in 1H 2022 included the Sime Darby JV (Malaysia), Moorebank Phase II (Australia), Busan New Port (South Korea), ESR Green Link Estate (Australia) and Kunshan Zhonggang (China). Key development completions included ESR Yokohama Sachiura Distribution Centre 1 in Greater Tokyo and Phases 1 and 2 of Opo Logistics Park in Greater Seoul. ESR KendallSquare, ESR's South Korean platform, completed a total of 520,000 sqm of Class A logistics space in South Korea during the first half of 2022, constituting approximately half of the Group's completions. The logistics space was fully pre-leased to high quality tenants, including of the largest e-commerce companies in Korea and the logistics arm of a major electronics provider amongst others.

## **Strong operational and robust leasing performance with near zero vacancy rates in mature markets**

The Group achieved strong leasing progress for 1H2022 with a record of over 2.0 million sqm of space leased. This was primarily driven by e-commerce acceleration and supply chain resilience which continues to generate demand for modern, institutional-grade logistics facilities in key gateway markets. Portfolio occupancy reached an all-time high at 96% (99% ex-Greater China)<sup>6</sup>, with close to full occupancies in most markets. High occupancy rates are underpinning strong rental growth in many of the markets in which we operate, as the Group achieved an overall positive weighted average portfolio rental reversion of 5.8%<sup>6</sup> across the New Economy portfolio. The Group's portfolio has a weighted average lease expiry ("WALE") (by income) of 4.9 years and coupled with relatively subdued supply in many of the markets in which it operates, the Group expects to be able to continue to capture strong rental reversions. 40% of ESR's expiring leases are due within the next 30 months, positioning the Group well to benefit from the outsized rental growth across its major markets.

## **Strong commitment to a robust balance sheet and an accelerating asset light strategy**

The Group continues to take a disciplined approach to financial positioning with a well-capitalised balance sheet with US\$2.0 billion of cash, and a low net gearing of 17.9% as of 30 June 2022. The Group continues to expand and proactively diversify its funding and capital structure.

- In November 2021, the Group closed its first Sustainability-Linked Loan ("SLL") of US\$700 million which was subsequently upsized to US\$1 billion at Libor plus 2.25% and Libor plus 2.75% for 3-year and 5-year tranches respectively. As of 30 June 2022, the Group has fully drawn down the loan.
- In January 2022, the Group closed a 5-year JPY28 billion SLL which was upsized to JPY32.5 billion at Tibor +1.8%.
- In May 2022, the Group closed a 5-year S\$300 million SLL at SORA +1.65%.

The Group remains focused in its capital recycling strategy and asset-light approach. In 1H2022, the Group divested over US\$1.4 billion of its balance sheet investments primarily in China to ESR managed funds, exceeding the Group's annual capital recycling target. The sell down of over 873,000 sqm portfolio in China represented the Group's largest self-developed balance sheet sell-down to date. The Group also executed on the successful tender of its 18.16% holding in China Logistics Property Holdings Co., Ltd (CNLP; SEHK Stock Code: 1589) in May 2022, receiving US\$349 million in proceeds, and crystallising a strong return on this 4-year investment.

<sup>6</sup> New Economy assets only. Based on stabilised assets on balance sheet and portfolio assets held in the funds and investment vehicles as of 30 June 2022.

## **Best-in-class practices to drive Environmental, Social and Governance (“ESG”) initiatives across the enlarged Group**

The Group has made great progress on its ESG efforts set out in the *ESG 2025 Roadmap*. To date, the Group has closed a total of approximately US\$2.5 billion in SLL, reinforcing the Group’s sustainable financing and operations, as it continued to integrate ESG into its financial management, operations and future planning. In June 2022, ESR became a signatory to the United Nations-supported Principles for Responsible Investment (“**PRI**”), reinforcing its commitment to adopting and promoting responsible investment practices. On diversity and inclusion, the Group continues to have strong female representation of over 40% across its workforce and 60% of its independent non-executive directors who are women.

Sustainability features are increasingly being incorporated in the development of ESR’s assets. The Group is working to increase the deployment of rooftop solar power generation across the portfolio, with a target of 50% increase in solar power generation by 2025. Approximately 100 MW of rooftop solar capacity is being set up, including projects planned for this year. To further such commitment and efforts, the Group has commissioned ongoing third-party solar feasibility studies to increase renewable energy performance across the portfolio, leading to improved efficiency of tenants’ operations. In June 2022, the Group signed a memorandum of understanding with CLP Power Hong Kong Limited and CLPe Group to leverage their energy and infrastructure solutions expertise to develop sustainable data centres and logistics centre in Hong Kong. In addition, ESR is the first real asset manager to work with Enerbank in Japan to provide environmental value to tenants with the country’s authorised Green Energy Certificate system, with ESR’s self-generated solar power from its facilities now recognised as part of the power grid in Japan in exchange for renewable energy consumption.

## **LOOKING AHEAD**

The Group remains confident in the strong fundamentals and future prospects for real assets. E-commerce acceleration and digital transformation will continue to drive demand for logistics infrastructure and data centres. Moreover, global investors are increasingly consolidating their relationships towards a limited number of large-scale managers and allocating more capital to a smaller roster of platforms. Capitalising on these trends, ESR is firmly focused on accelerating its growth in size, scale and offerings.

Globally, especially in Asia Pacific, economies are rebounding as many pandemic related restrictions have been eased. The Group will continue to focus on meeting the outsized demand for logistics, industrial and life science space as a part of a renewed push by governments to onshore key activities. Additionally, the Group will continue to scale up its data centre efforts to deliver on the critical need for digital infrastructure across APAC. With its unique multi-asset class exposure and market leadership positions in APAC, the Group is poised to deliver a fully integrated one-stop solution to leading global capital partners and customers. While the Group remains cautious about the changing external environment, the Group is in a strong position to weather any unforeseen headwinds and further capitalise on opportunities that may present themselves.

## **FINANCIAL REVIEW**

ESR has continued its strong momentum and delivered outstanding performance during 1H2022 as below:

- Revenue increased by 111.2% from US\$204.4 million in 1H2021 to US\$431.7 million in 1H2022;
- EBITDA increased by 70.6% from US\$373.4 million in 1H2021 to US\$637.1 million in 1H2022;
- Adjusted EBITDA increased by 136.6% from US\$214.8 million in 1H2021 to US\$508.2 million in 1H2022; and
- PATMI (adjusted) increased by 92.6% from US\$213.9 million in 1H2021 to US\$412.0 million in 1H2022.

As of 30 June 2022, the Group had a robust and well-capitalised balance sheet with US\$2.0 billion in cash and net debt over total assets of 17.9%.

## **REVENUE**

The Group's revenue grew 111.2% from US\$204.4 million in 1H2021 to US\$431.7 million in 1H2022. Total group revenue (ex-construction) increased by 142.9% from US\$177.7 million in 1H2021 to US\$431.6 million in 1H2022, driven by management fee.

Management fee increased by 199.5% from US\$123.9 million in 1H2021 to US\$371.0 million in 1H2022. This is contributed by AUM growth and contribution from the ARA acquisition.

Construction revenue were from outstanding projects executed after the disposal of construction arm by ESR Australia in September 2020. Overall construction revenue decreased by 99.4% from US\$26.7 million in 1H2021 to US\$0.1 million in 1H2022. Accordingly, cost of sales also dropped correspondingly from US\$30.9 million in 1H2021 to US\$9.3 million in 1H2022.

Geographically, the Group's top markets in Greater China, Japan, South Korea, Southeast Asia and Australia and New Zealand accounted for 94.7% of the Group's revenue for 1H2022. The other markets, including India, made up the remaining 5.3% of revenue for 1H2022.

### **PATMI AND EBITDA**

EBITDA increased by 70.6% from US\$373.4 million in 1H2021 to US\$637.1 million in 1H2022. PATMI (adjusted) grew 92.6% from US\$213.9 million in 1H2021 to US\$412.0 million in 1H2022. Higher PATMI (adjusted) and EBITDA were driven by the growth in the Group's fund management AUM as well as co-investments in associates and joint ventures.

The Group recorded fair value gain on investment properties of US\$162.9 million for 1H2022 (1H2021: US\$165.9 million), contributed from the Group's assets in China and Japan.

The Group's share of profits from joint ventures and associates increased by 85.5% from US\$78.1 million in 1H2021 to US\$145.0 million in 1H2022. The increase is mainly due to higher share of profits from the Group's investments in China and Australia, as well as contributions from ARA's joint ventures and associates to the Group's results subsequent to their acquisition.

The Group's weighted average interest rate cost as of 30 June 2022 was 3.8% as compared to 4.6% as of 30 June 2021. Overall finance cost increased by 24.4% from US\$79.8 million in 1H2021 to US\$99.3 million in 1H2022 in line with the increase in total borrowings from US\$3.7 billion as at 30 June 2021 to US\$4.9 billion as at 30 June 2022, mainly arising from consolidation of ARA.

Administrative expenses increased by 146.9% from US\$96.8 million in 1H2021 to US\$238.9 million in 1H2022. The increase is primarily from consolidation of ARA's administrative expenses and transaction costs related to the acquisition of ARA.

### **SEGMENT RESULTS**

Investment segment results increased by 15.1% from US\$183.1 million in 1H2021 to US\$210.8 million in 1H2022, supported by higher co-investment income, rental growth and dividend income. Higher 1H2022 investment segment results contributed by higher dividend income and addition of share of associates' profits subsequent to ARA acquisition; partially offset by reduced share of co-investment income due to sell down of Korea assets into K-REIT in 2H2021 and lower relative fair value gain from existing balance sheet assets (including Cosmosquare).

Fund management segment results increased by US\$190.8 million or 196.4% from US\$97.1 million in 1H2021 to US\$287.9 million in 1H2022. The increase was driven by higher recurring fee revenue from higher AUM, record development and leasing fees and solid promotes. The Group's fund management segment also benefitted from ARA's recurring and stable fee revenue.

New Economy development segment results increased by 69.1% from US\$135.3 million in 1H2021 to US\$228.7 million in 1H2022. The increase was underpinned by growth of record work-in-progress that yield significant contributions from fair value gains on projects under development, share of development profits of joint ventures and associates and substantial development completions (US\$2 billion). This was further enhanced by a disposal gain of Kemps Creek, an Australian development asset to an ESR-managed fund.

## **ASSETS**

The Group had a robust and well-capitalised balance sheet with US\$2.0 billion in cash and bank balances. As at 30 June 2022, the Group had cash and bank balances that were denominated in foreign currencies. The cash and bank balances are primarily denominated in USD, HKD, SGD, RMB, JPY and AUD. Total assets increased from US\$9.3 billion as of 31 December 2021 to US\$16.4 billion as of 30 June 2022. The increase in total assets was mainly driven by the acquisition of ARA in January 2022.

Investment properties decreased by 14.5% to US\$3.2 billion as of 30 June 2022 (31 December 2021: US\$3.7 billion). The decrease is mainly contributed by reclassification of the Group's portfolio of logistics and warehousing facilities in China to be disposed of to a new China Income Venture as disclosed in the announcement made on 3 July 2022.

Investment in joint ventures and associates increased by 101.0% to US\$2.7 billion as of 30 June 2022 (31 December 2021: US\$1.3 billion). The increase is mainly contributed by the Group's acquisition of the investments in joint ventures and associates held by ARA.

Increase in goodwill from US\$0.5 billion as of 31 December 2021 to US\$3.4 billion as of 30 June 2022 is mainly attributed to the goodwill arising from the acquisition of ARA.

Financial assets at fair value through other comprehensive income (“FVOCI”) increased by 28.7% to US\$1.0 billion (31 December 2021: US\$0.8 billion). The increase is mainly from ARA's investments in FVOCI, offset by the disposal of shares in China Logistics Property Holdings Co., Ltd. in May 2022.

## **LIABILITIES**

Total bank and other borrowings as of 30 June 2022 were US\$4.9 billion compared to US\$4.2 billion at December 2021. With cash and bank balance of US\$2.0 billion, the net debt to total assets as at 30 June 2022 were 17.9% (31 December 2021: 27.9%).

The Group adopts a proactive and disciplined capital management approach, and regularly reviews its debt maturity profile and liquidity position. The Group maintains a well-capitalised 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.

During the period, the Group continued to expand and diversify its funding and capital structure with additional major borrowings below to support the Group's investments and ongoing development:

- In November 2021, the Group closed its first SLL of US\$700 million which was subsequently upsized to US\$1 billion at Libor plus 2.25% and Libor plus 2.75% for 3-year and 5-year tranches respectively.
- In January 2022, the Group closed a JPY28 billion SLL which was upsized to JPY32.5 billion at Tibor + 1.8% for a five-year tranche.
- In May 2022, the Group closed a 5-year S\$300 million SLL at SORA + 1.65%.

As at 30 June 2022, 15% of the Group's borrowings was on fixed rate while the remaining 85% was on floating rate basis. As of 30 June 2022, the Group's weighted average debt maturity was approximately 4.8 years (31 December 2021: 4.5 years).

As at 30 June 2022, neither the Group nor the Company had any significant contingent liabilities.

#### **EVENTS AFTER THE REPORTING DATE**

As announced on 3 July 2022, certain wholly-owned subsidiaries of the Company entered into agreements to dispose a portfolio of logistics and warehousing facilities in the PRC to a new China income venture. Following completion of the transaction, the Group will continue to maintain an indirect interest in the China income venture and act as the investment manager of the China income venture and asset manager of its property assets and earn management fees for such services. The portfolio to be disposed has been presented as "assets of a disposal group classified as held for sale" and "liabilities directly associated with the assets classified as held for sale" as of 30 June 2022. For details, please refer to the announcement of the Company dated 3 July 2022.

As announced on 21 July 2022, Sunrise Victory Limited ("**Sunrise Victory**"), a wholly-owned subsidiary of the Company, received the letter from the Lands Department of the Government of Hong Kong on 20 July 2022 confirming that its tender for a piece of land located at the junction of Mei Ching Road and Container Port Road South, Kwai Chung, New Territories registered in the Land Registry as Kwai Chung Town Lot No. 531 at the land premium of approximately HK\$5,257 million has been accepted. For details, please refer to the announcement of the Company dated 21 July 2022.

Subsequently, as announced on 15 August 2022, the Group through its wholly-owned subsidiary, Victory Door Limited (“**Victory Door**”), entered into shares subscription and shareholders’ agreement (the “**SSA**”) with its JV partner in relation to the formation of a JV Company, namely Victory Lane Development Limited. The JV Company will hold the entire equity interest in Sunrise Victory. Prior to the entering into the SSA, Sunrise Victory was indirectly wholly-owned by the JV Company, which in turn was wholly-owned by Victory Door. Following completion, the JV company is treated as a joint venture of the Group (with the Group holding 51% interest in the JV Company) and ceases to be a subsidiary of the Group. The JV Company will be equity accounted for in the financial statements of the Group and its financial results will not be consolidated into the financial statements of the Group. For details, please refer to the announcement of the Company dated 15 August 2022.

## **NON-IFRS MEASURES**

### **Adjusted EBITDA**

The following table sets out the reconciliations of Adjusted EBITDA:

	<b>1H2022</b>	1H2021
	<b>US\$’000</b>	US\$’000
Profit before tax	<b>519,486</b>	287,610
<i>Add/(less):</i>		
Depreciation and amortisation	<b>23,369</b>	8,266
Finance costs	<b>99,308</b>	79,810
Interest income	<b>(5,028)</b>	(2,236)
<b><i>EBITDA</i></b>	<b><u>637,135</u></b>	<u>373,450</u>
<i>Add/(less):</i>		
Share-based compensation expense	<b>10,438</b>	5,172
Exchange losses	<b>1,056</b>	2,091
Transaction costs related to ARA acquisition	<b>22,463</b>	–
Fair value gains on investment properties	<b>(162,927)</b>	(165,901)
<b><i>Adjusted EBITDA</i></b>	<b><u><u>508,165</u></u></b>	<u><u>214,812</u></u>

## Core PATMI

The following table sets out the reconciliations of Core PATMI:

	<b>1H2022</b>	1H2021
	<b>US\$'000</b>	US\$'000
Profit after tax and minority interest	<b>380,607</b>	213,947
<i>Add/(less):</i>		
Fair value gains on completed investment properties	<b>(43,249)</b>	(63,253)
Amortisation relating to intangible assets arising from acquisition of ARA, net of tax	<b>8,329</b>	–
Share-based compensation expense	<b>10,438</b>	5,172
Transaction costs related to ARA acquisition	<b>22,463</b>	–
Tax effects of adjustments	<b>10,848</b>	11,074
	<u><b>389,436</b></u>	<u>166,940</u>
<b>Core PATMI</b>	<b>389,436</b>	166,940

EBITDA, Adjusted EBITDA and Core PATMI are non-IFRS measures. These measures are presented because the Group believes they are useful measures to determine the Group's financial condition and historical ability to provide investment returns. EBITDA, Adjusted EBITDA and Core PATMI and any other measures of financial performance should not be considered as an alternative to cash flows from operating activities, a measure of liquidity or an alternative to net profit or indicators of the Group's operating performance on any other measure of performance derived in accordance with IFRS. Because EBITDA, Adjusted EBITDA and Core PATMI are not IFRS measures, these may not be comparable to similarly titled measures presented by other companies.

## LIQUIDITY AND CAPITAL RESOURCES

	<b>As at 30 June 2022 US\$'000</b>	As at 31 December 2021 US\$'000
Bank and other borrowings		
– Current	<b>638,473</b>	1,312,883
– Non-current	<b>4,310,458</b>	2,935,012
	<b>4,948,931</b>	4,247,895
Less: Cash and bank balances	<b>(2,014,685)</b>	(1,638,228)
Net debt	<b>2,934,246</b>	2,609,667
Total assets	<b>16,387,697</b>	9,337,618
Gearing ratio (net debt/total assets)	<b>17.9%</b>	27.9%
Total equity	<b>9,362,500</b>	4,414,035
Net debt to equity ratio	<b>31.3%</b>	59.1%

Net debt as of 30 June 2022 was US\$2.9 billion compared to US\$2.6 billion as of 31 December 2021. Higher net debt was mainly due to additional borrowings to fund the Group's investments, ongoing development and operations, as well as the inclusion of ARA's bank and other borrowings in the Group's balance sheet subsequent to the acquisition.

Total equity increased from US\$4.4 billion as of 31 December 2021 to US\$9.4 billion as of 30 June 2022. This is primarily due to the increase in share premium by US\$4.3 billion from the issuance of new shares for ARA acquisition, consolidation of perpetual securities issued by ARA and net profits for the six months ended 30 June 2022 of US\$419.7 million.

The above increases are partially offset by currency translation losses on the Group's operations in Japan, China and Korea during the period due to the strengthening of US dollars against the respective local currencies; as well as mark-to-market losses adjusted based on quoted market prices relating to the Group's investments (classified as financial assets through other comprehensive income).

The Group manages its foreign currency exposures via natural hedges at both projects and corporate levels. The Group has not used foreign currency derivatives to hedge its underlying net investments.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022*

		<b>Six months ended 30 June</b>	
	Notes	<b>2022</b>	2021
		<b>(Unaudited)</b>	(Unaudited)
		<b>US\$'000</b>	US\$'000
<b>REVENUE</b>	3, 4	<b>431,706</b>	204,399
Cost of sales		<u>(9,284)</u>	<u>(30,861)</u>
Gross profit		<b>422,422</b>	173,538
Other income and gains, net	4	<b>290,321</b>	212,494
Administrative expenses		<b>(238,954)</b>	(96,761)
Finance costs	6	<b>(99,308)</b>	(79,810)
Share of profits and losses of joint ventures and associates, net		<u><b>145,005</b></u>	<u>78,149</u>
<b>Profit before tax</b>		<b>519,486</b>	287,610
Income tax expense	5	<u><b>(99,743)</b></u>	<u>(57,915)</u>
<b>Profit for the period</b>		<u><b>419,743</b></u>	<u>229,695</u>
<b>Attributable to:</b>			
Owners of the Company		<b>380,607</b>	213,947
Non-controlling interests		<u><b>39,136</b></u>	<u>15,748</u>
		<u><b>419,743</b></u>	<u>229,695</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic			
For profit for the period	8	<u><b>US\$0.08</b></u>	<u>US\$0.07</u>
Diluted			
For profit for the period	8	<u><b>US\$0.08</b></u>	<u>US\$0.07</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME** *(Continued)*

*For the six months ended 30 June 2022*

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
<b>Profit for the period</b>	<b>419,743</b>	229,695
	<u><u>419,743</u></u>	<u><u>229,695</u></u>
<b>OTHER COMPREHENSIVE LOSS</b>		
<b>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translation of foreign operations	(202,028)	(36,261)
Share of other comprehensive loss of joint ventures and associates	(171,842)	(7,309)
	<u>(171,842)</u>	<u>(7,309)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(373,870)	(43,570)
	<u>(373,870)</u>	<u>(43,570)</u>
<b>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</b>		
Changes in fair value of financial assets at fair value through other comprehensive income	(84,457)	(20,944)
Share of fair value reserve of associates and joint ventures	482	–
	<u>482</u>	<u>–</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(83,975)	(20,944)
	<u>(83,975)</u>	<u>(20,944)</u>
<b>Other comprehensive loss for the period, net of tax</b>	<b>(457,845)</b>	(64,514)
	<u>(457,845)</u>	<u>(64,514)</u>
<b>Total comprehensive (loss)/income for the period</b>	<b>(38,102)</b>	165,181
	<u><u>(38,102)</u></u>	<u><u>165,181</u></u>
<b>Attributable to:</b>		
Owners of the Company	(54,494)	152,135
Non-controlling interests	16,392	13,046
	<u>16,392</u>	<u>13,046</u>
	<b>(38,102)</b>	165,181
	<u><u>(38,102)</u></u>	<u><u>165,181</u></u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022*

	Notes	<b>30 June 2022 (Unaudited) US\$'000</b>	31 December 2021 (Audited) US\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		33,713	33,937
Right-of-use assets		28,062	8,940
Investments in joint ventures and associates		2,675,166	1,331,017
Financial assets at fair value through profit or loss		659,899	709,622
Financial assets at fair value through other comprehensive income		1,002,894	779,436
Investment properties	9	3,166,788	3,704,243
Goodwill		3,455,498	542,636
Other intangible assets		1,338,262	101,694
Financial derivative assets		4,672	–
Other non-current assets		122,592	90,867
Deferred tax assets		105,843	114,956
<b>Total non-current assets</b>		<b>12,593,389</b>	<b>7,417,348</b>
<b>CURRENT ASSETS</b>			
Trade receivables	10	250,770	125,968
Prepayments, other receivables and other assets		499,353	156,074
Financial assets at fair value through profit or loss		15,474	–
Financial derivative assets		20	–
Cash and bank balances		2,014,685	1,638,228
		<b>2,780,302</b>	<b>1,920,270</b>
Assets of a disposal group classified as held for sale		1,014,006	–
<b>Total current assets</b>		<b>3,794,308</b>	<b>1,920,270</b>
<b>CURRENT LIABILITIES</b>			
Bank and other borrowings	12	638,473	1,312,883
Lease liabilities		9,663	3,488
Trade payables, accruals and other payables	11	510,985	235,922
Contingent consideration payable		11,333	–
Income tax payable		83,740	29,550
		<b>1,254,194</b>	<b>1,581,843</b>
Liabilities directly associated with the assets classified as held for sale		648,176	–
<b>Total current liabilities</b>		<b>1,902,370</b>	<b>1,581,843</b>
<b>NET CURRENT ASSETS</b>		<b>1,891,938</b>	<b>338,427</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> <i>(to be continued)</i>		<b>14,485,327</b>	<b>7,755,775</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*

*As at 30 June 2022*

	Note	<b>30 June 2022 (Unaudited) US\$'000</b>	31 December 2021 (Audited) US\$'000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> <i>(continued)</i>		<b>14,485,327</b>	<b>7,755,775</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>620,304</b>	355,212
Bank and other borrowings	12	<b>4,310,458</b>	2,935,012
Lease liabilities		<b>20,160</b>	5,601
Financial derivative liabilities		<b>190</b>	–
Other non-current liabilities		<b>171,715</b>	45,915
Total non-current liabilities		<b>5,122,827</b>	3,341,740
<b>NET ASSETS</b>		<b>9,362,500</b>	4,414,035
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital		<b>4,464</b>	3,049
Perpetual capital securities		<b>741,795</b>	261,147
Equity components of convertible bonds		<b>48,501</b>	48,501
Other reserves		<b>8,245,372</b>	3,846,161
		<b>9,040,132</b>	4,158,858
Non-controlling interests		<b>322,368</b>	255,177
<b>TOTAL EQUITY</b>		<b>9,362,500</b>	4,414,035

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended 30 June 2022*

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	<b>519,486</b>	287,610
Adjustments for:		
Amortisation of other intangible assets	<b>14,428</b>	3,238
Changes in carrying value of financial assets and financial liabilities at fair value through profit or loss	<b>34,852</b>	8,005
Depreciation of property, plant and equipment	<b>2,763</b>	1,770
Depreciation of right-of-use assets	<b>6,178</b>	3,258
Dividend income	<b>(107,178)</b>	(43,006)
Share-based compensation expense	<b>10,438</b>	5,172
Fair value gains on completed investment properties	<b>(43,249)</b>	(63,253)
Fair value gains on investment properties under construction	<b>(119,678)</b>	(102,648)
Finance costs	<b>99,308</b>	79,810
Gain on disposal of assets held for sale	<b>–</b>	(3,035)
Loss on disposal of interests in financial assets at fair value through profit or loss	<b>291</b>	–
Gain on disposal of interests in joint ventures and associates	<b>(11,124)</b>	(5,289)
Gain on disposal of investment properties	<b>(32,722)</b>	–
Gain on disposal of subsidiaries	<b>(583)</b>	–
Interest income	<b>(5,028)</b>	(2,236)
Loss on disposal of property, plant and equipment	<b>367</b>	–
Share of profits and losses of joint ventures and associates, net	<b>(145,005)</b>	(78,149)
	<b>223,544</b>	91,247
Increase in trade receivables	<b>(48,817)</b>	(32,277)
Decrease/(Increase) in prepayments, other receivables and other assets	<b>4,783</b>	(3,353)
Decrease in trade payables, accruals and other payables	<b>(29,140)</b>	(23,209)
<b>Cash flows generated from operations</b>	<b>150,370</b>	32,408
Income tax paid	<b>(61,063)</b>	(24,335)
Dividend income received from financial assets at fair value through profit or loss	<b>503</b>	–
Proceeds from disposal of financial assets at fair value through profit or loss	<b>1,831</b>	–
<b>Net cash flows generated from operating activities</b>	<b>91,641</b>	8,073

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Continued)

For the six months ended 30 June 2022

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>(Unaudited)</b> <b>US\$'000</b>	<b>2021</b> <b>(Unaudited)</b> <b>US\$'000</b>
<b>Cash flows from/(used in) investing activities</b>		
Acquisition of subsidiaries	(44,146)	(470,622)
Additions of investment properties	(170,602)	(561,179)
Additions of other intangible assets	(1,955)	(81)
(Advances to)/Repayment from related parties and joint ventures	(22,378)	3,034
Capital injection in joint ventures and associates	(145,942)	(182,972)
Capital redemption on financial assets at fair value through other comprehensive income	24,759	–
Disposal of financial assets at fair value through other comprehensive income	349,259	149,766
Disposal of investment properties	92,053	–
Disposal of property, plant and equipment	210	–
Disposal of subsidiaries	10,702	–
Distributions from financial assets at fair value through profit or loss	59,149	30,301
Distributions from joint ventures and associates	152,517	–
Dividend income from financial assets at fair value through other comprehensive income	20,573	12,575
Dividend income from financial assets at fair value through profit or loss	83,679	29,058
(Increase)/Release of non-pledged fixed time deposits with a maturity period over three months	(954)	1,986
Interest received	4,630	1,988
Loan to third parties	(1,607)	–
Payment of contingent consideration payables	(1,600)	–
Prepayments for acquiring land use rights	(60,226)	–
Proceeds from disposal of interests in joint ventures and associates	44,049	68,365
Purchase of derivative financial assets	(11)	–
Purchase of other financial instruments	–	(10,126)
Purchase of financial assets at fair value through other comprehensive income	(34,968)	(3,801)
Purchase of financial assets at fair value through profit or loss	(65,714)	(43,683)
Purchases of property, plant and equipment	(3,918)	(4,454)
Recoverable indirect taxes paid upon acquisition of investment properties	–	(14,598)
Repayment of loan to directors of the Company	945	–
Repayments from subsidiaries disposed	63,120	–
Transaction costs incurred for acquisition of subsidiaries	(45,167)	–
<b>Net cash flows generated from/(used in) investing activities</b>	<b>306,457</b>	<b>(994,443)</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

For the six months ended 30 June 2022

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from financing activities</b>		
Accrued distributions from perpetual capital security holders	–	1,572
Capital contributions from non-controlling interests	<b>3,558</b>	14,520
Distribution paid to holders of perpetual capital securities	<b>(23,762)</b>	–
Dividend distributions to non-controlling interests	<b>(4,867)</b>	(41,023)
Increase in pledged bank deposits for bank loans	–	(1,154)
Increase in restricted cash	<b>(15,612)</b>	(21,591)
Interest on bank and other borrowings paid	<b>(114,474)</b>	(84,705)
Partial disposal of shares in subsidiaries to non-controlling shareholders	<b>30,093</b>	–
Principal portion of lease payments	<b>(6,531)</b>	(3,812)
Proceeds from bank and other borrowings	<b>1,277,178</b>	1,019,530
Proceeds from issuance of shares	<b>250,000</b>	–
Proceeds from issuance of perpetual capital securities, net	–	256,328
Redemption of perpetual capital securities, net	<b>(218,802)</b>	–
Release of pledged bank deposits for bank loans	<b>2,146</b>	–
Release of restricted cash	<b>27,521</b>	–
Repayment of bank and other borrowings	<b>(1,021,841)</b>	(519,933)
Share repurchased	<b>(47,603)</b>	–
	<hr/>	<hr/>
<b>Net cash generated from financing activities</b>	<b>137,004</b>	619,732
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>535,102</b>	(366,638)
	<hr/>	<hr/>
Cash and cash equivalents at beginning of period	<b>1,517,533</b>	1,404,068
Effect of foreign exchange rate changes, net	<b>(100,198)</b>	(36,946)
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>1,952,437</b>	1,000,484
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<b>2,014,685</b>	1,132,605
Cash and short-term deposits attributable to the disposal group held for sale	<b>45,346</b>	–
Non-pledged fixed time deposits with a maturity period over three months	<b>(954)</b>	(326)
Pledged bank deposits	<b>(49,999)</b>	(50,763)
Restricted bank balances	<b>(56,641)</b>	(81,032)
	<hr/>	<hr/>
<b>Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows</b>	<b>1,952,437</b>	1,000,484
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 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 address of the registered office 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 Group is principally engaged in logistics real estate development, leasing, management and fund management platforms in the Asia Pacific region.

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income, financial assets and liabilities at fair value through profit or loss, and financial derivative assets and liabilities, 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. These financial statements are presented in US\$, with values rounded to nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information does not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

### 2.2 ADOPTION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

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

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Costs of Fulfilling a Contract</i>
Annual improvements to IFRSs 2018-2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41</i>

The adoption of the revised IFRSs did not have any impact on the Group’s financial positions and performance or result in any significant changes to the Group’s significant accounting policies.

### 3. 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.

### 3. 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.

	Six months ended 30 June 2022			
	Investment (Unaudited) US\$'000	Fund management (Unaudited) US\$'000	New Economy development (Unaudited) US\$'000	Total (Unaudited) US\$'000
<b>Segment revenue</b>	60,520	371,035	151	431,706
– Intersegment sales	–	270	–	270
	<u>60,520</u>	<u>371,305</u>	<u>151</u>	<u>431,976</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales	–	(270)	–	(270)
Revenue from continuing operations	<u>60,520</u>	<u>371,035</u>	<u>151</u>	<u>431,706</u>
Operating expenses	(9,996)	(98,596)	(19,928) <sup>#</sup>	(128,520)
Fair value gains on investment properties	43,249	–	119,678	162,927
Dividend income	106,819	359	–	107,178
Changes in carrying value of financial assets and liabilities at fair value through profit or loss	(44,749)	–	9,897	(34,852)
Share of profits and losses of joint ventures and associates, net	54,802	15,113	75,090	145,005
Gain on disposal of interests in joint ventures and associates	–	–	11,124	11,124
Loss on disposal of interests in financial assets at fair value through profit or loss	(291)	–	–	(291)
Gain on disposal of investment properties	–	–	32,722	32,722
Gain on disposal of subsidiaries	483	(4)	12	491
<b>Segment result</b>	<u>210,837</u>	<u>287,907</u>	<u>228,746</u>	<u>727,490</u>
<i>Reconciliation:</i>				
Depreciation and amortisation				(23,369)
Exchange losses				(1,056)
Interest income				5,028
Finance costs				(99,308)
Share-based compensation expense				(10,438)
Other unallocated gains				5,992
Corporate and other unallocated expenses				<u>(84,853)</u>
<b>Profit before tax from continuing operations</b>				<u><u>519,486</u></u>
<b>Other segment information:</b>				
Depreciation and amortisation				(23,369)
Capital expenditure*				1,743,526
Investments in joint ventures and associates				2,675,166

<sup>#</sup> Included construction cost of US\$151,000

### 3. OPERATING SEGMENT INFORMATION *(Continued)*

	Six months ended 30 June 2021			
	Investment (Unaudited) US\$'000	Fund management (Unaudited) US\$'000	New Economy development (Unaudited) US\$'000	Total (Unaudited) US\$'000
<b>Segment revenue</b>	<u>53,786</u>	<u>123,872</u>	<u>26,741</u>	<u>204,399</u>
Revenue from continuing operations	<u>53,786</u>	<u>123,872</u>	<u>26,741</u>	<u>204,399</u>
Operating expenses	(8,914)	(26,724)	(40,579) <sup>#</sup>	(76,217)
Fair value gains on investment properties	63,253	–	102,648	165,901
Dividend income	43,006	–	–	43,006
Changes in carrying value of financial assets and liabilities at fair value through profit or loss	(13,963)	–	5,958	(8,005)
Share of profits and losses of joint ventures and associates, net	42,700	–	35,449	78,149
Gain on disposal of interests in joint ventures and associates	3,251	–	2,038	5,289
Gain on disposal of asset held for sale	<u>–</u>	<u>–</u>	<u>3,035</u>	<u>3,035</u>
<b>Segment result</b>	<u>183,119</u>	<u>97,148</u>	<u>135,290</u>	<u>415,557</u>
<i>Reconciliation:</i>				
Depreciation and amortisation				(8,266)
Exchange losses				(2,091)
Interest income				2,236
Finance costs				(79,810)
Share-based compensation expense				(5,172)
Other unallocated gains				1,032
Corporate and other unallocated expenses				<u>(35,876)</u>
<b>Profit before tax from continuing operations</b>				<u><u>287,610</u></u>
<b>Other segment information:</b>				
Depreciation and amortisation				(8,266)
Capital expenditure*				817,754
Investments in joint ventures and associates				1,272,235

<sup>#</sup> Included construction cost of US\$26,771,000

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

### 3. OPERATING SEGMENT INFORMATION *(Continued)*

#### Geographical information

(a) *Revenue from external customers*

	For the six months ended 30 June	
	2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
Greater China	120,454	58,089
Japan	57,808	61,615
South Korea	71,114	22,459
Australia and New Zealand	93,891	46,267
Southeast Asia	65,528	12,638
India	6,064	3,331
Others	16,847	—
	<u>431,706</u>	<u>204,399</u>

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

#### Information about major customers

Revenue from continuing operations of approximately US\$48,558,000 was derived from fund management segment (30 June 2021: US\$20,982,000 from investment segment) by a single customer during the financial period ended 30 June 2022.

### 4. REVENUE AND OTHER INCOME AND GAINS, NET

#### (a) Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000
Rental income from investment property operating leases	57,655	50,648
Management fee	371,035	123,872
Construction income	151	26,741
Solar energy income	2,865	3,138
	<u>431,706</u>	<u>204,399</u>

#### 4. REVENUE AND OTHER INCOME AND GAINS, NET *(Continued)*

##### (a) Revenue *(Continued)*

Timing of revenue recognition

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
Rental income from investment property operating leases	57,655	50,648
<b>Point in time</b>		
Management fee	125,606	38,368
<b>Over time</b>		
Management fee	245,429	85,504
Construction income	151	26,741
Solar energy income	2,865	3,138
	<u>431,706</u>	<u>204,399</u>

##### (b) Other income and gains, net

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
Changes in carrying value of financial assets and liabilities at fair value through profit or loss	(34,852)	(8,005)
Dividend income	107,178	43,006
Fair value gains on completed investment properties	43,249	63,253
Fair value gains on investment properties under construction	119,678	102,648
Gain on disposal of asset held for sale	–	3,035
Loss on disposal of interests in financial assets at fair value through profit or loss	(291)	–
Gain on disposal of interests in joint ventures and associates	11,124	5,289
Gain on disposal of investment properties	32,722	–
Gain on disposal of subsidiaries	583	–
Interest income	5,028	2,236
Others	5,902	1,032
	<u>290,321</u>	<u>212,494</u>

## 5. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Current tax	58,475	19,908
Deferred tax	41,268	38,007
	<u>99,743</u>	<u>57,915</u>

## 6. FINANCE COSTS

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Interest expense on bank loans	76,674	42,662
Interest expense on other borrowings	725	615
Interest expense on bonds	18,949	31,205
Interest expense on convertible bonds	2,603	2,596
Interest accretion on convertible bonds (note (i))	5,036	4,782
Interest expense on lease liabilities	702	326
	<u>104,689</u>	<u>82,186</u>
Less: Interest capitalised	<u>(5,381)</u>	<u>(2,376)</u>
	<u>99,308</u>	<u>79,810</u>

*Note:*

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

## 7. DIVIDENDS

No dividend has been paid by the Company during the six months ended 30 June 2022 (30 June 2021: nil).

On 25 August 2022, the board of directors declared an interim dividend of HK\$12.5 cents (six months ended 30 June 2021: Nil) per ordinary share for the financial year ending 31 December 2022, amounting to a total of approximately US\$70,000,000 (six months ended 30 June 2021: Nil).

## 8. EARNINGS PER SHARE

Basic earnings per share is 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 period.

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<b>380,607</b>	213,947
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation (in thousands)	<b>4,470,248</b>	3,059,967
Basic earnings per share (US\$)	<b>0.08</b>	0.07
Diluted earnings per share (US\$)	<b>0.08</b>	0.07

## 9. INVESTMENT PROPERTIES

	<b>Completed investment properties</b>	<b>Investment properties under construction</b>	<b>Total</b>
	US\$'000	US\$'000	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)
<b>At 31 December 2021 (Audited) and 1 January 2022</b>	<b>2,197,783</b>	<b>1,506,460</b>	<b>3,704,243</b>
<b>Additions</b>	<b>3,175</b>	<b>267,192</b>	<b>270,367</b>
<b>Acquisition of subsidiaries</b>	<b>159,254</b>	<b>52,922</b>	<b>212,176</b>
<b>Disposal of subsidiaries</b>	<b>(114,312)</b>	<b>(47,305)</b>	<b>(161,617)</b>
<b>Disposal</b>	<b>–</b>	<b>(59,331)</b>	<b>(59,331)</b>
<b>Changes in fair values of investment properties</b>	<b>43,249</b>	<b>119,678</b>	<b>162,927</b>
<b>Transfer from investment properties under construction to completed investment properties</b>	<b>158,989</b>	<b>(158,989)</b>	<b>–</b>
<b>Transfer from completed investment properties to investment properties under construction for redevelopment</b>	<b>(65,659)</b>	<b>65,659</b>	<b>–</b>
<b>Reclassification to assets of a disposal group classified as held for sale</b>	<b>(726,716)</b>	<b>–</b>	<b>(726,716)</b>
<b>Exchange realignment</b>	<b>(103,682)</b>	<b>(131,579)</b>	<b>(235,261)</b>
<b>At 30 June 2022 (Unaudited)</b>	<b>1,552,081</b>	<b>1,614,707</b>	<b>3,166,788</b>

## 10. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at 30 June 2022 and 31 December 2021, based on the invoice date and net of loss allowance, is as follows:

	<b>As at 30 June 2022 (Unaudited) US\$'000</b>	<b>As at 31 December 2021 (Audited) US\$'000</b>
Within 90 days	<b>229,563</b>	125,339
91 to 180 days	<b>4,990</b>	540
Over 180 days	<b>16,217</b>	89
	<hr/>	<hr/>
Total	<b>250,770</b>	125,968
	<hr/> <hr/>	<hr/> <hr/>

## 11. TRADE PAYABLES

An ageing analysis of trade payables as at 30 June 2022 and 31 December 2021, based on the invoice date, is as follows:

	<b>As at 30 June 2022 (Unaudited) US\$'000</b>	<b>As at 31 December 2021 (Audited) US\$'000</b>
Within 30 days	<b>8,699</b>	306
31 to 60 days	<b>441</b>	1
Over 60 days	<b>3,024</b>	2,656
	<hr/>	<hr/>
Total	<b>12,164</b>	2,963
	<hr/> <hr/>	<hr/> <hr/>

## 12. BANK AND OTHER BORROWINGS

	As at 30 June 2022		As at 31 December 2021	
	Effective interest rate (%)	(Unaudited) US\$'000	Effective interest rate (%)	(Audited) US\$'000
<b>Current</b>				
Bank loans – secured	0.57-7.20	291,686	0.57-6.18	438,846
Bank loans – unsecured	4.69	311,619	3.09-4.10	192,479
Other borrowings - unsecured	10.00	7,162	–	–
Bonds – unsecured	3.75-4.25	28,006	6.75-7.875	681,558
		<u>638,473</u>		<u>1,312,883</u>
<b>Non-current</b>				
Bank loans – secured	0.57-8.67	940,353	0.57-6.18	794,954
Bank loans – unsecured	1.80-4.85	2,706,526	2.00-3.43	1,609,920
Other borrowings – unsecured	0.00-0.50	49,606	0.50-10.00	57,627
Bonds – unsecured	4.15-6.00	300,168	5.10	163,742
		<u>3,996,653</u>		<u>2,626,243</u>
Convertible bonds	5.03	313,805	5.03	308,769
		<u>4,310,458</u>		<u>2,935,012</u>
		<u><u>4,948,931</u></u>		<u><u>4,247,895</u></u>

Debt maturity profile of bank and other borrowings:

	As at 30 June 2022 (Unaudited) US\$'000	As at 31 December 2021 (Audited) US\$'000
Bank loans repayable		
Within one year	603,305	631,325
In the second year	471,968	621,335
In the third to fifth year, inclusive	2,890,647	1,488,164
Beyond five years	284,264	295,375
	<u>4,250,184</u>	<u>3,036,199</u>
Bonds and other borrowings repayable		
Within one year	35,168	681,558
In the second year	131,379	50,099
In the third to fifth year, inclusive	532,200	480,039
	<u>698,747</u>	<u>1,211,696</u>
	<u><u>4,948,931</u></u>	<u><u>4,247,895</u></u>

## **SUPPLEMENTAL INFORMATION ON LONG TERM INCENTIVE SCHEME AND POST-IPO SHARE OPTION SCHEME**

As at 24 March 2022, being the date of the Company's 2021 annual report, (a) awards in the form of RSUs/PSUs ("**Awards**") have been granted by the Company under the long term incentive scheme adopted and approved by the Shareholders at the annual general meeting held on 2 June 2021 (the "**Long Term Incentive Scheme**") in respect of a total of initially 3,446,000 Shares (or up to a maximum of 4,820,900 Shares if the performance targets relating to certain Awards of PSUs granted are achieved which would entitle the grantee to receive 150% of the initial number of Shares subject to the Award) and (b) share options have been granted by the Company under the Post-IPO Share Option Scheme conditionally adopted by the resolutions of our Shareholders passed at an extraordinary general meeting held on 12 October 2019 (the "**Post-IPO Share Option Scheme**") in respect of a total of 18,135,600 Shares. Accordingly, as at 24 March 2022, a total of up to 283,048,006 Shares in the form of RSUs/PSUs under the Long Term Incentive Scheme and in the form of options under the Post-IPO Share Option Scheme remain available under the Scheme Limit (as defined in the Company's circular dated 29 April 2022), to be granted by the Company, representing 6.33% of the total number of Shares in issue.

As at 31 July 2022, (a) Awards in the form of RSUs/PSUs have been granted by the Company under the Long Term Incentive Scheme in respect of a total of initially 12,378,100 Shares (or up to a maximum of 14,406,000 Shares if the performance targets relating to certain Awards of PSUs granted are achieved which would entitle the grantee to receive 150% of the initial number of Shares subject to the Award) and (b) share options have been granted by the Company under the Post-IPO Share Option Scheme in respect of a total of 18,519,600 Shares. Accordingly, as at 31 July 2022, a total of up to 273,078,906 Shares in the form of RSUs/PSUs under the Long Term Incentive Scheme and in the form of options under the Post-IPO Share Option Scheme remain available under the Scheme Limit to be granted by the Company, representing 6.13% of the total number of Shares in issue.

## **INTERIM DIVIDEND**

### **Interim Dividend**

The Board has resolved to declare an interim dividend of HK\$12.5 cents per share (2021: nil), representing a total payout of approximately HK\$556 million (2021: nil). Shareholders whose names appear on the register of members of the Company on Thursday, 15 September 2022 will be entitled to the interim dividend which will be paid on Friday, 30 September 2022.

## Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 13 September 2022 to Thursday, 15 September 2022, (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for an interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 9 September 2022.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

### *Share Repurchase*

The Directors of the Company have been granted the general mandate (the “**Repurchase Mandate**”) pursuant to resolutions of the Shareholders of the Company (the “**Shareholders**”) passed on 2 June 2021 and 1 June 2022, to repurchase shares of the Company (the “**Shares**”) in the open market from time to time. Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 10% of the total number of issued shares of the Company as at date of passing such resolution.

During the six months ended 30 June 2022, the Company had repurchased, under the Repurchase Mandate, a total of 17,084,600 Shares representing approximately 0.38% of the issued Shares as at 30 June 2022 for a consideration of US\$47.5 million (approximately HK\$372.5 million, excluding transaction cost).

Month	Number of Shares repurchased	Purchase price per Share		Aggregate Consideration US\$'000
		Highest HK\$	Lowest HK\$	
May 2022	5,836,000	23.00	22.15	16,857
June 2022	11,248,600	23.00	19.80	30,746
Total	17,084,600			47,603

8,847,800 and 8,236,800 repurchased Shares during the six months ended 30 June 2022 have been cancelled in June and July 2022 respectively.

<b>Date</b>	<b>Number of Shares cancelled</b>
8 June 2022	5,836,000
21 June 2022	3,011,800
12 July 2022	1,823,600
13 July 2022	6,413,200
	<hr/>
Total	17,084,600
	<hr/> <hr/>

The share repurchase reflects the Company’s confidence in its financial position, business fundamentals and prospects, and would, ultimately, benefit the Company and create value to the Shareholders. The share repurchase was financed by the Company with its existing available cash. The Board believes that the current financial resources of the Company would enable it to implement the share repurchase while maintaining a solid and healthy financial position for the continued growth of the Group’s operations.

#### **Redemption and Cancellation Pursuant to the US\$2,000,000,000 Multicurrency Debt Issuance Programme**

Reference is made to the S\$350,000,000 in aggregate principal amount of 6.75 per cent. fixed rate notes due 2022 (ISIN Code: SGXF43834302) (the “**S\$350m Notes**”) and the US\$425,000,000 in aggregate principal amount of 7.875 per cent. fixed rate notes due 2022 (ISIN Code: XS1970560451) (“**US\$425m Notes**”) issued by the Company, pursuant to its US\$2,000,000,000 Multicurrency Debt Issuance Programme, scheduled to mature on 1 February 2022 and 4 April 2022 respectively.

As 1 February 2022 was not a business day (as defined in the terms and conditions of the S\$350 m Notes), the Company has made payment on 3 February 2022 and 4 April 2022 for the redemption in full of all the outstanding S\$350m Notes and US\$425m Notes respectively at 100.0 per cent. of its principal amount respectively. Following the full redemption of all the outstanding S\$350m Notes and US\$425m Notes, the S\$350m Notes and US\$425m Notes were cancelled in accordance with the terms and conditions of the S\$350m Notes and US\$425m Notes and, following such cancellation, there were no outstanding S\$350m Notes on 3 February 2022 and US\$425m Notes on 4 April 2022 respectively.

Please refer to the Company’s announcements dated 3 February 2022 and 4 April 2022 for details.

### **Shares Purchased By Trustee Under The Long Term Incentive Scheme**

During the six months ended 30 June 2022, under the Long Term Incentive Scheme of the Company adopted on 2 June 2021, the trustee of the Long Term Incentive Scheme, pursuant to the rules and trust deed of the Long Term Incentive Scheme, purchased on the Stock Exchange a total of 257,867 Shares of the Company at a total consideration of approximately US\$0.8 million (approximately HK\$6.3 million).

Saved as disclosed above, during the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

### **COMPLETION OF THE ACQUISITION OF ARA ASSET MANAGEMENT LIMITED**

On 4 August 2021, the Company entered into an Acquisition Agreement in relation to a business combination of the Group with the ARA Group. The acquisition was completed on 20 January 2022. On completion, ARA Group has become a wholly-owned subsidiary of the Company and the financial results of the ARA Group has been consolidated into the accounts of the Company from the date of completion.

Save as disclosed above, during the six months ended 30 June 2022, there were no other material acquisitions and disposals of subsidiaries, associates and joint ventures.

### **CORPORATE GOVERNANCE**

The Company is committed to maintaining a high standard of corporate governance practices with a view of enhancing the management efficiency of the Company as well as preserving the interests of the Shareholders of the Company as a whole. The Company has applied the principles of, and complied with, the applicable code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022.

### **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) contained in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by Directors. The Company has adopted a code of conduct regarding all Directors’, officers and employees’ securities transactions on terms no less exacting than the required standard set out in the Model Code. In response to specific enquiries made, all Directors confirmed that they have complied with the required standards set out in such code regarding their securities transactions throughout their tenure during the six months ended 30 June 2022.

### **AUDIT COMMITTEE**

The Company established the Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises Mr. Simon James McDonald (Chairman of the Audit Committee), Mr. Brett Harold Krause and Ms. Serene Siew Noi Nah, all of whom are Independent Non-executive Directors.

The Audit Committee has reviewed the Company's interim condensed consolidated results for the six months ended 30 June 2022 and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

The interim results for the six months ended 30 June 2022 have been prepared in accordance with IFRSs.

### **SCOPE OF WORK OF ERNST & YOUNG**

The figures in respect of the Group's interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of financial position, interim condensed consolidated statement of cash flows and the related notes thereto for the six months ended 30 June 2022 as set out in this announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's interim condensed consolidated financial statements for the Period. Ernst & Young, the Company's external auditor, has been engaged by the Company to conduct review on the Group's interim condensed consolidated financial statements for the Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.esr.com](http://www.esr.com)) respectively. The interim report for the six months ended 30 June 2022 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

By Order of the Board  
**ESR Group Limited**  
**Jinchu Shen**  
*Director*

Hong Kong, 25 August 2022

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Jinchu Shen and Mr. Stuart Gibson as Executive Directors, Mr. Jeffrey David Perlman as the Chairman and Non-executive Director, Mr. Charles Alexander Portes, Mr. Wei Hu, Mr. Hwee Chiang Lim, Dr. Kwok Hung Justin Chiu and Mr. Rajeev Veeravalli Kannan as Non-executive Directors, Mr. Brett Harold Krause, Mr. Simon James McDonald, Ms. Jingsheng Liu, Ms. Serene Siew Noi Nah and Ms. Wei-Lin Kwee as Independent Non-executive Directors.*