ESR

FORWARD TOGETHER

Annual Report 2022

ESR Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1821

SPACE AND INVESTMENT SOLUTIONS FOR A SUSTAINABLE FUTURE

ESR is APAC's leading real asset manager powered by the New Economy. On the back of the accelerating advancement, broad-based adoption and high frequency usage of technology, we are witnessing a once-in-a-multi-generation change in real estate and our vision is to deliver a fully integrated solution to leading global capital partners and customers. As a part of this continuous pursuit, we will leverage our scale, extensive offerings, capabilities and resources to provide a suite of best-in-class real estate development products and real asset investment solutions that spur meaningful, long-term sustainable growth of the business, the economy and the environment. We are fully focussed on contributing to a positive impact for our employees, customers, investors, capital partners and the communities around us.

Visit www.esr.com for more information.

INVESTMENT
Our investment platform includes completed properties held on our balance sheet, our co-investments in the funds and investment vehicles and the public REITs we manage, as well as other investments.

FUND MANAGEMENT
We manage a broad range of funds and investment vehicles that invest in a diverse portfolio of premium real assets in various stages of the property life cycle, providing a single interface with multiple investment opportunities for our capital partners.

NEW ECONOMY DEVELOPMENT
Our New Economy development platform with an end-to-end integrated suite of technical capabilities and services covers every stage of the development cycle including land sourcing, design, construction and leasing.

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ESR's landmark acquisition of ARA Asset Management ("ARA") enables us to capitalise on collective experience and expertise to further strengthen the Group's business in diverse and dynamic ways.

The addition of LOGOS, ARA's subsidiary which is a logistics and data centre specialist, cements ESR's position as the region's largest New Economy real estate platform in Asia Pacific.

FORTIFYING OUR BALANCE SHEET

STRENGTH

ESR has a robust and well-capitalised balance sheet and a healthy gearing of 22.8% as of 31 December 2022.

Throughout the year, the Group continued to expand and diversify its funding and capital structure which is crucial for fuelling the Group's long-term growth. The Group remains focused on its asset-light approach through capital recycling of balance sheet assets to ESR-managed funds in FY2022.

US$156 billion[1]
Total AUM

US$1.8 billion
Strong liquidity position

AA- / stable
Japan Credit Rating

US$1.7 billion
Divestments from B/S assets –>3x of annual target

3.2 US cents
Maiden full year dividend per share[2]

1.9%[3]
Dividend Yield

Notes:
1. Based on constant FX translation as of 31 December 2021 for a like-for-like comparison. Based on FX translation as of 31 December 2022, total AUM would be US$145 billion (US$11 billion FX translation impact).
2. The Board of Directors declared an interim dividend of HK$12.5 cents (approximately (1.6 US cents per share) per ordinary share and a final dividend of HK$12.5 cents (approximately (1.6 US cents per share) per ordinary share for the financial year ended 31 December 2022, amounting to a total of approximately US$141 million for FY2022.
3. Based on closing share price of HK$13.26 on 21 March 2023.

ESR Yokohama Sachiura Distribution Centre, Japan

DELIVERING RECORD HIGHS AND SOLID GROWTH PIPELINE

GROWTH

ESR has continued to deliver solid growth and record highs in FY2022 — a strong testament to our business model even amidst macroeconomic headwinds and market volatility.

Development starts and completions have scaled substantially to reach new heights on the back of near zero vacancies and record leasing across the New Economy portfolio. The Group continues to maintain its market leadership with the largest development workbook in APAC.

US$19.9 billion
Uncalled capital ("dry powder") for deployment

4.6 million sqm
Record leasing across New Economy portfolio

US$11.9 billion
Work-in-Progress[1] (Development workbook)

US$7.6 billion
Capital raised through 28 new/upsized funds/ mandates

US$6.5 billion
Record development starts[1]

US$5.5 billion
Record development completions[1]

First close of
US$1 billion
ESR Data Centre Fund

Raised the Group's inaugural
US$1 billion
infrastructure and renewables fund in ASEAN, in partnership with Export-Import Bank of China

Note:
1. New economy assets only. Excludes ESR-LOGOS REIT and Sabana REIT.

Rendering of Moorebank Logistics Park, New South Wales, Australia

LASER-FOCUSSED ON BUSINESS TRANSFORMATION AND SIMPLIFICATION

TRANSFORMATION

ESR has continued to drive business transformation and simplification. The Group's commitment to delivering long-term shareholder value is reinforced through cost synergies with the integration of ARA and ongoing integration of LOGOS, streamlining the business with non-core divestments, managing our balance sheet, and redeploying capital back to its New Economy focus areas of data centres.

US$15 million
Cost synergies from ARA integration

Up to
US$750 million
Non-core divestments identified to redeploy capital back to core growth areas

7.4%
Average co-investment stake
Well-placed to take on greater development capacity

ESR Amagasaki Distribution Centre, Japan

TRANSITION TO A LOW CARBON ECONOMY

SUSTAINABILITY

Since the launch of its ESG 2025 Roadmap in November 2020, ESR has made significant progress across the three key pillars under its ESG Framework — "Human Centric", "Property Portfolio" and "Corporate Performance".

The Group continues to drive best-in-class sustainability practices as a unified platform to create sustainable value for its stakeholders.

UN PRI
Became a signatory to the United Nations-supported Principles for Responsible Investment (UN PRI) in June 2022

~100MW
Rooftop solar power capacity across the enlarged Group[1]

~US$3 billion
Sustainability-Linked Loans (SLLs) raised across the enlarged Group to date

39%[2]
Of the Group's portfolio of completed directly managed assets awarded sustainable building certifications and ratings, representing approximately 11 million sqm in GFA

ESG Ratings
MSCI "A"
Sustainalytics "Low Risk"

Zero
ESR workforce fatalities[3], with ongoing ISO 45001 Occupational Health & Safety (OHS) certification for ESR Data Centres, in addition to ISO 45001 OHS certification obtained under ARA Property Management

Notes:
1. Across the enlarged Group as at December 2022, comprising completed solar power capacity of 85 MW and planned projects of 15 MW.
2. Based on the GFA of certified completed directly managed assets (approximately 10.6 million sqm), divided by total GFA of completed directly managed assets (approximately 27.3 million sqm)
3. Refers to ESR Group's employees.

Overview of ESR

ABOUT ESR GROUP

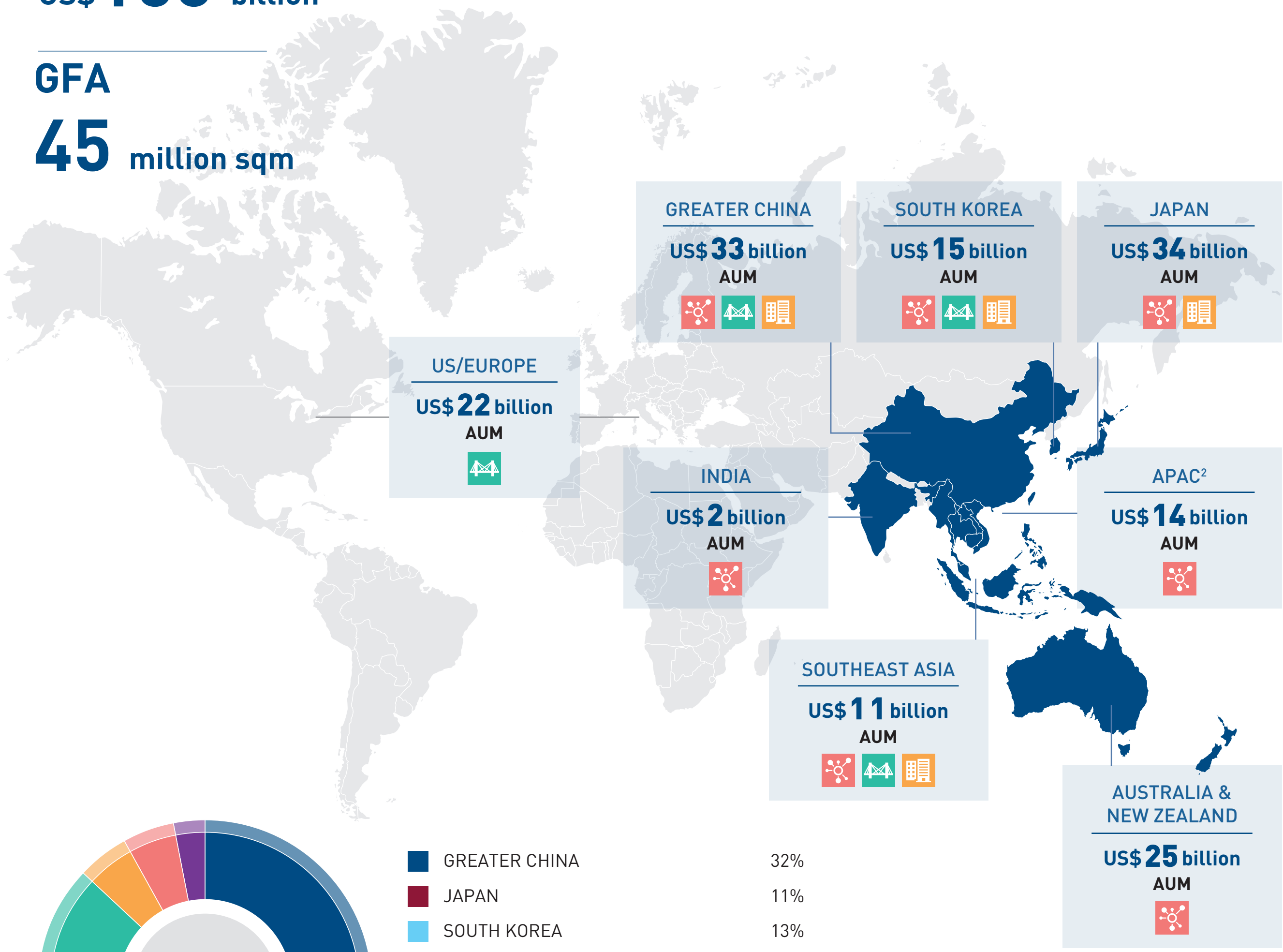
ESR is APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With US$156 billion[1] in total assets under management (AUM), our fully integrated development and investment management platform extends across key APAC markets, including Greater China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S.. We provide a diverse range of real asset investment solutions and New Economy real estate development opportunities across our private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US$46 billion[1]. Our purpose – Space and Investment Solutions for a Sustainable Future – drives us to manage sustainably and impactfully and we consider the environment and the communities in which we operate as key stakeholders of our business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index. Visit www.esr.com.

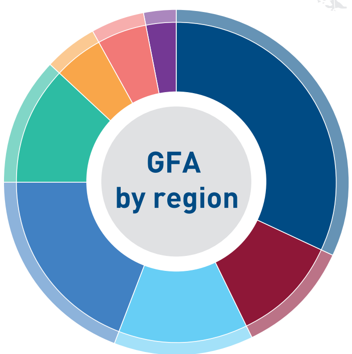
AUM[1]

US$ 156 billion

GFA

45 million sqm



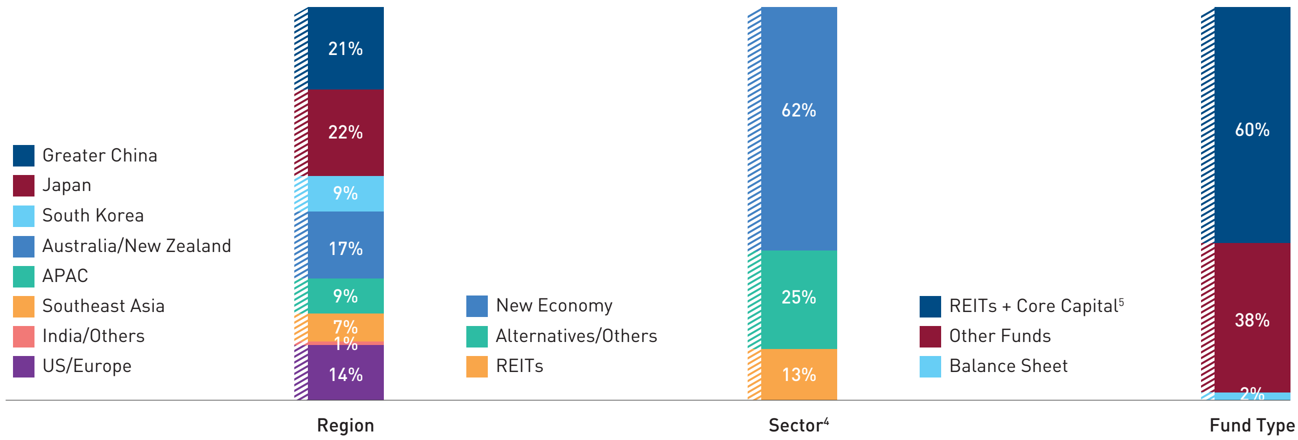


GREATER CHINA	32%
JAPAN	11%
SOUTH KOREA	13%
AUSTRALIA / NEW ZEALAND	19%
SOUTHERN ASIA	12%
INDIA	5%
APAC	5%
US / EUROPE	3%

* *Information as of 31 December 2022*

APAC'S #1 Real Asset Manager Powered by the New Economy

AUM[1] Composition



ESR Group's Robust Scale, Vastly Expanded Capabilities and Deeper Breath of Offerings will Define the Future of APAC Real Estate

#1 REAL ASSET MANAGER IN APAC	POWERED BY THE NEW ECONOMY	WITH A FULL SUITE OF INVESTMENT SOLUTIONS	AND A GLOBAL FOOTPRINT WITH LEADING APAC PRESENCE
3rd Largest Listed Real Estate Investment Manager Globally	**US$73 billion** New Economy AUM[1]	**US$ 46 billion** Public REITs[1]	**>95%** GDP in APAC Covered[7]
12 of Top 20 Global LP Relationships	**US$11.9 billion** Development WIP[6]	**60%** REITs + Core Capital[5]	**28** Countries; ~85% of AUM allocated in APAC

Notes:
1. Based on constant FX translation as of 31 December 2021 for a like-for-like comparison. Based on FX translation as of 31 December 2022, total AUM would be US$145 billion (US$11 billion FX translation impact), New Economy AUM would be US$68 billion (US$5 billion FX translation impact) and public REITs AUM would be US$45 billion (US$1 billion FX translation impact).
2. Refers to AUM in ESR Data Centre Fund 1 and certain ARA funds with assets located in multiple regions in APAC.
3. Includes ESR-LOGOS REIT and ESR KendallSquare REIT.
4. Excludes the AUM of Associates as of 31 December 2022.
5. REITs + Core Capital defined as core funds and public REITs for ESR and public market assets (including Cromwell and Kenedix REITs) and core funds for ARA.
6. New Economy assets only. Excludes ESR-LOGOS REIT and Sabana REIT.
7. Based on 2020 Nominal GDP per Euromonitor.

Our Purpose

SPACE AND INVESTMENT SOLUTIONS FOR A SUSTAINABLE FUTURE

As a part of this continuous pursuit, we will leverage our scale, extensive offerings, capabilities and resources to provide a suite of best-in-class real estate development products and real asset investment solutions that spur meaningful, long-term sustainable growth of the business, the economy and the environment. We are fully focussed on contributing to a positive impact for our employees, customers, investors, capital partners and the communities around us.

CUSTOMERS

Our network of superior, strategically located properties supports our customers' businesses as they navigate the opportunities and challenges of the New Economy. With an unparalleled formula of strategic vision, industry insight and a customer-centric approach, we continue to create and deliver best-in-class space and provide integrated solutions which continually set new benchmarks in innovation and sustainable operations.

INVESTORS

Our robust fund management platform provides a unique fully-integrated closed-loop solutions ecosystem, which affords capital partners a comprehensive approach in achieving their investment objectives. We offer compelling investment solutions to access New Economy and alternative assets in the most dynamic sector of the world's fastest growing markets.

EMPLOYEES

We strongly believe in diversity and having an inclusive culture in order to attract a diverse pool of talent that helps us build a first-rate team to achieve our goals and desired results. Our employees are encouraged to learn, grow and develop on both personal and professional levels – enabling them to progress and realise their fullest potential.

COMMUNITIES

ESG and sustainability are at the very heart of our business, driving each and every part of our operations. Our teams are bound together by the conviction that everything we do today can generate a profound and positive impact on the industry, the well-being of people and the broader community for generations to come.

Highly Scalable Asset-Light Business Model

Our Fully-Integrated Business Model Generates Recurring Fees Throughout the Whole Asset Life Cycle

ESR'S ROBUST AND FULLY-INTEGRATED PRODUCT OFFERING

NEW ECONOMY DEVELOPMENT

- Land Sourcing and Entitlement
- Premier Design and Construction Capabilities
- Leasing and Customer Solutions
- Asset and Property Management

ALTERNATIVES

- Capital Management and Capital Recycling
- Asset Enhancement and
- Re-positioning
- Property Conversions and Repurposing

PUBLIC REITS

- Professional Asset Management
- Asset Monetisation Solutions
- Stable Income Returns
- Full Suite of Public Market Capabilities

Base / Asset Management Fees

Property Management Fees

Development Fees

Leasing Fees

Acquisition Fees

Promote Fees

Diverse and High Margin Fee Opportunities Across the Real Asset Value Chain

Our Values

EXCELLENCE

We strive for excellence in every aspect of our business. We maintain high standards of performance and accountability, and we seek to learn, explore and improve continuously.

INCLUSION

We embrace diversity, equity and inclusion in the workplace. We believe trust and mutual respect among colleagues, partners and stakeholders are cornerstones of growth and success.

Our ambitions as a firm extend well beyond the pursuit of financial success. We provide innovative space and sustainable investment solutions that benefit the people and communities around us. We seek to achieve sustainable growth through a harmonious balance of personal, professional, and social values - pillars that define and set us apart as a great company.

ENTREPRENEURSHIP

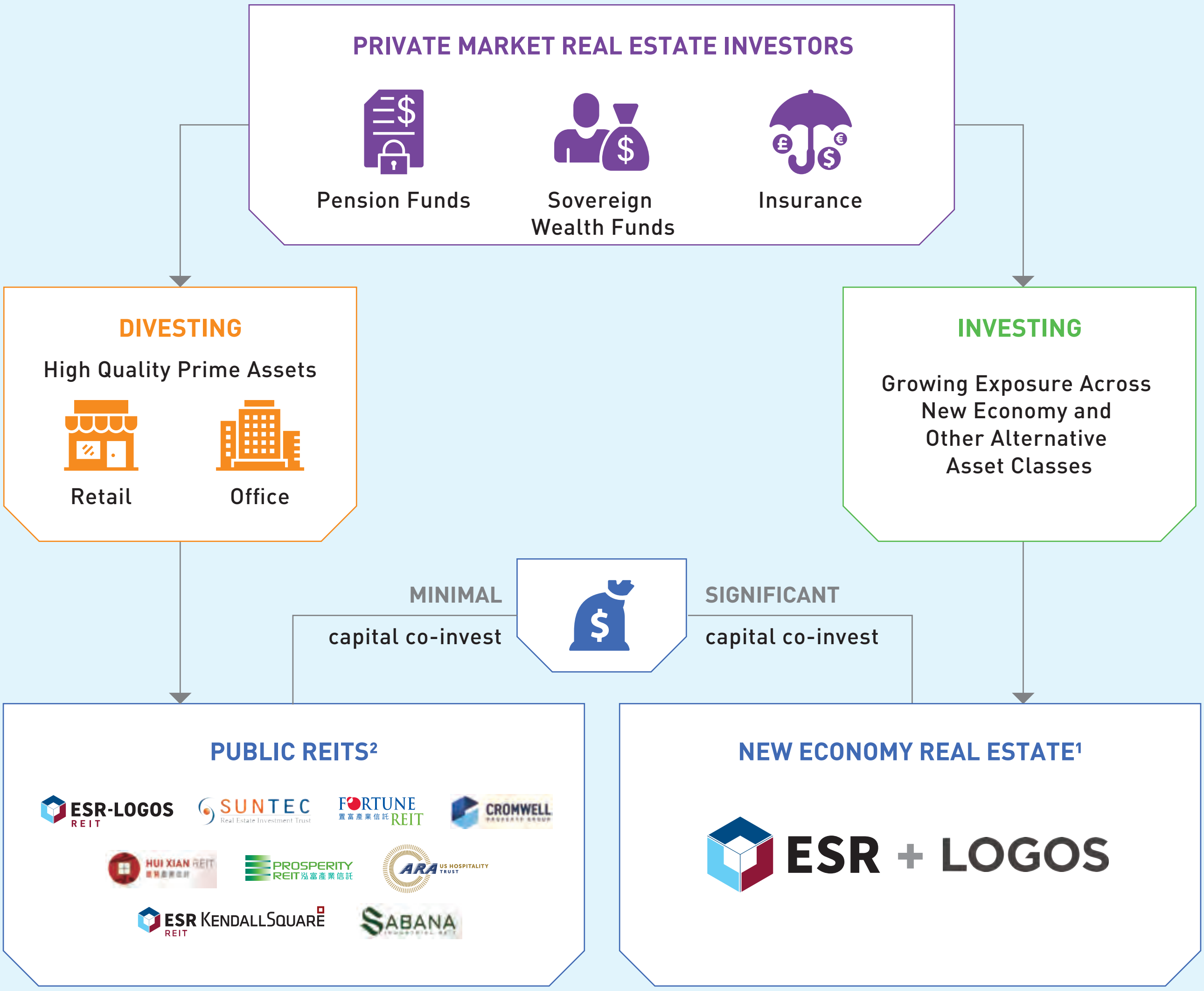
Our entrepreneurial spirit reflects our passion, courage and desire to succeed and ultimately drives the creation of opportunities and the delivery of superior outcomes in a competitive marketplace.

SUSTAINABILITY

Sustainability is central to our mission because we aspire to improve the environmental prospects of our planet. Our responsibilities to stakeholders, local communities and the world at large grow in tandem with our business. Accordingly, we commit to lead and embrace the highest standards of governance in forging a path to become a carbon neutral business.

Establishing a Fully-Integrated Closed Loop Solutions Ecosystem for our Capital Partners

ESR Group offers leading global and regional investors a fully-integrated platform to rebalance their portfolios. By creating a one-of-a-kind closed loop solutions ecosystem for capital partners with the addition of ARA, ESR Group can leverage our perpetual capital vehicles to help them divest these assets and captively redeploy back into New Economy real estate via ESR and LOGOS — the largest New Economy real estate platform in APAC with US$73 billion of AUM.



A fully-integrated closed loop solutions ecosystem for capital partners to leverage our perpetual capital vehicles and gain exposure to New Economy and Alternative asset classes

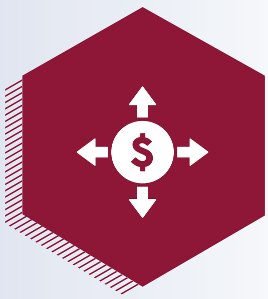
Source: Company Filings
Notes:
1. Include logistics and data centres via ESR and LOGOS.
2. On 21 March 2022, ESR-REIT and ARA LOGOS Logistics Trust unitholders approved the merger to form ESR- LOGOS REIT.

Key Trends to Support Our Growth Strategies

GLOBAL TRENDS

ASIA PACIFIC LOGISTICS – LARGEST SECULAR GROWTH OPPORTUNITY IN ASIA

Rapid rise of New Economy



Growth in real assets

Financialisation of real estate in APAC

OUR COMPETITIVE STRENGTHS

1 **Real Asset Investment Manager Powered By The New Economy**
ESR is APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With US$156 billion in total assets under management (AUM)[1], our fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S.

2 **Fully Integrated Closed-Loop-Solutions Ecosystem**
Offering a full suite of both public and private investment solutions, ESR has created the only fully integrated closed-loop-solutions ecosystem for real estate globally. The platform allows global capital partners to increase allocation to New Economy real estate where they are still significantly underweight. Leveraging an expanded network of capital partners and resources, the enlarged ESR Group will further expand and diversify its product offerings.

3 **Well-established fund management platform that facilitates AUM growth**
Designed to provide us with long-term operational control of our assets and sustainable fees across the full asset life-cycle, our fund management platform supports AUM growth and generate multiple sources of fund fee income.

4 **Network of high-quality tenants and best-in-class capital partners**
The size and scale of our capital partners combined with their longterm approach provide us with access to capital while we maintain strong and long-standing relationships with our network of high quality tenants.

5 **Proven ability to grow organically and execute opportunistic M&A transactions to expand our capabilities**
Our strategy is to create long-term, scalable logistics platforms with proven development capabilities and we partnership with strong local leadership for expansion into new markets.

6 **Strong management team and backed by reputable shareholders**
We are co-founded and are led by an experienced management team that has pioneered the asset class in every major market in Asia. Our key and strategic shareholders have provided us with the ability to leverage their capabilities, and access to capital, strategic land holdings and tenant relationships.

Note:
1. Based on constant FX translation as of 31 December 2021 for a like-for-like comparison. Based on FX translation as of 31 December 2022, total AUM would be US$145 billion (US$11 billion FX translation impact).

FOCUS	PRIORITIES
1 **Capitalise on significant market opportunities across Asia Pacific**	• Further develop our markets and build logistics infrastructure for the modern economy • Build on our network of high quality tenants • Leverage on our integrated fund platform by using our robust deal sourcing and development capabilities and capital pool
2 **Leverage our scale and geographic presence to expand into new growth markets**	• Actively evaluate opportunities in new markets through potential partnerships and selective acquisitions in high growth markets • Deepen our regional connectivity by offering logistics solutions in multiple cities in multiple markets in our portfolio • Focused on building and strengthening long-term tenant relationships
3 **Expand our fund management platform and attract new capital partners while bringing existing capital partners across markets**	• Global institutional investor base and capital recycling model • Inject select completed properties into our core/core-plus funds • Pursue acquisition opportunities for listed fund platforms and selectively expand existing REIT vehicles • Leverage the network effect to attract capital partners across Asia Pacific
4 **Strategically explore and expand into adjacent businesses and investment products within Asia**	Leverage our ecosystem of shareholders, capital partners, local teams and tenants to penetrate adjacent businesses

Message from Chairman

JEFFREY DAVID PERLMAN
Chairman

On the back of strong secular trends, we will focus on three pillars of growth — New Economy, Alternatives (including infrastructure and renewables) and REITs.

Dear Shareholders,

2022 represented one of the most challenging market environments since the global financial crisis with sustained inflation, record rate hikes and significant geopolitical and macro challenges. I am very pleased that even amidst these headwinds and market volatility, ESR has continued to deliver solid growth which is a strong testament to our business model.

The Group's Revenue for FY2022 was US$821 million, up 103.0% from FY2021 revenue of US$404 million. Total EBITDA[1] increased by 63.0% from US$707 million in FY2021 to US$1.15 billion in FY2022. PATMI[2] grew 73.5% from US$377 million in FY2021 to US$655 million in FY2022. The higher revenue was driven by higher fees from the Group's Fund Management segment while EBITDA was boosted by an increase in fee income, share of profits of co-investments and gains on divestment from balance sheet assets to ESR-managed funds in Australia and China.

A standout year for fund management

I am proud to report that our Fund Management segment achieved another year of outstanding performance in FY2022, backed by our deep capital partner relationships. Fund Management Segmental EBITDA[3] grew 185.3% to US$568 million, driven by substantial recurring and other fee revenue from higher AUM, record development, leasing fees and solid promotes. The segment was propelled by the exceptional growth momentum of the Group's fund AUM[4,5] which rose 330% year-on-year to US$152 billion,

Notes:
1. Total EBITDA excludes amortisation of intangibles and transaction costs relating to ARA; and share of certain associates' fair value on investment properties, financial assets at fair value through profit or loss and financial instruments; as well as share-based compensation expense. Statutory Total EBITDA was US$1,069 million.
2. PATMI excludes amortisation of intangibles and transaction costs and share-based compensation expenses relating to ARA; share of certain associates' fair value of investment properties and financial assets at fair value through profit or loss and financial instruments. Statutory PATMI was US$574 million.
3. Excludes share of certain associates' fair value on investment properties and financial assets at fair value through profit or loss and financial instruments.

ESR Jiangsu Friends III, Kunshan, China

out of which New Economy AUM[4,5] grew by 85% to US$73 billion, including a new Pan Asia discretionary logistics vehicle. The Group's Fund Management segment also benefitted from ARA's recurring and stable fee revenue.

As global institutional investors sought to rebalance their portfolio allocations in light of the growth in Asia Pacific, we raised US$7.6 billion in committed capital across 28 new or upsized funds and mandates.

In expanding our Fund Management business, we have a record US$19.9 billion of "dry powder" to capitalise on new opportunities, giving us the agility to take advantage of market dislocation.

Powered by the New Economy

With the growth in e-commerce and the need for greater local supply chain resilience, ESR has tapped the rising demand for large-scale and high-quality New Economy assets by scaling up our development starts and completions substantially to reach new heights. We achieved US$6.5 billion[6] worth of development starts, as well as US$5.5 billion[6] in completions, which accelerated in the second half of 2022. Given the record low vacancy rates across the portfolio, the Group substantially increased our development starts by 94% year-on-year to US$6.5 billion[6] which was further complemented by development completions which increased by 304% year-on-year to US$5.5 billion[6]. To further capture the favourable operating backdrop, we are very pleased that our development workbook has reached a record US$11.9 billion, which remains the largest in APAC.

Robust capital management and asset light strategy

Our robust capital management has given us a strong and well-capitalised balance sheet with US$1.8 billion in cash and a healthy gearing[7] of 22.8% as of 31 December 2022. Throughout the year, we continued to expand and diversify our funding and capital structure which is crucial for fuelling the Group's long-term growth.

Staying focussed on our asset light approach, we divested US$1.7 billion of assets from our balance sheet to ESR managed funds in FY2022, achieving 3 times our annual historical target with a specific focus on crystalising gains from selected China balance sheet assets. Our sell-down of a 850,000 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 our 18.16% holding in China Logistics Property Holdings Co., Ltd in May 2022, receiving US$349 million and delivering a strong return on this four-year investment.

Notes:

4. Based on constant FX translation as of 31 December 2021 for a like-for-like comparison. Based on FX translation as of 31 December 2022, Fund AUM would be US$142 billion (US$10 billion FX translation impact) and New Economy AUM would be US$68 billion (US$5 billion FX translation impact).
5. Refers to the sum of (i) the fair value of the properties held in the private funds and investment vehicles we manage; (ii) the total uncalled capital commitments in the private funds and investment vehicles; (iii) the additional debt that is estimated to be incurred with reference to the target leverage ratio of the relevant private funds and investment vehicles we manage when all capital is called and invested; and (iv) the appraised carrying value of listed REITs.
6. New Economy assets only. Excludes listed REITs and Associates.
7. Net Debt/Total Assets.

Message from Chairman

Laser-focussed on business transformation and simplification

A key emphasis for us has been to drive business transformation and simplification, which underscore our commitment to delivering long-term shareholder value. We have achieved approximately US$15 million of cost synergies from the integration of ARA, exceeding our target plan, and successfully integrated part of the LOGOS business. We expect to create additional synergies as we further integrate various aspects of the LOGOS business over the next 12 months. As part of our priority to streamline and further simplify the business, the Group is evaluating an additional up to US$750 million of non-core divestments with the plan to redeploy the capital back into core areas of growth. We have also further lowered our average co-investment stake to 7.4%, placing us in a good position to take on greater development capacity without increasing our existing balance sheet annual commitments.

The Group's business transformation backed by our asset light model has provided us with robust liquidity to redeploy the capital back into our New Economy focus areas. This includes creating our data centre platform with the first close of the US$1 billion ESR Data Centre Fund and investing in market leaders through our recent strategic investment and partnership with BW Industrial Development in Vietnam to provide best-in-class development, leasing and other fund management services to the company.

Anchored by three key pillars of growth

On the back of strong secular trends, we will focus on three pillars of growth — New Economy, Alternatives (including infrastructure and renewables) and REITs. With e-commerce expanding at 10% across APAC through 2025, hyperscale data centres growing at a 30%+ CAGR through 2025, and heightened focus on R&D and pharmaceuticals, we will continue to seize opportunities to deploy capital into sectors including data centres, logistics, life sciences and high-tech industrial. The New Economy Pillar will in turn fuel the growth of our Alternatives segments such as infrastructure and renewables as well as our REIT business. With the largest amount of rooftop space in APAC, the Group started an ambitious rollout of solar projects with the support of our capital partners. These renewable opportunities will power New Economy assets such as data centres and cold storage across the Group. In addition, with the APAC REIT market expected to grow by a 12% CAGR to reach US$1.3 trillion of market capitalisation by 2030, ESR is in a unique position to grow our REITs over time. Our capital partners are increasingly turning to us to sell down high-quality assets and there is positive REIT legislation that will continue to open new markets and opportunities for us across the region. Our potential C-REIT spinout is a testament to how REITs remain as the natural takeout of New Economy assets upon stabilisation.

Leading the way forward in ESG

At ESR, we believe in doing what is right for the environment and the communities that we operate in. During the year and with the support of multiple stakeholders, we have achieved great progress on our ESG initiatives including the appointment of two new female independent non-executive directors, Ms Serene Nah and Ms Kwee Wei-Lin, maintaining a diverse Board composition with the appropriate mix of gender, background and experience. As a result, 60% of our independent non-executive directors are women at the Board level. Other key highlights include becoming a signatory of the United Nations-supported Principles for Responsible Investment (UN PRI), reinforcing our commitment to adopting and promoting responsible investment and asset management practices as part of the Group's ongoing ESG efforts. In line with international ESG benchmarks and global ratings, ESR continues to be recognised for our robust and exemplary ESG disclosure practices with creditable 2022 rankings in the Global Real Estate Sustainability Benchmark ("GRESB") Assessment, MSCI ESG Ratings and Sustainalytics ESG Risk Ratings. I am proud that every day we are making a choice to raise the bar for ESG integration and deliver on our ESG Roadmap.

Appreciation and looking ahead

I would like to extend my sincere gratitude to our Board of Directors for their invaluable support. I am also delighted to welcome Serene and Wei-Lin to the Board as Independent Non-executive Directors. I thank our management team led by Stuart and Jeffrey and all our employees who strive each day to be the best at what they do. To our capital partners, customers and shareholders, we thank you for your unwavering trust and support.

The scale of ESR today is truly remarkable. As APAC's largest real asset manager powered by the New Economy and the biggest REIT platform across the region, we remain a trusted partner for 12 of the top 20 global capital partners to deploy capital across APAC. Despite the growing uncertainty in the market — geopolitical, future rate hikes, inflation and others, ESR is armed with a well-capitalised balance sheet to capture the right opportunities, chart the next chapter of our growth and deliver long-term value for shareholders.

JEFFREY DAVID PERLMAN
Chairman
22 March 2023

Message from Group Co-founders & Co-CEOs

STUART GIBSON AND JINCHU SHEN
Group Co-founders & Co-CEOs

The transformational integration after the acquisition of ARA has expanded ESR's size and scale, and we are continuously harnessing areas of synergies across our businesses, overall capabilities, scope and market presence to drive efficiencies.

ESR delivered a set of outstanding results in 2022 — a transformational year for the Enlarged Group after the acquisition of ARA. With increased scale and reach, the Group continued to leverage APAC's leading New Economy real estate platform, which further propelled our strength and resilience as Asia Pacific's largest real asset manager. Despite the challenging global macro issues, ESR has entered 2023 from a position of fundamental strength with a well-capitalised balance sheet to take advantage of market dislocation and seize on new opportunities.

Exceptional fund management performance

In 2022, we generated an exceptional year of raising capital as APAC remains the engine of growth for New Economy assets (i.e. logistics and data centres). The region's industrial and logistics sector grew through the pandemic and will continue to generate more opportunities as China finally emerged from its zero-COVID policy. Given the under allocation of funds in Asia Pacific, and the secular trends that underpin the Group's growth, a big focus for us is to drive investments in sectors which are adjacent to logistics, such as renewables, data centres, life sciences and infrastructure to drive synergies, which add significantly to what we do.

Our key milestone fund initiatives in 2022 include our US$1 billion inaugural APAC data centre fund comprising a development pipeline of eight seed projects; our first US$1 billion infrastructure and renewables fund in ASEAN, in partnership with Export–Import Bank of China and our first collaboration between ESR and LOGOS in the Pan Asia core plus discretionary fund with US$250 million of initial equity commitments, investing in prime logistics assets in the APAC region.

Record high leasing and rental reversions with close to zero vacancies in most markets

We are pleased that the Group achieved strong leasing in 2022 with a record of over 4.6 million sqm[1] of space leased, driven by e-commerce acceleration and supply chain resilience which continues to generate demand for modern, institutional-grade logistics facilities in key gateway markets. We have witnessed the portfolio occupancy at record levels of 95%[1] (98%[1] ex-Greater China), with close to full occupancies in Australia/New Zealand, Japan, India and South Korea. With high occupancy generating strong rental growth in many of the markets where the Group operates, ESR has seen an overall positive weighted average portfolio rental reversion of 7.5%[1,2] which was recorded across the New Economy portfolio. In fact, with one-third of our leases due in the

Notes:
1. Stabilised New Economy assets only. Excludes listed REITs and Associates.
2. Weighted by AUM.

Message from Group Co-founders & Co-CEOs

next 24 months and development completions between 4 to 5 million sqm[3], the Group is well-positioned to benefit from the outsized rental growth across major markets.

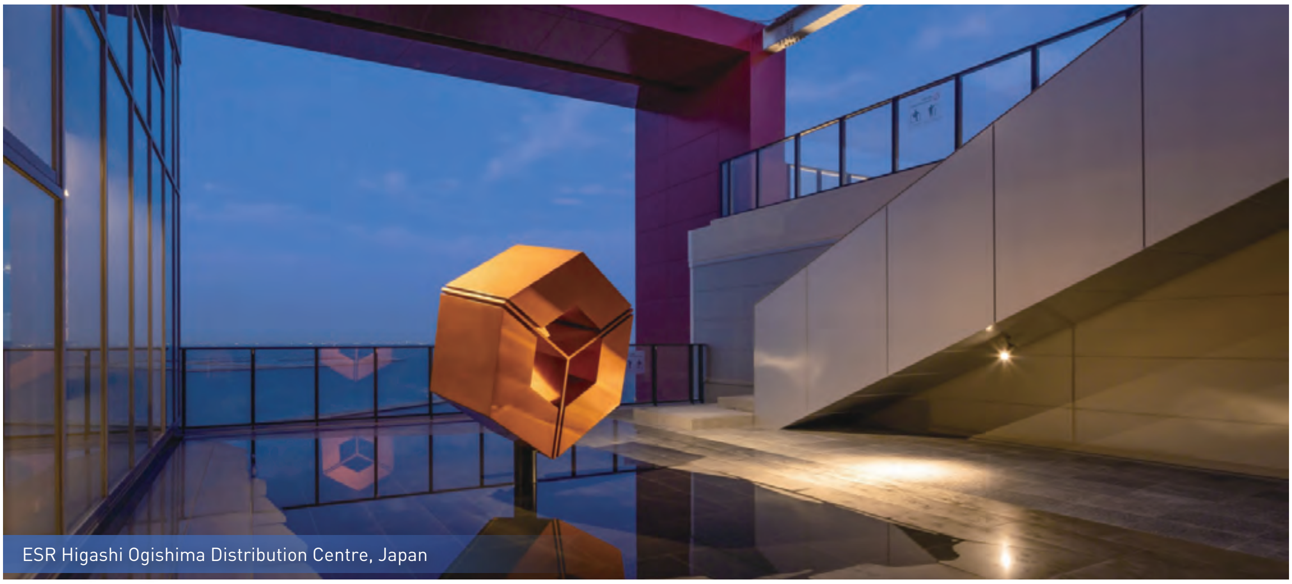
Pushing new frontiers with New Economy development

With the largest development workbook in APAC, our development pipeline comprises a number of landmark projects that are set to create new benchmarks in the market. These best-in-class facilities include the ESR Yokohama Sachiura Logistics Park in Greater Tokyo, a multi-phase development which 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. Other major projects include one of Japan's tallest distribution centres, the nine-storey ESR Higashi Ogishima Distribution Centre, with a GFA of 365,385 sqm; the collaboration between LOGOS and its partners in developing the US$3 billion Moorebank Logistics Park, Australia's largest intermodal logistics facility at Moorebank and our partnership with PGIM Real Estate in a build-to-suit redevelopment facility in Singapore for POKKA, which has signed a 10-year lease to commit a minimum of 70% of the building space.

Synergies to drive efficiencies and organisational excellence

The transformational integration after the acquisition of ARA has expanded ESR's size and scale, and we are continuously harnessing areas of synergies across our businesses, overall capabilities, scope and market presence to drive efficiencies. We have tapped into our talent pipeline across ESR and LOGOS to provide leadership support for LOGOS's China and Indonesia businesses. In addition, we have set up new functions to leverage LOGOS's established expertise in domains such as Insurance and Business Resilience and Health & Safety Functions at Group level. Across the Group, we have centralised capital raising functions to strengthen the strong investor relationships we have across the businesses and enhance the expertise of our inhouse capital raising teams. The Group will continue with our integration efforts to achieve further synergies.

To meet the future people pipeline as the Group forges ahead with the growth of e-commerce, accelerated digitalisation and financialisation of real estate, we have established an official Talent Management and Learning team as an independent Centre of Excellence (COE) within the Group HR function to drive group-wide talent management and learning strategies and initiatives.



ESR Higashi Ogishima Distribution Centre, Japan

Note:
3. New Economy assets only. Excludes listed REITs and Associates.

Shaping a sustainable future

We have made significant progress across the three key pillars under our ESG Framework — "Human Centric", "Property Portfolio" and "Corporate Performance".

As an Enlarged Group, we are committed to drive best-in-class ESG practices as a unified platform for our stakeholders. To build a more inclusive and equitable workplace, we increased the proportion of women in senior management positions to 40%. We continued to foster a human centric environment in our design philosophy for our tenants, exemplified by the creation of nine BARNKLÜBB day-care centres at our distribution centres in Japan, to support employees and their families with greater flexibility and inclusiveness. In our commitment to health and safety, and well-being of our stakeholders, the Group worked closely with local authorities and industry bodies to maintain zero ESR workforce fatalities for our employees.

On the environmental front, the Group has installed close to 100 MW of rooftop solar power capacity across our assets globally, in line with our ESG 2025 Roadmap to maximise onsite renewable energy generation and sources in the transition to a low carbon future. In Japan, ESR is the first real asset manager to work with Enerbank to issue Renewable Energy Certificates ("RECs") to tenants from solar power generated from our assets' rooftops. The Group also continues to pursue our target of obtaining sustainable building certificates for 50% of our portfolio, to enhance operational efficiency.

In recognition of our ESG performance in various leading global sustainability benchmarks and rankings — the Group has attained outstanding results in the 2022 GRESB Assessment and achieved "A" in MSCI ESG Rating and "Low Risk" in Sustainalytics.

Looking ahead

While we remain cautious about the changing external environment, we are in a strong position to weather any unforeseen headwinds and capitalise on opportunities that may present themselves. ESR will continue to further strengthen our market-leading position in New Economy real estate and our REITs across APAC while starting to build up a scaled infrastructure and renewables platform. We remain focussed on accelerating our asset light trajectory, maintaining cost discipline which continues to drive fund management EBITDA margin improvement and further diversify our funding sources and lower our borrowing costs.

In addition, our ambition is to push forward our ESG and sustainability efforts, embedding them in all aspects of our operations as we embark on our Group-wide ESG 2025 Roadmap to shape a low carbon and climate resilient future.

We would like to thank our local management teams for their dedication and commitment in this incredible transformation of the Group, and our Board of Directors for their vision and guidance. In addition, we are grateful to our customers and investors for their trust in us as a Partner of Choice.

STUART GIBSON and JINCHU SHEN
Group Co-founders & Co-CEOs
22 March 2023

Financial Highlights

ADJUSTED EBITDA[1]
US$1,152 million
63%

ADJUSTED PATMI[2]
US$655 million
74%

Dividend Per Share[3]
3.2 US cents

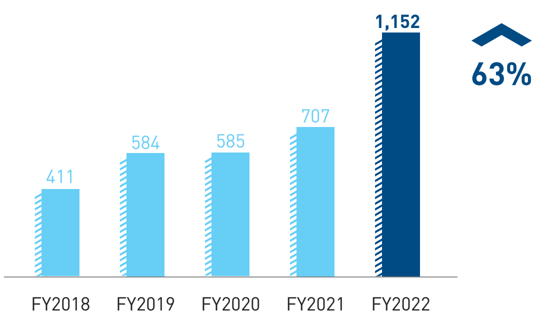
Earnings per share[2]
14.7 US cents
19%

Cash
US$1.8 billion

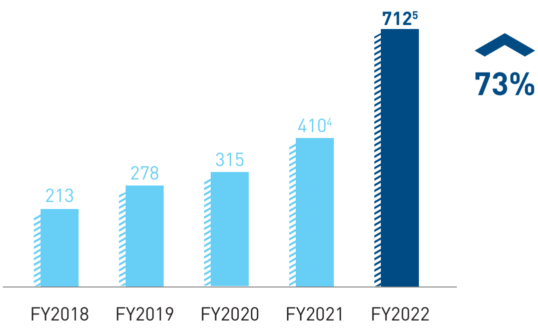
Assigned AA-/Stable
Japan Credit Rating

Notes:
1. Adjusted EBITDA excludes amortisation of intangibles and transaction costs relating to ARA; and share of certain associates' fair value on investment properties and financial assets at fair value through profit or loss and financial instruments; as well as share-based compensation expense.
2. Adjusted PATMI/EPS excludes amortisation of intangibles, transaction costs and share-based compensation expenses relating to ARA; share of certain associates' fair value on investment properties and financial assets at fair value through profit or loss and financial instruments.
3. The Board of Directors declared an interim dividend of HK$12.5 cents (approximately (1.6 US cents per share) per ordinary share and recommended a final dividend of HK$12.5 cents (approximately (1.6 US cents per share) per ordinary share for the financial year ended 31 December 2022, amounting to a total of approximately US$141 million for FY2022.

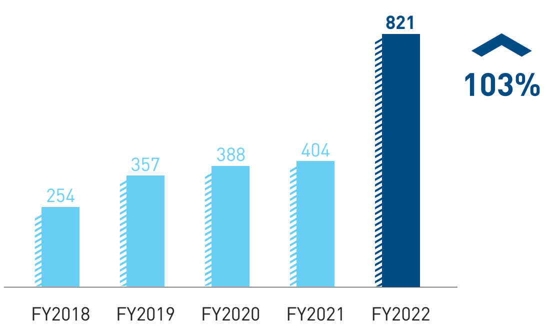
ADJUSTED EBITDA[1]
(US$ million)



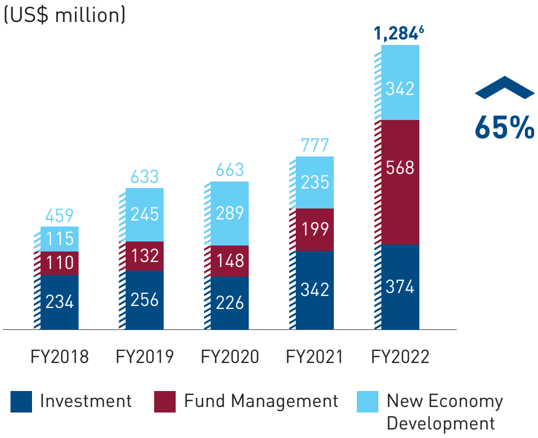
Profit after Tax
(US$ million)



Revenue
(US$ million)



Total Segmental Results
(US$ million)



BALANCE SHEET (US$ MILLION)	FY2018	FY2019	FY2020	FY2021	FY2022
Total Assets	4,432	6,352	7,687	9,338	16,199
Cash and bank balances	581	884	1,515	1,638	1,807
Bank and other borrowings	1,460	2,571	3,295	4,248	5,497
Net debt[7]	879	1,687	1,780	2,610	3,690
Net debt/total assets	19.8%	26.6%	23.2%	27.9%	22.8%

Notes:
4. Excludes transaction costs related to ARA
5. Excludes amortisation of intangibles, transaction costs and share-based compensation expenses relating to ARA; share of certain associates' fair value on investment properties and financial assets at fair value through profit or loss and financial instruments.
6. Excludes share of certain associates' fair value on investment properties, financial assets at fair value through profit or loss and financial instruments.
7. Net debt is calculated as bank and other borrowings less cash and bank balances.

[#] EBITDA, Adjusted EBITDA and Adjusted 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, Adjusted 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 Adjusted PATMI are not IFRS measures, these may not be comparable to similarly titled measures presented by other companies. Refer to non-IFRS measures reconciliation in page 241.

Year in Review

JANUARY

- ESR Group announced the successful completion of the US$5.2 billion acquisition of ARA.
- ESR Group closed a five-year JPY28 billion Sustainability-Linked Loan ("SLL"), which was upsized to JPY32.5 billion at Tibor +1.75%.
- ARA Korea more than doubled its investment returns from the sale of Alpharium Tower, representing one of the largest office transactions closed in South Korea since the onset of the pandemic.

FEBRUARY

- ESR India announced the development of its first in-city 8.2-acre distribution centre in Delhi catering to e-commerce, pharmaceutical delivery services, cloud kitchens and cold storage companies.
- ESR China completed the acquisition of a prime 550,000 sqm logistics and industrial portfolio in Greater Shanghai, with a leading global investor, representing the largest logistics and industrial portfolio ever sold in Greater Shanghai.

MARCH

- ESR Japan announced its US$1.5 billion multi-phase logistics development in Greater Osaka, ESR Kawanishi Distribution Centre, representing one of the largest and most significant urban rezoning projects.
- ESR KendallSquare REIT was selected as the first listed K-REIT to be included as a constituent of FTSE EPRA Nareit Global Developed Index and FTSE EPRA Nareit Developed Asia Index.
- The merger of ESR-REIT and ARA LOGOS Logistics Trust was approved by their respective unitholders, to form ESR-LOGOS REIT, which started trading on SGX-ST on 5 May 2022.

APRIL

- In Singapore, ESR partnered with PGIM Real Estate in a build-to-suit redevelopment to create a 64,490 sqm logistics facility for POKKA.
- ESR Japan acquired a key data centre asset in Higashi Kurume, in the Mitaka area in Tokyo, for the creation of a 20 megawatt ("MW") IT Load data centre.

MAY

- ESR Group successfully tendered its 18.16% stake in China Logistics Property Holdings Co., Ltd. (SEHK Stock Code: 1589) and crystalised a strong return on its four-year investment.
- ESR Group closed a five-year S$370 million SLL at SORA +1.6%.

JUNE

- ESR Group signed a memorandum of understanding ("MOU") with CLP Power Hong Kong Limited and CLP*e* Group to leverage their energy and infrastructure solutions expertise to develop sustainable data and logistics centres in Hong Kong.
- ESR Group became a signatory to the United Nations-supported Principles for Responsible Investment ("UNPRI"), reinforcing its commitment to adopting and promoting responsible investment and asset management practices across the Group.
- ESR Japan completed ESR Yokohama Sachiura Distribution Centre 1 in Greater Tokyo, the first phase of the master-planned 720,000 sqm ESR Yokohama Sachiura Logistics Park which is set to be the largest logistics park (by value) in Japan.
- In the first half of 2022, ESR-KendallSquare completed a total of 520,000 sqm of fully pre-leased Class A logistics warehouse space across the Greater Seoul Metropolitan area.

JULY

- ESR also entered into a JV with a leading global institutional investor following the sell-down of ESR's RMB4.9 billion balance sheet portfolio in China.
- In South Korea, ESR 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.
- ESR is the first real asset manager to work with Enerbank to issue Renewable Energy Certificates ("RECs") to tenants from solar power generated from its assets' rooftops; ESR's self-generated solar power from its facilities is now recognised as part of the power grid in Japan.
- ESR Group established and announced its Dividend Policy.
- ESR announced its maiden entry into the Hong Kong logistics market by winning the government Kwai Chung LOT KCT531 land bid to develop a modern logistics site.
- ESR Group announced the first close of over US$1 billion for its inaugural Data Centre fund which has a development pipeline of eight seed projects with over 260 megawatts of capacity.
- ESR Group acquired a further 25% stake in ESR-LOGOS REIT Manager in July, and another 7.7% in September to reach a 99% stake.

AUGUST

- ESR acquired its first life sciences business park in Shanghai Zhangjiang Hi Tech Development Zone for RMB268 million with its JV partner.
- ESR together with M&G Real Estate announced a long-term partnership on behalf of M&G Asia Property Fund, to deploy up to US$350 million for the development of a portfolio of logistics properties across Tokyo, Osaka and Nagoya.

SEPTEMBER

- ESR Group closed a five-year SLL of approximately HK$4.65 billion at Hibor +1.8% which was further upsized to HK$8.88 billion subsequent to year-end.
- In South Korea, STACK Infrastructure and ESR announced a JV to develop and deliver a 48MW facility in Incheon.
- Partnership with GIC on the ESR Australia Logistics Partnership III (EALP III) to expand ESR's core plus logistics strategy with equity commitments of A$600 million.
- Kendall Square Asset Management signed a MOU with SK Plug Hyverse and Coupang Fulfilment Services to develop and operate South Korea's first hydrogen powered fulfilment centre.

OCTOBER

- ESR Australia closed a partnership with GIC on the A$1 billion ESR Australia Development Partnership II (EADP II), for a combined anchor close of A$540 million.
- ESR China announced the completion of its first rooftop solar project in ESR Guangdong Jieyang Logistics Park by E-Power Technology Co., Ltd, ESR China's renewables subsidiary.
- First collaboration between ESR and LOGOS in the Pan Asia Core+ discretionary fund with US$250 million of initial equity commitments, investing in prime logistics assets in the APAC region.

NOVEMBER

- ESR and GIC established a US$600 million JV to invest in core industrial and logistics assets in India.
- The Group's first US$1 billion infrastructure and renewables fund in ASEAN, in partnership with Export–Import Bank of China

DECEMBER

- In Japan, STACK Infrastructure and ESR announced another partnership to jointly develop and deliver 72MW of data centre capacity in Osaka's eastern suburb of Keihanna.
- ESR China completed the construction of Wenzhou Ruian Logistics Park and Langfang Chunhui Business Park.

ESR Bringelly Road Business Hub, New South Wales, Australia

Operations Review

AT A GLANCE

FY2022 KEY HIGHLIGHTS

- Total AUM of US$156 billion[1]
- New Economy AUM of US$73 billion[1]
- Portfolio GFA over 45 million sqm[2]
- Strong repeat support from world's top investors with 12 of Global Top 20 LPs

#1 REAL ASSET INVESTMENT MANAGER IN ASIA POWERED BY THE NEW ECONOMY

The completion of the acquisition of ARA has vastly expanded the scale, capabilities, offerings and resources of ESR. As APAC's largest real asset manager and the third largest listed real estate investment manager globally with a total AUM[1] of US$156 billion, the ESR Group maintains a dominant leadership position with approximately 85% of its AUM allocated in APAC.

With the addition of LOGOS, ESR Group cements its position as APAC's largest New Economy real estate platform with a leading position in every key market in APAC with the ability to offer a comprehensive pan-Asia solution to its customers and capital partners.

We use in-house capabilities to source, design, construct, lease and manage modern logistics facilities primarily in Tier 1 and Tier 1.5 cities across Asia and our geographic presence extends across more than 95% of GDP in Asia Pacific. ESR Group is the only player with leadership presence across APAC and is powered by fully integrated and localised teams.

OUR THREE PILLARS OF BUSINESS

ESR uses capital to acquire land and finance the development of logistics properties. The capital comes either from our balance sheet or the funds and investment vehicles that we manage alongside our institutional capital partners. Ultimately, when the properties are built and stabilised, the assets are sold (often to other institutional capital partners so that we can retain the management and tenant relationships) and we recycle our portion of the sales proceeds to develop new projects. Based on our products and services, we have three reportable operating segments: development, fund management and investment.

ROBUST DIGITAL INFRASTRUCTURE PLATFORM-DATA CENTRES

Data centres are a key strategic focus for ESR as the Group seeks to build a broader New Economy real estate platform. ESR has built a solid foundation for its data centre platform through strategic acquisitions of prime assets in FY2022. The Group has the largest APAC dedicated data centre fund in the region. The data centre fund first closed at US$1 billion, and is expected to be upsized in the first half of 2023. The fund is expected to be

Cosmosquare OS1 Data Centre, Osaka, Japan

Notes:
1. Based on constant FX translation as of 31 December 2021 for a like-for-like comparison. Based on FX translation as of 31 December 2022, total AUM would be US$145 billion (US$11 billion FX translation impact), New Economy AUM would be US$68 billion (US$5 billion FX translation impact) and Fund AUM would be US$142 billion (US$10 billion FX translation impact).
2. Includes GFA held on balance sheet and in the funds and investment vehicles that managed as of 31 December 2022.

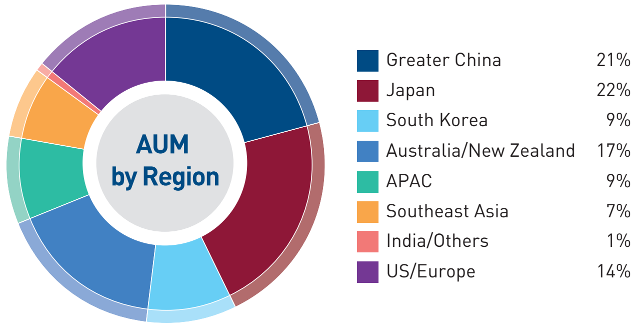
seeded by eight development projects comprising 560 MW of development projects bought in and an additional 30 MW of immediate pipeline assets. In 2023, five data centre projects are slated for construction across the APAC region. This includes Keihanna OS4 data centre in Osaka, Bupyeong KR1 data centre in Seoul, Kwai Chung HK data centre, Rabale MU1 data centre, as well as the 25 MW Cosmosquare OS1 data centre in Osaka which started construction in 2022 and is slated for completion in 2026.

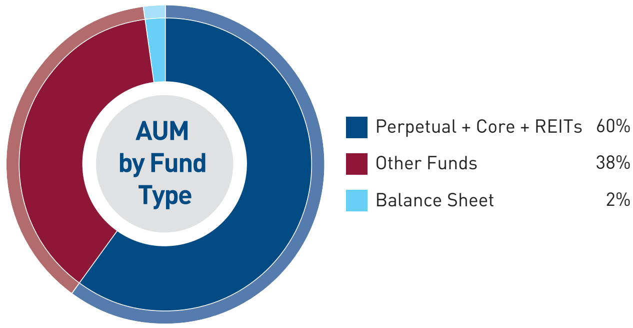
INFRASTRUCTURE

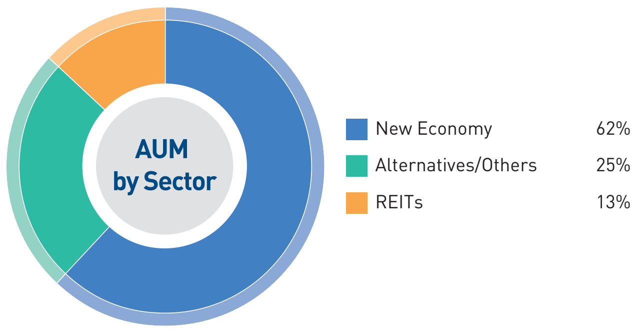
Another major milestone for the Group is the setup of our first US$1 billion Infrastructure Fund in November 2022, which is focussed on ASEAN. This marks an important step towards new investments into renewables and ICT subsectors, which leverage the Group's own "on the ground" franchise in Southeast Asia as well as the Group's push into alternatives including renewables. There are a few potential deals are in the pipeline, which include towers/fibre platforms in the Philippines, renewable energy portfolios in Vietnam and other infrastructure assets in Indonesia and Vietnam.

Underpinning our robust scale, the Group has great depth in offering a comprehensive real asset investment solutions ecosystem, of which US$106 billion in invested in private investment vehicles and US$46 billion in Public REITs. With our growing and extensive reach across Asia Pacific, we are well-positioned to support our tenants in their regional expansion plans.

Total AUM Composition







KEY DRIVERS OF OUR GROUP'S THREE BUSINESS SEGMENTS

	Investment	Fund Management	New Economy Development
Income	– **Completed B/S properties** ➢ Rental income + revaluation gains – **Fund co-investments**[1] ➢ Pro rata earnings – Listed securities ➢ Dividend income – Solar energy income	– Base / Asset management fees – Development fees – Acquisition fees – Leasing fees – Promote fees – Performance fees	– **B/S development profits** ➢ Revaluation gains on U/C properties + disposal gain on sale – **Funds' development profits**[1]
Expenses	– Direct costs for rental and solar energy income – Allocated administrative expense	– Allocated administrative expenses	– Construction costs – Allocated administrative expenses
Key drivers	✔ Rental growth and high occupancy ✔ Asset valuations ✔ High dividend payout from listed securities	✔ Strong Fund AUM growth ✔ Significant development pipeline in funds ✔ Favorable investment returns and performance fee opportunity	✔ Significant development pipeline (B/S, funds) ✔ Track record of strong development profit margins ✔ Asset recycling from B/S or development funds into core funds / REITs

Operations Overview

INVESTMENT SEGMENT

FY2022 KEY HIGHLIGHTS — STRONG PORTFOLIO FUNDAMENTALS DRIVE PERFORMANCE

- Healthy portfolio occupancy of 95%[1]
- Record high leasing of 4.6 million[2] sqm of logistics space across the portfolio
- Strong record high weighted average rental reversion of 7.5%[1,3]
- E-commerce and 3PLs comprise 64%[2,4], of combined portfolio
- Healthy weighted average lease expiry of 4.5 years by income[2]

ESR Kawasaki Ukishima Disturbtion Centre

Our investment segment is divided into three main categories:

(i) completed properties that we hold on our balance sheet, from which we derive total return, including rental income and appreciation in value; (ii) our co-investments in the funds and investment vehicles and the REITs we manage, from which we derive dividend income, pro rata earnings and/or pro rata value appreciation; and (iii) other investments, including our minority equity stakes in other companies.

We are able to develop properties without the need to source equity for every individual project and can warehouse properties on our balance sheet if necessary.

We use our strong balance sheet to acquire and own assets that have attractive risk-reward profiles and capture opportunities which may not fit the current investment criteria of our funds, and which may be used to seed future funds that we may establish. This provides attractive visibility to prospective capital partners and is an important advantage of our platform, which facilitates faster fundraising and enables us to realize development profits. Additionally, our investments in properties through our co-investments in the funds and investment vehicles we manage allow us to align our interests with those of our capital partners.

BALANCE SHEET PROPERTIES

The total AUM for the investment properties held on our balance sheet for the Enlarged Group was US$3.8 billion, accounting for approximately 2.4% of total AUM of across the portfolio as at 31 December 2022.

Refer to "Property Portfolio" on pages 42 to 43 for information on FY2022 balance sheet investment properties.

DRIVEN BY NEW ECONOMY

We lease the logistics facilities owned directly by us or by the funds that we manage to a broad range of large and mid-sized, multi-national and domestic high-quality tenants. These include leading e-commerce companies, 3PL providers, brick-and-mortar retailers, manufacturers, cold-chain logistics providers and others. The majority of tenants in our portfolio service domestic consumption in Asia Pacific as logistics infrastructure continues to evolve for the modern economy.

The Group's markets and leasing activity conditions remain healthy and we continue to witness strong inbound interest from our customers across nearly all of our markets. The Group achieved record leasing of 4.6 million sqm of logistics space, of which 3.5 million of space was leased to e-commerce and 3PL companies. The

Notes:
1. Stabilised New Economy assets only. Excludes listed REITs and Associates.
2. New economy assets only. Excludes listed REITs and Associates.
3. Weighted by AUM of each respective country.
4. Based on stabilised assets on balance sheet and portfolio assets held in the funds and investment vehicles as of 31 December 2022.

strong demand was largely been driven by e-commerce acceleration and supply chain resilience.

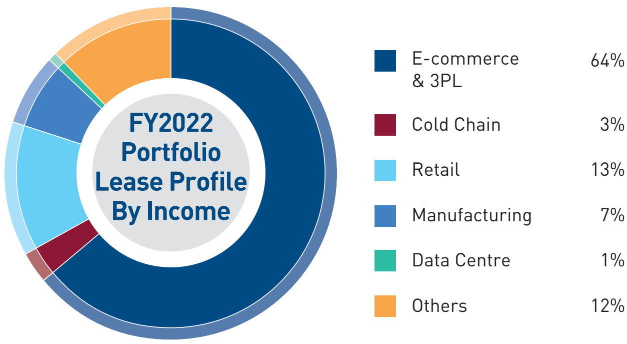
The Group's portfolio fundamentals remain robust with a healthy portfolio weighted average portfolio expiry of 4.5 years by income. In an inflationary environment with record low vacancies across our markets, ESR's portfolio is very well positioned to capture the potential outsized rental growth in the market.

E-commerce and 3PLs represent 64% of our portfolio lease profile by income in FY2022[1,2]. The top 10 tenants in the portfolio accounted for 27% of the FY2022 rental income and 23% of leased area[2]. Amongst our top 10 tenants, nine of ten are e-commerce related as New Economy remains the main driver for the Group.

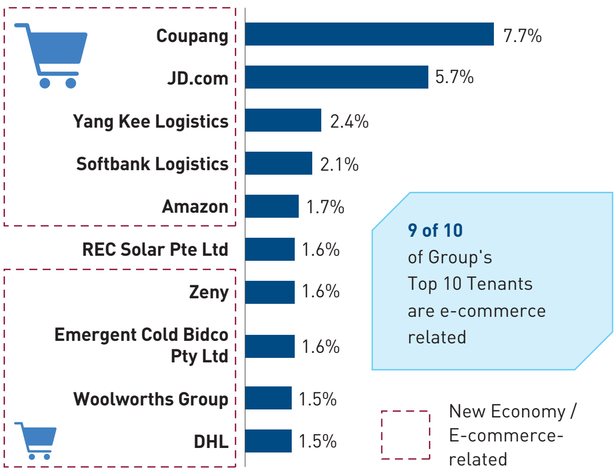
WELL-SPREAD LEASE EXPIRY PROFILE

The Group's portfolio enjoys stability from its well-spread lease profile, with a weighted average lease expiry ("WALE") of about 4.3 years[2] by leased area and 4.5 years[2] by income as at 31 December 2022, providing a stable and secure income base while benefitting from upward rental growth momentum and external growth opportunities.

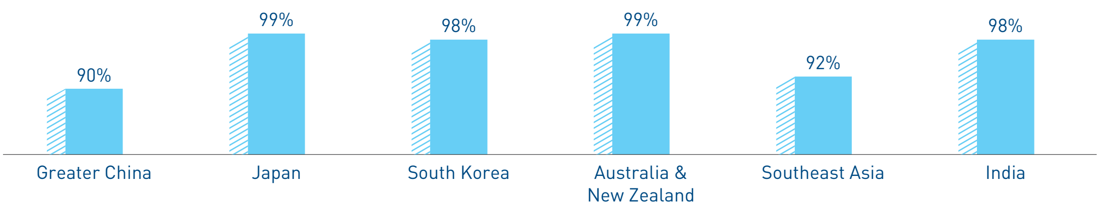
With close to full occupancies in most markets, the Group will continue to focus on maintaining healthy portfolio occupancy of 95%[1], and 98%[1] ex-China as of 31 December 2022.



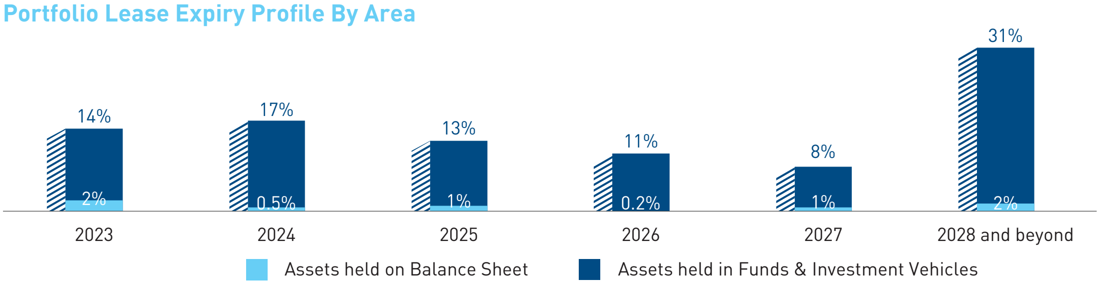
Portfolio Top 10 Tenants By Income



Portfolio Occupancy By Region



Portfolio Lease Expiry Profile By Area



Portfolio Leasing Metrics[1,2]	FY2021 (ESR)	FY2022
Renewals (mil sqm)	0.6	1.3
New Leases (mil sqm)	2.7	3.3
Total Space Leased	3.3	4.6
Portfolio WALE		
(by area)	3.9 years	4.3 years
(by income)	3.9 years	4.5 years

Operations Review

FUND MANAGEMENT SEGMENT

FY2022 KEY HIGHLIGHTS

- Fund AUM increased 330% to US$152 billion[1]
- Record high US$19.9 billion of uncalled capital to be deployed
- 60%[2] of AUM from perpetual and core capital vehicles
- Raised US$7.6 billion of capital in FY2022


Opo Logistics Park, South Korea

FUND MANAGEMENT SEGMENT

We earn fee income from managing the underlying assets on behalf of our capital partners through the funds and investment vehicles we manage. Our fees include base management fees, asset management fees, acquisition fees, development fees and leasing fees. We also participate in a share of profits through promote after we have returned our investors' initial capital investment and upon exceeding target internal rates of return. The funds and investment vehicles we manage vary in risk profiles from private opportunistic development strategies to private core/core-plus income producing strategies and publicly listed REITs.

Our fund management platform offers a variety of products across the spectrum of geography, risk and liquidity to attract broad sections of the global investor universe, gives us the ability to manage the underlying assets across the development cycle and provides us with an efficient platform for recycling our own capital through the disposal of properties held on our balance sheet to the funds and other investment vehicles we manage or to third parties. We continuously enhance our portfolio and risk management processes to strive to meet our return objectives while mitigating risk at both the underlying asset and the fund level.

ESR Group is the largest sponsor and manager of REITs in APAC with 13 listed REITs representing over a 10% market share. This additional fund management income from predominantly perpetual and core-capital vehicles enhances the Group's resilience. We are committed to the long-term growth of all ESR-managed REITs and our sponsorship will include access to our strong portfolio of real estate properties as well as financial and operational support. The Group's continued commitment and support will ensure the REITs are well positioned to capture the largest secular trends and deliver long-term sustainable growth and expansion.

Fundraising momentum remains strong across the broader Group as we continue to deepen relationships with new and existing capital partners. For FY2022, ESR Group raised a substantial US$7.6 billion of capital through 28

Notes:
1. Stabilised New Economy assets only. Excludes listed REITs and Associates.
2. ESR Group AUM as 31 December 2022. Perpetual and core capital vehicles are defined as core funds and public REITs for ESR and public markets assets (including Cromwell and Kenedix REITs) and core funds for ARA.

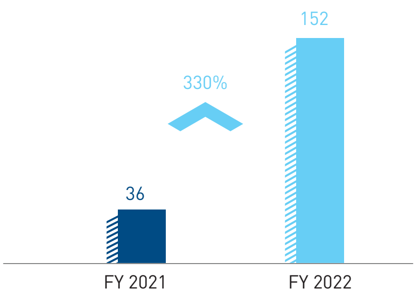
new/upsized funds/mandates, of which 85% of the capital raised was New Economy-focused and includes a new Pan Asian discretionary logistics core-plus vehicle.

As of 31 December 2022, The Group has a record US$19.9 billion of "dry powder" to capitalise on new opportunities, giving the Group the agility to take advantage of market dislocation.

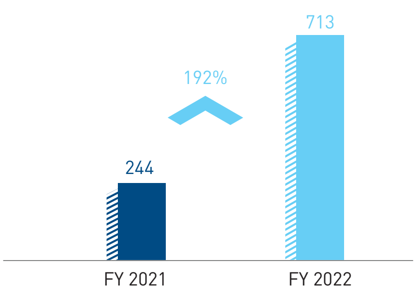
FY2022 FUNDRAISING

Fund Type	Region	Equity raised (US$ million)
Development	Greater China	442
	South Korea	500
	Australia & New Zealand	832
	Southeast Asia	169
	APAC	1,046
Core	Greater China	1,000
	Japan	476
	South Korea	70
	Australia & New Zealand	410
	Southeast Asia	366
	India	250
	APAC	250
	U.S. & Europe	292
Others	U.S. & Europe	526
	Southeast Asia	1,000
	TOTAL	**7,629**

Fund AUM (US$ billion)



Fund Income (US$ million)



ACCELERATING ASSET-LIGHT TRAJECTORY

ESR Group has expanded products and capital relationships to further accelerate our asset light trajectory to enhance ROI. In FY2022, the Group further lowered its average co-investment stake to 7.4%, placing it in a good position to take on greater development capacity, ESR continues to invests significant capital alongside its capital partners to align interests, while meaningfully enhancing the Group's tangible return on equity while maintaining sufficient funding capacity across the Group.

ESR continues to focus on increasing capital efficiency through:

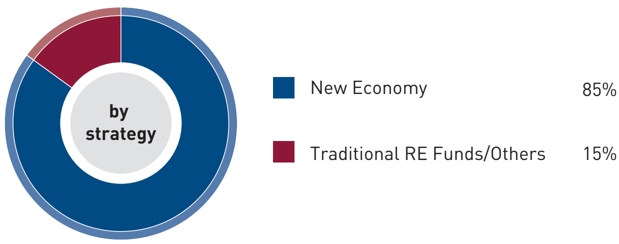
1) Managing our co-investment stakes to create strong alignment while retaining capital for growth

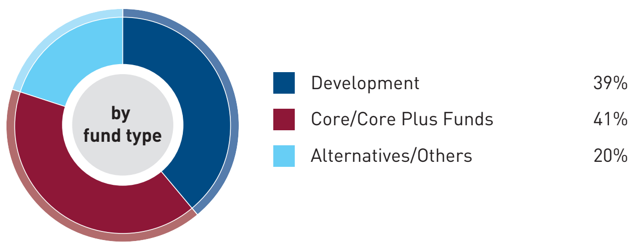
2) Increasing margins by expanding upon our Pan-Asia investment vehicles which will enlarge our family of fully-discretionary investment products and attract a different segment of institutional investment partners;

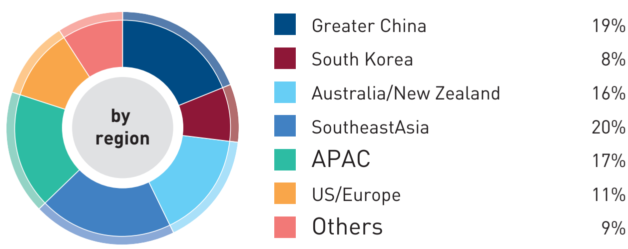
3) Selling-down our data centre assets acquired on balance sheet to seed our new planned data centre fund; and

4) Accelerating the recycling of capital from mature development projects (on our balance sheet and in our funds) into our newly expanded portfolio of REITs and core investment vehicles.

Capital raised in FY2022







Operations Review

NEW ECONOMY DEVELOPMENT SEGMENT

FY2022 KEY HIGHLIGHTS

- Development WIP of US$11.9 billion — the largest in APAC
- Record new development starts of US$6.5 billion
- Strong landbank of over 6.4 million sqm across combined portfolio
- Robust development pipeline of 27.8 million sqm

NEW ECONOMY DEVELOPMENT SEGMENT

We have established efficient, high-quality and scalable capabilities for greenfield and brownfield developments in each country where we operate. Our extensive inhouse expertise includes selection and acquisition of sites to the design, construction and leasing of modern logistics facilities. These facilities are characterised by several attributes that differentiate modern logistics (greatly preferred by today's e-commerce tenants) from the existing installed base of traditional warehouse:

- Optimal space utilisation: Large floor plates, high ceilings and wide column spacing
- High floor load capacity: to support the increased weight of taller racking and automation equipment
- High operating efficiency: Spacious loading and parking areas equipped with modern loading docks
- Storage safety: Security and surveillance features, proper ventilation and basic fire-fighting features such as sprinkler systems
- Flexibility to provide customised features: Office space, air-conditioning and refrigeration/freezing.

We capitalise these development projects through our funds and investment vehicles that we manage and/or through our balance sheet. We earn development fees from our partners when we use capital from Fund Management (attributed to the Fund Management segment), and we earn development profit upon sale of completed properties when we use our balance sheet.

We also derive pro rata earnings and pro rata value appreciation through the development activities of the development funds and investment vehicles we manage in proportion to our co-investments in those funds and investment vehicles. All of our development related capital gains are attributed to our Development segment.

ESR continues to leverage third-party capital to fund developments and exercise a disciplined asset light approach to achieve our targeted development completions.

In FY2022, the total estimated investment value of new development starts totalled US$6.5 billion, primarily in Japan, Australia, China, Japan, South Korea, Southeast Asia and India. The new projects represented 5.2 million sqm across the portfolio.

Strong customer demand, particularly from e-commerce related customers, has translated to a strong growth of 68% year-on-year growth in development work in progress ("WIP"), as the Group's current developments focus on higher value projects with increased scale and higher quality. In FY2022, the Group had a robust US$11.9 billion development WIP — the largest development workbook in APAC. Our development workbook is well-spread across our key APAC markets, and the Group is well-placed to benefit from a strong pipeline of quality, large scale developments. These are projects that will act as cornerstones of our core funds, local REITs and as key assets in the growth of ESR-LOGOS REIT upon completion and stabilisation. In the near term, we can expect the completion of the larger scale projects including ESR Higashi Ogishima and ESR Sachiura Distribution Centre 2 in Japan and Pyeongtaek in Greater Seoul, South Korea.

In FY2022, the total investment value of our development completions was US$5.5 billion, representing 4.2 million sqm across our portfolio. These included ESR Kawasaki Ukishima Distribution Centre, ESR Yatomi Kisosaki Distribution Centre and ESR Sachiura Distribution Centre in Japan, Opo Logistics Park P1 and P2 in South Korea, ESR Wenzhou Ruian Distribution Centre and Chengdu Qingbaijiang P1 and P2 in China.

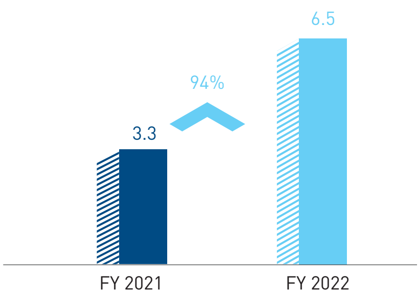
The Group has also assembled a robust development pipeline of 27.8 million sqm, including a strong landbank of 6.4 million sqm to expand our portfolio moving forward, and leverage on the strong customer demand for logistics facilities.

Pyeongtaek Logistics Park, South Korea

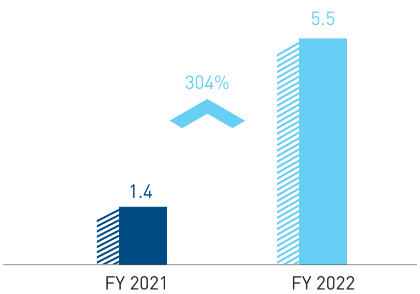
Selected Work-In-Progress Projects

	ESR Kawanishi Phases 1A, 1B & 2	Busan New Port	ESR Higashi Ogishima DC 1	Moorebank Phase II	Shanghai Yurun Phase 2	Pyeongtaek
Location	Tokyo, Japan	Busan, South Korea	Tokyo, Japan	Sydney, Australia	Shanghai, China	Greater Seoul, South Korea
Expected Completion Date	2025–2027	2024	2025–2027	2024–2026	2023	2023
GFA ('000 sqm)	735	685	345	581	211	192
Estimated Development Cost (US$ m)	1,170	940	731	978	139	203

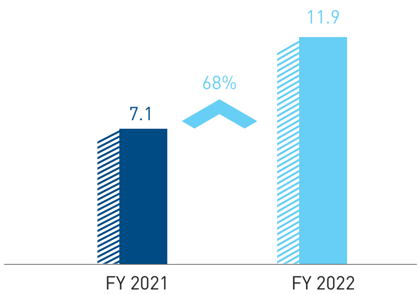
Development Starts
Estimated Total Cost (US$ billion)



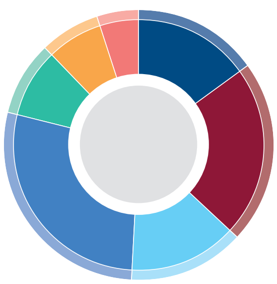
Development Completions
Completion Fair Value (US$ billion)



Work-In-Progress
Estimated Total Cost (US$ billion)

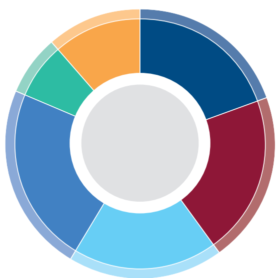


Work In Progress
Breakdown by region



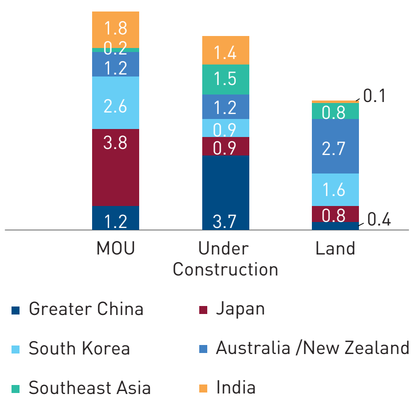
Greater China	15%
Japan	22%
South Korea	14%
Australia/ New Zealand	28%
Southeast Asia	9%
India	7%
Data Centre	5%

Development pipeline
GFA by region



Greater China	19%
Japan	20%
South Korea	18%
Australia/New Zealand	22%
Southeast Asia	7%
India	11%

Development pipeline
(GFA million sqm)



Financial Review

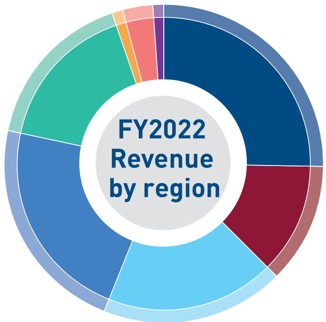
The Group has delivered solid earnings growth and a strong set of operational results for the year ended 31 December 2022, against a challenging market environment and continued macroeconomic challenges. ESR's performance demonstrates the Group's remarkable resilience in its business fundamentals, and unmatched scale as APAC's leading real assets manager, following the acquisition and integration of ARA Asset Management ("ARA") and LOGOS.

As of 31 December 2022, the Group had a robust and well-capitalised balance sheet with US$1.8 billion in cash and net debt over total assets of 22.8%.

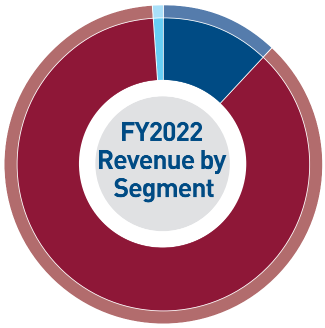
Key Financial Highlights:

- Revenue increased by 103.0% from US$404.4 million in FY2021 to US$821.2 million in FY2022;
- Profit for the year increased by 64.9% from US$382.7 million in FY2021 to US$631.1 million in FY2022;
- EBITDA[1] increased by 60.9% from US$664.2 million in FY2021 to US$1,068.5 million in FY2022;
- Adjusted EBITDA[1] increased by 63.0% from US$706.8 million in FY2021 to US$1,151.9 million in FY2022;
- Adjusted PATMI[1] increased by 73.5% from US$377.3 million in FY2021 to US$654.6 million in FY2022;
- Profit for the year increased by 64.9% from US$382.7 million in FY2021 to US$631.1 million in FY2022; and
- Full year dividend of HK$25 cents per share (approximately 3.2 US cents per share), implying a 1.9%[2] dividend yield.

REVENUE



Greater China	25%
Japan	12%
South Korea	18%
Australia and New Zealand	22%
Southeast Asia	16%
India	1%
Europe	3%
Others	1%



Investment	12%
Fund Management	87%
New Economy Development	1%

The Group's revenue grew 103.0% from US$404.4 million in FY2021 to US$821.2 million in FY2022. Total group revenue (ex-CIP construction revenue) increased by 127.7% from US$360.6 million in FY2021 to US$821.2 million in FY2022, driven by higher management fee.

Management fee increased by 192.3% from US$244.0 million in FY2021 to US$713.3 million in FY2022. The increase was driven by high fee revenue from higher AUM as well as benefitting from ARA's recurring and stable fee revenue.

Overall construction revenue decreased by 75.5% from US$43.8 million in FY2021 to US$10.7 million in FY2022. Higher construction revenue in FY2021 contributed by outstanding projects executed after the disposal of construction arm by ESR Australia in September 2020. In line with decrease in overall construction revenue, cost of sales also dropped correspondingly from US$54.0 million in FY2021 to US$29.2 million in FY2022.

Notes:
1. EBITDA, Adjusted EBITDA and Adjusted 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 measure on page 241 for calculations of Adjusted EBITDA and Adjusted PATMI.
2. Based on closing share price of HK$13.26 on 21 March 2023.

Rental income decreased by 17.1% from US$110.5 million in FY2021 to US$91.6 million in FY2022. The decrease in rental income in FY2022 was mainly due to the sell-down of nine China balance sheet assets into a core fund with a leading global investor during the year.

Geographically, the Group's top markets in Greater China, Japan, South Korea, Southeast Asia and Australia and New Zealand accounted for 94.5% of the Group's revenue for FY2022. The other markets, including India and Europe, made up the remaining 5.5% of revenue for FY2022.

PATMI AND EBITDA

PATMI increased by 64.3% from US$349.4 million in FY2021 to US$574.1 million in FY2022. EBITDA[3] increased by 60.9% from US$664.2 million in FY2021 to US$1,068.5 million in FY2022. Higher PATMI and EBITDA[3], backed by the strength in the underlying fundamental of the Group's New Economy business, were boosted by the increase in fee income, share of profits of co-investments in associates and joint ventures; and gains on divestment from balance sheet to ESR-managed funds in Australia and China.

The Group recorded fair value gain on investment properties of US$195.4 million for FY2022 (FY2021: US$274.5 million), contributed mainly from the Group's assets in China and Japan.

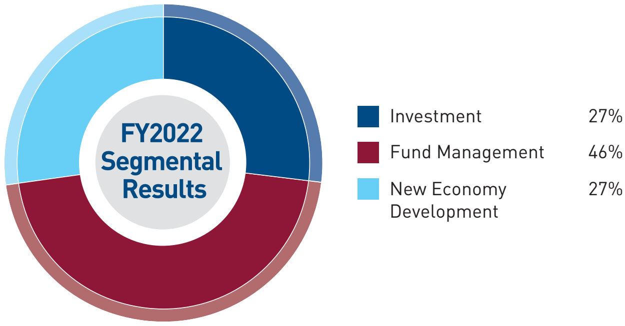
The Group's share of profits from joint ventures and associates increased by 34.9% from US$168.1 million in FY2021 to US$226.7 million in FY2022. The increase was mainly due to higher share of profits from the Group's investments in China, as well as joint ventures and associates held by ARA which contributed to the Group's results post-acquisition.

Despite the ongoing rates hike at the macroeconomic level, the Group has managed to keep its weighted average interest rate cost for the year ended 31 December 2022 at 4.2% (FY2021: 4.1%) leveraging on its growth and access to well diversified funding sources.

Overall finance cost increased by 36.0% from US$163.5 million in FY2021 to US$222.4 million in FY2022 in line with the increase in total borrowings from US$4.2 billion as at 31 December 2021 to US$5.5 billion as at 31 December 2022, mainly from consolidation of ARA.

Administrative expenses increased by 103.2% from US$241.8 million in FY2021 to US$491.3 million in FY2022. The increase was primarily from the full year effect of ARA's administrative expenses; as well as one-off costs relating to the acquisition of ARA of US$22.5 million and amortisation of intangible assets arising from acquisition of ARA of US$23.3 million.

SEGMENT RESULTS



Investment segment results decreased by 2.6% from US$342.5 million in FY2021 to US$333.6 million in FY2022, reflecting ESR's success in pursuit of its asset light strategy as assets sold from balance sheet into funds to generate fee income under the fund management segment. The decrease was mainly contributed by reduced share of co-investment income due to sell down of South Korea assets into ESR KendallSquare REIT (in 2021), sell-down of China balance sheet assets and lower relative fair value gains from existing balance sheet assets. The decrease was partially offset by higher dividend income.

Fund Management segment results increased by 188.4% from US$199.0 million in FY2021 to US$573.7 million in FY2022. The increase was driven by higher recurring fee revenue from higher AUM, record development starts, leasing fees and solid promotes. In addition, the segment also benefitted from ARA's recurring and stable fee revenue; as well as disciplined cost management and economies of scale, and was able to manage increasing AUM by keeping operating expenses stable.

Note:
3. EBITDA is calculated as profit before tax, adding back depreciation and amortisation and finance costs (net).

Financial Review

New Economy Development segment results increased by 45.6% from US$235.3 million in FY2021 to US$342.7 million in FY2022. This is due to significant contributions from fair value gains on projects under development, share of development profits of joint ventures and associates and substantial completions (US$5.5 billion). This was further enhanced by gains on disposal of subsidiaries and assets from balance sheet to ESR managed funds in Australia and China.

ASSETS AND LIABILITIES

The Group had a robust and well-capitalised balance sheet with US$1.8 billion in cash and bank balances. As of 31 December 2022, the Group had cash and bank balances that were primarily denominated in USD, HKD, SGD, RMB, JPY, AUD and KRW. Total assets increased from US$9.3 billion as of 31 December 2021 to US$16.2 billion as of 31 December 2022, driven mainly by the acquisition of ARA in January 2022.

Investment properties decreased by 10.3% to US$3.3 billion as of 31 December 2022 (31 December 2021: US$3.7 billion), contributed by the disposal of the Group's China properties, in line with the asset light strategy. The decrease was offset by development of the Group's China and Japan assets such as ESR Shanghai Qingpu Yurun Phase II; as well as asset appreciation across the Group's portfolio.

Investment in joint ventures and associates increased by 122.1% to US$3.0 billion as of 31 December 2022 (31 December 2021: US$1.3 billion). The increase was mainly contributed by the Group's acquisition of the investments in joint ventures and associates held by ARA, as well as additional investments in China joint ventures, such as GIC JV and Victory Lane JV, during the year. In addition, the Group also recorded a higher share of results from its China joint ventures and associates in 2022.

Increase in goodwill from US$0.5 billion as of 31 December 2021 to US$3.5 billion as of 31 December 2022 was mainly attributed to the goodwill arising from the acquisition of ARA.

Financial assets at fair value through other comprehensive income ("FVOCI") increased by 25.3% to US$1.0 billion as of 31 December 2022 (31 December 2021: US$0.8 billion). The increase was mainly from ARA's investments, offset by the disposal of shares in China Logistics Property Holdings Co., Ltd. in May 2022.

Total bank and other borrowings as of 31 December 2022 were US$5.5 billion compared to US$4.2 billion as of 31 December 2021. With cash and bank balance of US$1.8 billion, the net debt to total assets as at 31 December 2022 were 22.8% (31 December 2021: 27.9%).

TOTAL EQUITY

Total equity increased from US$4.4 billion as of 31 December 2021 to US$9.1 billion as of 31 December 2022. This was 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 year ended 31 December 2022 of US$631.1 million. The above increases are partially offset by unrealised currency translation losses of US$311.0 million mainly from the Group's operations in Japan, China and Australia during the year due to the strengthening of US dollars against the respective local currencies; as well as unrealised fair value losses arising from financial assets through other comprehensive income ("FVOCI") of US$186.0 million, redemption of perpetual securities of US$218.8 million and dividend distribution to shareholders of US$70.8 million.

Capital Management

ESR adopts a proactive and disciplined capital management approach, and regularly review 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. ESR continues to be disciplined in executing its capital recycling programme, and prudently redeploying capital to support growth.

The Group remains focussed on its asset light approach with US$1.7 billion of divestments from its balance sheet to ESR managed funds in FY2022, achieving three times its annual historical target with a specific focus on crystalising gains from selected China balance sheet assets. The sell-down of a 850,000 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 in May 2022, receiving US$349 million and delivering a strong return on this four-year investment. In addition, approximately US$1.3 billion of net cash was recycled back to the Group and is available to fund future growth across the region. We continue to actively leverage our fund management platform to unlock value and generate higher recurring fund management fees. The average co-investment for the Group was 7.4% as of 31 December 2022. This meaningfully enhances the Group's tangible return on equity while maintaining sufficient funding capacity across the Group.

Total borrowings of the Group was US$5.5 billion as of 31 December 2022. With well-capitalised balance sheet at US$1.8 billion in cash, the net debt over total assets was 22.8% as of 31 December 2022.

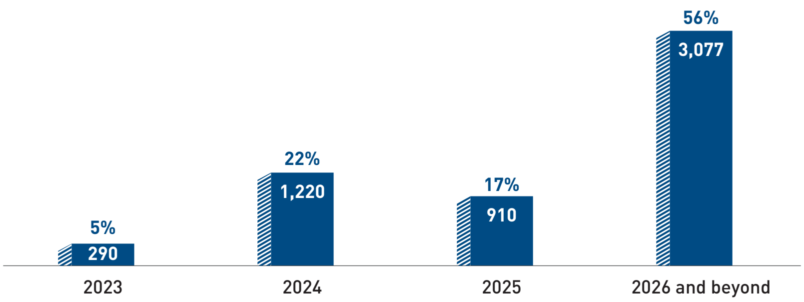
Throughout the year, the Group continues to expand and diversify its funding and capital structure, which is crucial for fuelling the Group's long-term growth.

- In January 2022, the Group closed a 5-year JPY28 billion SLL which was upsized to JPY32.5 billion at Tibor +1.75%.
- In May 2022, the Group closed a 5-year S$370 million SLL at SORA +1.6%.
- In September 2022, the Group closed a 5-year HK$4.65 billion SLL at HIBOR +1.8%, which was further upsized to HK$8.88 billion subsequent to year-end.

US$1.3 billion of refinancing efforts were also completed from 2H2022 till March 2023, with approximately 5% of total debt due in year 2023 as of 31 December 2022.

Debt Maturity Profile of Borrowings

As of 31 December 2022 (US$ million)



Capital Management

The Group manages and monitors its debt maturity profile proactively. It also ensures sufficient cash reserves are maintained and disciplined in refinancing existing borrowings to meet the Group's short-term obligations, ongoing developments, and investments opportunities.

After refinancing with longer tenor corporate borrowings, the Group's weighted average debt maturity had increased to approximately 5.1 years as of 31 December 2022, from 4.5 years as of 31 December 2021.

The Group manages its interest rates exposure by maintaining a combination of fixed and floating rate borrowings. As of 31 December 2022, 15% of the Group's borrowings were on fixed rate while the remaining 85% were on floating rate basis. In managing the interest rate profile, the Group considers interest rate outlook and holding periods of its investment profile. The Group's weighted average interest rate was 4.2% at end-December 2022.

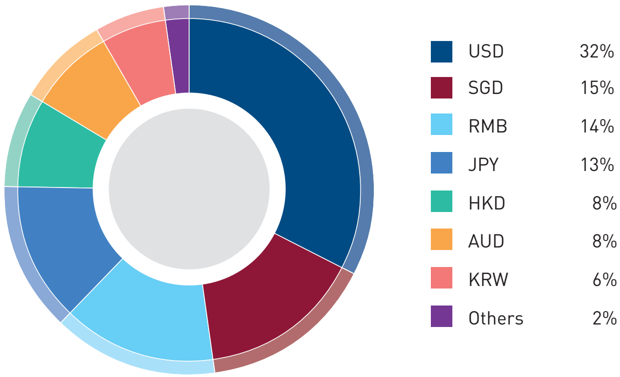
The Group has exposures to foreign exchange rate fluctuations primarily from its investments and income from its subsidiaries, associates and joint ventures, including Greater China, Japan, South Korea, Australia, Singapore and India.

The Group manages and minimises its foreign currency exposures by natural hedges using various currencies via project and corporate level. Operating and development activities of each country are funded mainly through project level debts and operating income that are in their respective local currencies. At corporate level, the Group currently fund some of its investments through corporate borrowings in the currency of the country in which the investment is located.

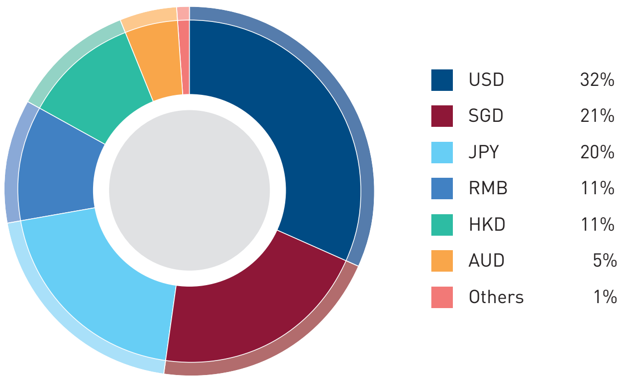
The Group continues to closely monitor the interest and exchange rates movements and evaluate such impact to its portfolio. The Group will consider using financial derivatives as additional tools when appropriate to manage foreign currency and interest rate exposures.

As of 31 December 2022, currency profile of the Group's cash and bank balances; and bank and other borrowings are as below:

Cash and Bank Balances*
As of 31 December 2022



Bank and Other Borrowings*
As of 31 December 2022



CHARGE OF ASSETS
As of 31 December 2022, certain of the Group's assets were pledged to secure bank and other borrowings granted to the Group. The details of charged assets are disclosed in Note 25 to the Consolidated Financial Statements. Except for the aforementioned charges, all the Group's assets are free from any encumbrances.

CONTINGENT LIABILITIES
As of 31 December 2022, neither the Group nor the Company had any significant contingent liabilities.

* Percentages may not sum up due to rounding

Awards & Accolades

CORPORATE EXCELLENCE

PERE 2022 APAC FUND MANAGER GUIDE
ESR Group
Ranked 1st among leading private equity real estate fund managers in APAC

IR MAGAZINE AWARDS — GREATER CHINA 2022
ESR Group
- Best in sector: Financials (including real estate)
- Best IR during a corporate transaction

HONG KONG BUSINESS MANAGEMENT EXCELLENCE AWARDS 2022
ESR Group
- Executive of the Year — Logistics: Ms Rui Hua Chang

2022 BRITISH BUSINESS AWARDS
British Chamber of Commerce in Japan
Company of the Year: ESR Japan

THE ECONOMIC TIMES BEST BRANDS CONCLAVE 2022 — INDIA'S BEST BRANDS
ESR India

THE 12TH CHINA LOGISTICS INVESTMENT AND FINANCING CONFERENCE AND CHENGDU CHONGQING SUPPLY CHAIN FORUM
Company with the best investment value in the Logistics Industry for 2021–2022: ESR China

SUZHOU FOREIGN-INVESTED COMPANY AWARD FOR OUTSTANDING CONTRIBUTION TO STABLE GROWTH (NEWLY ESTABLISHED PROJECT):
ESR China

GOVERNMENT OF BRIDGE TOWN, PUDONG NEW AREA, SHANGHAI
The Economic Contribution Award: ESR China

GOVERNMENT OF BRIDGE TOWN, PUDONG NEW AREA, SHANGHAI
The Growth Elite Award: ESR China

JD.COM GROUP
Best Partner Award: ESR China

PRODUCT EXCELLENCE

11TH SPACE DESIGN AWARD, PUBLIC CO., LTD
Public Life Division Award: KLÜBB Lounge in Fujiidera Distribution Centre

IEIJ GOOD LIGHTING AWARD 2022,
The Illuminating Engineering Institute of Japan
ESR Amagasaki Distribution Centre

MIPIM ASIA AWARDS 2022
Best Refurbished Building (Bronze): Lazada One

SUSTAINABILITY

INDIAN GREEN BUILDING COUNCIL (IGBC) GREEN CHAMPIONS AWARD 2022
Pioneer in large-scale adoption of Green Logistics Parks and Warehouses: ESR India

Refer to ESR's ESG Report 2022 for more information on Sustainable Building Certifications at **www.esr.com/environmental-social-governance**

Property Portfolio

Major Investment properties held on balance sheet
As at 31 December 2022

City	Project Name	Status	GFA (sqm)	Tenure	Lease Expiry	Interest held by our Company	Type
The PRC							
Dongguan	Dongguan Hongmei, Hongwuwo Village, Hongmei Town, Dongguan, Guangdong Province, PRC	Completed	62,343	Leasehold	2063	100%	Logistics Facility
Dongguan	Dongguan Hongmei - Mingfeng, Hongwuwo Village, Hongmei Town, Dongguan, Guangdong Province, PRC	Completed	40,383	Leasehold	2062	100%	Logistics Facility
Fenhu	Fenhu Quansheng, East of Lianqiu Road and north of Datong Road, Lili Town, Wujiang District, Suzhou, Jiangsu Province, PRC	Completed	29,287	Leasehold	2069	55%	Logistics Facility
Jiaxing	Jiaxing Haining, East of Haining Avenue and north of Anzheng Shishang , Haining Economic Development Zone, Haining,	Completed	105,390	Leasehold	2069	100%	Logistics Facility
Jilin	Jilin Daling, South of Fumin Street, Daling Vehicle Logistics Park, Gongzhuling, Jinlin Province, PRC	Completed	94,412	Leasehold	2068	100%	Logistics Facility
Kunshan	Jiangsu Friend - I, No. 718 & 818 Xinsheng Road, Huaqiao Town, Kunshan, Jiangsu Province, PRC	Completed	135,081	Leasehold	2054	100%	Logistics Facility
Kunshan	Jiangsu Friend - II, No. 516 Fengshan Road, Huaqiao Town, Kunshan, Jiangsu Province, PRC	Completed	85,674	Leasehold	2056	100%	Logistics Facility
Kunshan	Jiangsu Friend - III, No. 369 Pengqing Road, Huaqiao Town, Kunshan, Jiangsu Province, PRC	Completed	206,418	Leasehold	2056	100%	Logistics Facility
Langfang	Langfang Weidu, No.14 Fengwu Road, Economic and Technical Development Zone, Langfang, Hebei Province, PRC.	Completed	71,687	Leasehold	2061	100%	Logistics Facility
Langfang	Langfang Hengjia, No. 437 Chunhe Road, High-Tech Industrial Development Zone, Langfang	Completed	81,950	Leasehold	2069	100%	Logistics Facility
Langfang	Langfang Hongke, No. 29 Yunqi Avenue, Longhe High-tech Industrial Development Zone, Langfang	Completed	34,476	Leasehold	2067	100%	Logistics Facility
Langfang	Langfang Yisi, No. 158 Jingming Road, Langfang Hi-Tech Industrial Development Zone, Langfang	Completed	72,455	Leasehold	2063	100%	Logistics Facility
Shanghai	Jiangnan Chuanting, 4/9 Qiu, 11 Neighbourhood, Zhelin Town, Fengxian District,Shanghai, PRC	Completed	35,533	Leasehold	2058	100%	Logistics Facility
Chengdu	Chengdu Qingbaijiang (Phase I ,II), Gaoping Nan Road South, Tongxin Road East, Qingbaijiang District, Chengdu	Completed	77,024	Leasehold	2071	51%	Logistics Facility
Shanghai	Zhangjiang Neo, No. 103 Cailun Road, Pudong New District, Shanghai	Completed	8,940	Leasehold	2053	100%	Office
Japan							
Osaka	IBM Nanko Data Centre West, 5-1, Nanko-kita 1-chome, Suminoe-Ku, Osaka-Shi	Completed	28,268	Freehold	N/A	100%	Data Centre
India							
Nagpur	Gati Realtors Pvt Ltd State Highway 250, Village Khumari/Kokarada, Tehsil Kalmeshwar, Nagpur, Maharashtra, India	Completed	76,685	Freehold	N/A	51%	Logistics Facility

City	Project Name	Status	Estimated Completion Year	GFA (sqm)	Interest held by our Company	Type
The PRC	**China**					
Chengdu	Chengdu Qingbaijiang (Phase III), Gaoping Nan Road South, Tongxin Road East, Qingbaijiang District, Chengdu, Sichuan Province	Interior Finishing	2023	36,038	51%	Logistics Facility
Fenhu	Fenhu Dafuhao, No. 558 Fenhu Road, Lili Town, Wujiang District, Suzhou, Jiangsu Province	Superstructure in Progress	2023	221,689	100%	Logistics Facility
Huizhou	Huizhou Hongyun, Chenjiang Street, Huizhou Zhongkai High Tech District, Huizhou, Guangdong Province	Superstructure in Progress	2023	105,787	60%	Logistics Facility
Kunshan	Kunshan Zhonggang, Shuanghua Road No. 168, Huaqiao Town, Kunshan City, Jiangsu Province.	Superstructure in Progress	2024	293,152	100%	Logistics Facility
Shanghai	Shanghai Yurun (Phase I and II) No. 2989 Baishi Highway, Baihe Town, Qingpu District, Shanghai, PRC	Superstructure in Progress	2023	559,637	70%	Logistics Facility
Shanghai	Shanghai Yinu, Yinzhong Village, Qingpu Town, Qingpu District, Shanghai	Foundation	2024	120,729	100%	Logistics Facility
Langfang	Langfang Chunhui, No. 6 Yaohua Road, Economic and Technical Development Zone, Langfang, Hebei Province	Interior Finishing	2023	48,693	100%	Logistics Facility
Suzhou	Suzhou Yixiang, No. 28 Yongchang Road, Xiangcheng Economic Technology District, Suzhou, Jiangsu Province	Superstructure in Progress	2023	194,210	100%	Logistics Facility
JAPAN	**Japan**					
Kawasaki	RW Higashi-Ogijima DC, Site B 23–1 and other tracts, Higashiogishima, Kawasaki-ku, Kawasaki-shi, Kanagawa-ken, Japan;	Land	2028	305,997	70%	Land
Yokohama	ESR Sachiura 2A DC, 8–5, Sachiura 1-chome, Kanazawaku, Yokohama-shi, Kanagawa-ken, 236–0003, Japan	Land	2026	164,810	100%	Land
Yokohama	ESR Sachiura 2B DC, 8–4, Sachiura 1-chome, Kanazawaku, Yokohama-shi, Kanagawa-ken, 236–0003, Japan	Land	N/A	163,622	100%	Land
Osaka	IBM Data Centre (Osaka Data Centre East) - OS1 and OS2 5-2 & 5-3, Nanko-kita 1-chome, Suminoe-Ku, Osaka-Shi	Foundation	2026	48,729	100%	Data Centre
Hachioji	ESR 27 TMK (Hulic Hachioji) Sanyuumachi, Hachioji-shi, Tokyo,192-0012 Japan	Land	N/A	—	100%	Land
Funabashi	ESR 28 TMK (Hulic Funabashi) 2-9-1, Hinode, Funabashi city	Land	N/A	32,302	100%	Land
Ichikawa	ESR 29 TMK (Hulic Ichikawa) 2554-81, Hongyotoku, Ichikawa city	Land	N/A	62,256	100%	Land
Indonesia	**Indonesia**					
Bekasi	GIIC, Blok CE No 2, Pasirranji Village, Central Cikarang District, Bekasi Regency, West Java Province	Interior Finishing	2023	70,499	100%	Logistics Facility
South Korea						
Greater Seoul	Dangmok 995-5 Dangmok-ri, Juksan-myum, Anseong-si, Gyeonggi-do	Land	2025	154,475	95%	Land

Environmental, Social and Governance Performance

Aligned with our corporate core value of sustainability, ESR Group is committed to integrating ESG into our business to create long-term sustainable value for our stakeholders.

ESG priorities and performance highlights for 2022 are shown in the following pages to illustrate our commitment to sustainable business practices. Further details on our ESG approach and initiatives can be found in our enlarged Group's ESG Report 2022, which also includes ARA and LOGOS after our acquisition in January 2022. The disclosures are based on the requirements under the HKEX Mainboard Listing Rules and in accordance with the Global Reporting Initiative (GRI)'s Universal Standards. The ESG Report 2022 is published on the websites of the HKEX and the Company (refer to QR code).

ESG Vision

We aspire to be a leading provider of *Space and Investment Solutions for a Sustainable Future*.

ESG Mission

To drive long-term sustainable growth of the business by creating positive impact on the environment, our stakeholders, and the communities around us.

ESG FRAMEWORK

HUMAN CENTRIC

Basic human needs are universal. As we strive to create a safe, supportive, and inclusive environment for all employees, customers, suppliers and communities, meeting those needs today while ensuring they can be met in the future is the cornerstone of sustainable development.

Focus Areas:

- Stakeholder Engagement
- Safety, Health & Well-being
- Managing & Developing Talent
- Diversity, Equity & Inclusion
- Community Investment

PROPERTY PORTFOLIO

Sustainability is central to our mission because we aspire to improve the environmental prospects of our planet. We are committed to environmental stewardship by developing and maintaining sustainable and efficient buildings.

Focus Areas:

- Sustainable & Efficient Operations
- Sustainable Building Certifications
- Climate Change Resilience
- Flexible & Adaptable Properties
- Strategic Locations

CORPORATE PERFORMANCE

Strong corporate performance is the foundation upon which we will achieve sustained and balanced growth giving rise to stable and dependable returns over the long-term. We embrace the highest standards of governance and ethics in all aspects of business conduct.

Focus Areas:

- Corporate Governance
- Risk Management
- Responsible Investment
- Disclosure & Reporting
- Supply Chain Management

SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Our vision for sustainable development and ESG Framework is aligned to six of the Sustainable Development Goals (SDGs) from the United Nations 2030 Agenda, as well as the United Nations-supported Principles for Responsible Investment (UN PRI), which guide our business strategies towards sustainability and help us achieve our overall mission.

SUSTAINABLE DEVELOPMENT GOALS

- 3 GOOD HEALTH AND WELL-BEING
- 7 AFFORDABLE AND CLEAN ENERGY
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 13 CLIMATE ACTION

2022 ESG ACHIEVEMENTS

Significant progress has been made based on our ESG 2025 Roadmap, which was launched in November 2020. Our focus areas include reducing our impact on the environment, addressing climate change, promoting diversity, equity and inclusion, supporting local communities, and upholding our commitment to corporate governance, amongst others. Some key achievements for 2022 are outlined below:

HUMAN CENTRIC	PROPERTY PORTFOLIO	CORPORATE PERFORMANCE
~45% Female representation at ESR[1] **60%** Independent Non-executive Directors are women (i.e., 3 female directors) at Board level	**~100 MW** Rooftop solar power capacity across the enlarged Group[3] **More than 314,000 GJ** Rooftop solar power generated[4] during the year	**37** Private funds and REITs participated in the 2022 GRESB Assessment with outstanding results **ESG Ratings** MSCI "A" Sustainalytics "Low Risk"
24 Assets achieved WELL Health-Safety Rating in South Korea representing approximately 1.8 million sqm in GFA **Inclusion** Revamped corporate core values as an enlarged Group to strengthen diversity, equity & inclusion in the workplace **Zero** ESR workforce fatalities[2], with ongoing ISO 45001 Occupational Health & Safety (OHS) certification for ESR Data Centres, in addition to ISO 45001 OHS certification obtained under ARA Property Management	**39%[5]** Of the Group's portfolio of completed directly managed assets awarded sustainable building certifications and ratings, representing approximately 11 million sqm in GFA **631** EV charging stations installed across our global portfolio of assets **Hydrogen** JV with SK Plug Hyverse and Coupang Fulfilment Services to develop Mokcheon LP into South Korea's first hydrogen powered facility **Net Zero Carbon** On track to develop Net Zero strategy and decarbonisation roadmap as part of the Group's Net Zero Carbon commitment	**~US$3 billion** Sustainability-Linked Loans (SLLs) raised across the enlarged Group to date **UN PRI** Became a signatory to the United Nations-supported Principles for Responsible Investment (UN PRI) in June 2022 **Training** Launched a series of comprehensive compliance online modules for all staff on topics relating to compliance, risk management and ESG

Notes:
1. Refers to employees with direct employment relationship with the enlarged Group as at December 2022.
2. Refers to ESR Group's employees.
3. Across the enlarged Group as at December 2022, comprising completed solar power capacity of 85 MW and planned projects of 15 MW.
4. Solar power generation from approximately 85 MW of installed capacity that are completed and fully operational as at 31 December 2022.
5. Based on the GFA of certified completed directly managed assets (approximately 10.6 million sqm), divided by total GFA of completed directly managed assets (approximately 27.3 million sqm)

Environmental, Social and Governance Performance

PILLAR 1: HUMAN CENTRIC

The first pillar of our ESG Framework focuses on the social aspect of our operations covering areas relating to both our internal and external stakeholders.

Stakeholder Engagement

To align our ESG efforts with stakeholder expectations, we conducted a comprehensive double materiality assessment to determine our priority ESG focus areas. "Supply Chain Management" was added as a new material issue. For more details, including the materiality matrix results, please see the "Materiality" section in our ESG report. For our tenants, engagement surveys were conducted across our portfolio to improve building management and performance as well as tenant satisfaction. We also regularly engage our tenants, community and employees through social activities and events, such as cohesion initiatives, public events, and on-site mental health support.

Safety, Health & Well-being

As part of our emphasis on health and safety, we established a new ESR Group function for Health and Safety, allowing us to scale-up our existing and well-developed expertise and integrate the management of health and safety risk consistently across our Group in areas relating to development and asset management. In addition, we also organised various initiatives to promote health and well-being across the Group, such as well-being talks, sports tournaments, and enhanced employee benefits.

Managing & Developing Talent

We continued employee engagement efforts to address priority areas of "Inclusion & Respect/Teamwork" and "Communications" identified from our Group-wide Employee Engagement Survey. These include employee bonding activities, such as the first "Durian Fiesta" in Singapore, Breakfast Sessions with HR, an inaugural townhall for the enlarged Group and engagement sessions with our Group Co-founders and Co-CEOs and ARA senior members and colleagues. ESR also set up a dedicated Talent Management and Learning team within the Group HR function as an independent Centre of Excellence, designed to drive group-wide talent management and learning strategies.

Diversity, Equity & Inclusion

Together with senior representatives and an external consultant, ARA Venn and ARA Europe (both ESR Group Companies) formed a dedicated Diversity & Inclusion Committee during the year. This committee meets bi-monthly to discuss and implement various policies and initiatives to ensure inclusion and diversity principles are embedded across the organisation. ESR also embraced International Women's Day (IWD) #BreakTheBias with a series of events held across our local offices in different markets to celebrate women who work at ESR.

Community Investment

ESR is implementing 2 days of volunteer leave for all employees of the Group to encourage volunteerism. We continued to invest in our communities through education-focused initiatives, such as helping to construct "Future Classrooms" for children in rural China and donating computer equipment to school children at Freedom School in Nigeria. Our other initiatives include Farm@Fortune (an urban farm initiative), a guarantee scheme for affordable homes amongst others.

PILLAR 2: PROPERTY PORTFOLIO

This pillar focuses on environmental impacts within ESR's control or significant influence on areas relating to the design, construction, maintenance and operations of our assets.

Sustainable & Efficient Operations

During the past year, several assets were selected to undergo asset enhancement initiatives to improve energy efficiency. As part of our commitment to decarbonise our portfolio, we also worked with various stakeholders to implement decarbonisation initiatives. For example, ESR Japan formed a strategic partnership with Enerbank to participate in the Green Energy Certificate system, providing a renewable energy source of self-generated solar power from the rooftops of our logistics facilities to be certified as Green Energy Certificates. ESR South Korea formed a joint venture with SK Plug Hyverse and Coupang Fulfilment Services to develop Mokcheon LP into South Korea's first hydrogen powered fulfilment centre.

In addition, ESR is developing a decarbonisation plan across the enlarged Group to drive further carbon reduction in the long-term. ARA became a signatory to the World Green Building Council (WorldGBC)'s Net Zero Carbon Building Commitment in May 2021 and is on track to develop a decarbonisation strategy to achieve net zero operational carbon by 2030.

WORLD GREEN BUILDING COUNCIL

Sustainable Building Certifications

As an enlarged Group, we have obtained a total of 218 sustainable building certifications and ratings across 164 completed directly managed assets which represents approximately 11 million sqm in GFA. Certain assets have received multiple certifications or ratings such as LEED, WELL Health-Safety and NABERS. Separately, there are additional 6 sustainable building certifications received for our development projects under BELS, CASBEE and Green Mark.

Climate Change Resilience

The Group adopted the recommendations under the Task Force on Climate-related Financial Disclosure (TCFD) Framework in our ESG report. As part of these recommendations, we commenced climate scenario analysis as well as climate-related risks assessments for certain portfolios to identify, assess and mitigate climate-related risks and opportunities across our business. ESR is committed to continually monitor and report the impacts of these climate-related risks and opportunities to future-proof our assets.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

ESR Nanko Distribution Centre, Japan

Environmental, Social and Governance Performance

Flexible & Adaptable Properties

Accessibility and adaptability are key aspects in ESR's property development process. We design, construct, and maintain our properties utilising cutting-edge technology and premium materials to ensure they are customised to our clients' needs and built-to-last. In collaboration with AMPD Energy, ESR's Future Solutions Group is working on our built-to-suit (BTS) redevelopment project for POKKA in Singapore. This development integrates innovative solutions with the redevelopment cycle to support POKKA's business needs and optimise energy efficiency through battery storage system and rooftop solar installation.

Strategic Locations

Biodiversity is essential for maintaining sustainable ecosystems. Having this balance allows the built environment to co-exist with nature, reducing adverse impacts on the environment. Moorebank Logistics Park in Australia is an example of our assets that has established biodiversity management where biobank sites are set up to manage the long-term ecological values of the site and offset biodiversity impacts.

Securing assets in key strategic locations enables us to widen our distribution network for our logistics assets and minimise environmental footprint attributed to transportation. In Japan, the ESR Yokohama Sachiura Distribution Centre 2 boasts a panoramic ocean view of Mount Fuji and is strategically located near Tokyo International Airport which is within close proximity to a wide range of third-party logistics, importers, exporters, and manufacturers.

ESR Yokohama Sachiura Distribution Centre 2, Japan

PILLAR 3: CORPORATE PERFORMANCE

This pillar focuses on the corporate performance of our business, in the areas of corporate governance, risk management, responsible investment, and disclosure and reporting.

Corporate Governance

As part of a unified approach to corporate governance, we have established a comprehensive, robust and effective set of corporate ESG policies to drive our long-term sustainable growth. The table below summarises our enhanced Group policies that are applicable to both internal and external stakeholders:

Group ESG Policies

HUMAN CENTRIC	PROPERTY PORTFOLIO	CORPORATE PERFORMANCE
• Diversity, Equity and Inclusion • Human Rights • Quality of Assets and Services • Community Development • Group Human Resources • Employee Handbook • Health and Safety	• Climate Change Adaptation, Mitigation and Resilience • Net Zero Carbon • Energy and Emissions Management • Environmental Resource Management • Environmental Protection • Environmental Management System • Indoor Environmental Quality • Sustainable Procurement	• Board Diversity • Delegation of Authority • Corporate Governance Code • Anti-Bribery & Corruption and the Handling of Gifts, Travel and Entertainment • Anti-Money Laundering & Counter-Terrorist Financing & Sanctions • Code of Conduct & Business Ethics • Conflicts of Interest • Employee Trading and the Handling of Inside Information • Whistleblowing • Shareholder Communications • Enterprise Risk Management Framework • Conflicts of Interest in Relation to Fund Management & Capital • Supplier Code of Conduct • Responsible Investment • ESG Data Collection and Review • Information Security • Group Crisis Management • Social Media

Risk Management

Guided by the Group's Enterprise Risk Management (ERM) Framework, we identified climate change and cybersecurity as emerging risks due to their impacts on our business and stakeholders in the long term. The Group has developed internal control processes and mechanisms as well as implemented action plans to proactively manage these risks to ensure business resilience.

With Supply Chain Management identified as a new material topic of the Group, we incorporated ESG considerations as part of supply chain management in areas relating to sustainable procurement, operational resilience, and sustainability performance of suppliers. To manage counterparty risk, suppliers are screened and assessed based on stringent criteria, facilitated by ComplianceDesktop® as part of our enhanced Counterparty Due Diligence Workflow.

Responsible Investment

In 2022, ESR successfully became a signatory to the United Nations-supported Principles for Responsible Investment (UN PRI), reinforcing our commitment to integrating ESG issues into our investment and asset management processes across the Group. To date, the Group has secured approximately US$3 billion in sustainability-linked loans, demonstrating our leadership in green finance and business practices across the Group.

Environmental, Social and Governance Performance

Disclosure and Reporting

We are committed to continually improve our ESG performance, proactively engage with our stakeholders, and enhance our accountability through transparent ESG disclosures and reporting. ESR participates regularly in globally recognised ESG benchmarks and ratings such as:

MSCI	2022 ESG Rating **A**
Sustainalytics	2022 Score **19.7** (Low Risk)
UN PRI	**Signatory** of the United Nations-supported Principles for Responsible Investment
GRESB	1 Global Sector Leader 4 Regional Sector Leaders 11 x 5 Green-Stars Ratings (average 3.2)

BARNKLÜBB at ESR Sachiura Distribution Centre 2, Japan


BARNKLÜBB Summer school at ESR Kuki Distribution Centre, Japan


ESR volunteers help to construct modern "Future Classrooms" for children in Shandong province in China

Board of Directors

Mr Jeffrey David PERLMAN, 39

Chairman and Non-executive Director

Date of first appointment as Director: 14 June 2011

Mr Jeffrey David Perlman was appointed as a Director on 14 June 2011 and was re-designated as a non-executive Director on 22 February 2019. He was appointed as our chairman on 20 May 2019. He is also a member of the Remuneration Committee.

Mr Perlman is a Managing Director, Head of Southeast Asia and Asia-Pacific Real Estate and a member of the firm's Executive Management Group at Warburg Pincus. Mr Perlman leads Warburg Pincus' investments in Southeast Asia in addition to the firm's real estate efforts across the greater Asia-Pacific region. Mr Perlman was appointed as a non-executive director of Suntec Real Estate Investment Trust, a real estate investment trust listed on the Singapore Exchange Securities Trading Limited, since 15 April 2022. Mr Perlman currently also serves on the Board of Directors for ESR-LOGOS Funds Management (S) Limited (the REIT Manager of ESR-LOGOS REIT), BW Industrial Development JSC, Lodgis Hospitality Holdings, Mofang Apartments, Nova Property Investment, NWP Retail, Trax Technology Solutions, Online Pajak, Momo, Weave Co-Living Cayman Limited, Asia Self Storage, Circles Asia Cayman Limited, Princeton Digital Group Limited and Aseana Insurance Holdings Investments. Prior to joining Warburg Pincus in 2006, he worked in the Real Estate Investment Banking Group at Credit Suisse.

Mr Perlman received a bachelor's degree in business administration (B.B.A.) from the Ross School of Business at the University of Michigan.

Mr Jinchu SHEN, 50

Executive Director, Group Co-founder and Co-Chief Executive Officer

Date of first appointment as Director: 30 June 2011

Mr Jinchu Shen, also known as Jeffrey, is a co-founder of e-Shang Cayman Limited ("e-Shang") and has been the co-CEO of our Group since June 2011. He was appointed as a director of e-Shang on 30 June 2011 and following the 2016 Merger, was appointed as a Director and is responsible for overseeing our Company's overall operations and business development, leading regional growth strategies, and expanding our Company's asset and fund management platforms. Mr Shen was re-designated as an Executive Director on 22 February 2019.

Mr Shen has over 23 years of industrial real estate experience in China. Prior to co-founding our Group in June 2011, Mr Shen held a variety of roles, including Senior Vice President, at GLP Investment Management (China) Co., Ltd. (全球物流資產公司 (中國)) (formerly known as Prologis China) from January 2004 to September 2010, overseeing the Eastern China area. Mr Shen was the deputy director in DTZ Debenham Tie Leung International Property Advisers from June 2001 to December 2003 and prior to this, he was the assistant general manager of marketing at Shanghai Waigaoqiao Free Trade Zone Xin Development Co., Ltd from July 1995 to November 2000. Mr Shen was also a director of ESR-REIT Manager, the fund manager of ESR-REIT, from January 2017 to January 2019.

Mr Shen graduated from the Shanghai Jiaotong University in China in July 1995, where he obtained a bachelor's degree in technical economics. In July 2001, he obtained a master's degree in business administration from Donghua University in China.

Board of Directors

Mr Stuart GIBSON, 59

Executive Director, Group Co-founder and Co-Chief Executive Officer

Date of first appointment as Director: 20 January 2016

Mr Stuart Gibson is a co-founder of our Group, and was the co-founder and CEO of the Redwood group from July 2006 until the 2016 Merger, and he has been the co-CEO of our Group since January 2016. He was appointed as a Director on 20 January 2016 and is responsible for overseeing ESR's overall operations and business development. Mr Gibson was re-designated as an executive Director on 22 February 2019.

Mr Gibson has over 27 years of real estate development and investment experience in Asia, which includes 15 years spent in the Japanese industrial real estate sector. Mr Gibson joined Prologis B.V. (formerly known as LogiStar B.V.) in 1998 as the development associate, and was subsequently seconded from Prologis B.V. to Prologis Japan as a vice president from 2000 and was later promoted to the country head of Prologis Japan. He is the former co-founder and co-CEO of AMB BlackPine from 2003 to 2006, which was subsequently incorporated into Prologis. He was also the Chairman of AMB Property Corporation Japan Advisory Committee from July 2006 to December 2007.

Mr Charles Alexander PORTES, 53

Non-executive Director and Group Co-founder

Date of first appointment as Director: 20 January 2016

Mr Charles Alexander Portes, also known as Charles de Portes, is a co-founder of the Group and was the co-founder and President of the Redwood group from July 2006 until the merger between e-Shang Cayman Limited, ESR Singapore Pte. Ltd. (formerly known as Redwood Group Asia Pte. Ltd.) and Redwood Asian Investments Ltd. pursuant to a merger agreement in January 2016, and he was the President of the Group from January 2016 to December 2020. He was appointed as a director of the Company on 20 January 2016, was responsible for overseeing the Company's overall private equity capital raising and operations and business development. He was re-designated as an executive director on 22 February 2019. With effect from 1 January 2021, he was re-designated from the Group's President and an executive director to a non-executive director, and Chairman Emeritus of the Company's Capital Committee.

Mr Portes has over 26 years of real estate investment experience, including more than 20 years in the logistics and new economy sectors in Asia. Mr Portes was the co-founder and co-CEO of AMB BlackPine from 2003 to 2006, which was subsequently incorporated into Prologis and was a member of the AMB Property Japan Advisory Committee from June 2006 to August 2008. Mr Portes was the Head of Acquisitions and Capital for Europe and Asia for Prologis from 1998 to 2003 and he worked in real estate, principally in investments, at Goldman Sachs Investment Holdings (Asia) Limited from 1996 to 1998.

Mr Portes graduated from The John Hopkins University in the United States in May 1991, where he obtained a bachelor's degree in International Political Economy. In July 1996, he further obtained a master's degree in business administration from INSEAD, France.

Mr Wei HU, 40

Non-executive Director

Date of first appointment as Director: 2 February 2021

Mr Wei Hu was appointed as a non-executive Director on 2 February 2021.

Mr Hu has over 12 years of experience in the warehousing and logistics industries. He also has management experience across different industries and sizable businesses. He joined JD.com, Inc. (together with its subsidiaries, "JD Group") in 2010 and has held several positions in JD Group, including as the Human Resources Director (Southwest Region), the General Manager (Southwest Region) and the General Manager (North China) of JD Logistics. He has served as the Vice President of JD Group and CEO of JD Property since 2019.

Mr Hu graduated from Sichuan Agricultural University with a bachelor's degree in Land Resource Management.

Mr Hwee Chiang LIM, 66

Non-executive Director

Date of appointment: 20 January 2022

Mr Hwee Chiang Lim was appointed as a non-executive Director and our senior advisor on 20 January 2022.

Mr Lim is the Chairman of JL Family Office. He serves as a non-executive Director of ARA Trust Management (Suntec) Limited (the manager of Suntec REIT which is listed in Singapore), and ARA Asset Management (Fortune) Limited, ARA Asset Management (Prosperity) Limited and Hui Xian Asset Management Limited (the managers of Fortune REIT, Prosperity REIT and Hui Xian REIT which are listed in Hong Kong).

Mr Lim is Chairman of the Asia Pacific Real Assets Association (APREA) and the Consultative Committee to the Department of Real Estate, National University of Singapore. He is also a Patron of the Securities Investors Association of Singapore (SIAS) and a Council Member of Singapore Chinese Chamber of Commerce and Industry.

Mr Lim co-founded ARA Asset Management Limited in 2002 and was its Group CEO for 18 years and Deputy Chairman from February 2021 to January 2022.

Mr Lim has over 41 years of experience in the real estate industry and has received many notable corporate awards. These include the PERE Global Awards 2020 and 2016 Industry Figure of the Year: Asia, Ernst & Young Entrepreneur of the Year Singapore 2012 and the Outstanding CEO of the Year 2011 at the Singapore Business Awards 2012.

Mr Lim, along with the Board of Directors of ARA Asset Management Limited, was a recipient of the prestigious Best Managed Board (Gold) Award at the Singapore Corporate Awards 2012. In 2017, he was conferred the Public Service Medal (PBM) by the President of Singapore in recognition of his contributions to the community. Mr Lim holds a Bachelor of Engineering (First Class Honours) in Mechanical Engineering, a Master of Science in Industrial Engineering, as well as a Diploma in Business Administration, each from the National University of Singapore.

Board of Directors

Mr Kwok Hung Justin CHIU, 72

Non-executive Director

Date of appointment: 20 January 2022

Dr Kwok Hung Justin Chiu was appointed as a non-executive Director on 20 January 2022.

Dr Chiu was the Founding Chairman and Director of ARA Asset Management Limited from July 2002 to Jan 2022. He is the Chairman and a Non-executive Director of ARA Asset Management (Prosperity) Limited as the manager of Prosperity REIT (listed in Hong Kong), a Non-executive Director of ARA Asset Management (Fortune) Limited as the manager of Fortune REIT (currently listed in Hong Kong and previously also listed in Singapore prior to 21 October 2019).

Dr Chiu joined the CK Group in 1997 and is an Executive Director and an Executive Committee Member of CK Asset Holdings Limited (listed in Hong Kong), heading the real estate sales, marketing and property management teams. Dr Chiu has been an independent non-executive of Deyun Holdings Limited (listed in Hong Kong) since September 2022.

Dr Chiu has more than 41 years of international experience in real estate in Hong Kong and overseas, and is one of the most respected professionals in the property industry in Asia. He is a Fellow of The Royal Institution of Chartered Surveyors, a Council Member and a Fellow of The Hong Kong Institute of Directors, a Fellow of Hong Kong Institute of Real Estate Administrators, a Vice Chairman of the Board of Governors of Hong Kong Baptist University Foundation, an Honorary Associate Member of Business of Trent University, Canada, a member of the Singapore Management University International Advisory Council in China, a member of the School of Business Advisory Committee and an Adjunct Professor of the School of Business of Hong Kong Baptist University and a Senior Departmental Fellow of the Department of Land Economy at University of Cambridge, the United Kingdom. He was a member of the Standing Committee of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference of the People's Republic of China.

Dr Chiu holds a Doctor of Business Administration degree from Hong Kong Baptist University, and was conferred with the degree of Doctor of Social Sciences, honoris causa by Hong Kong Baptist University and the degree of Doctor of Laws, honoris causa by Trent University, Canada.

Mr Rajeev Veeravalli KANNAN, 51

Non-executive Director

Date of appointment: 20 January 2022

Mr Rajeev Veeravalli Kannan was appointed as a non-executive Director on 20 January 2022.

Mr Kannan has been the Managing Executive Officer and Co-Head of Asia Pacific Division in Sumitomo Mitsui Banking Corporation (SMBC) as well as in Sumitomo Mitsui Financial Group (SMFG) since April 2022. In his role, Rajeev is responsible for SMBC and SMFG's businesses in Asia Pacific region.

Mr Kannan's banking career spans over 27 years having held various leadership roles in Asia with global, regional and product responsibilities. Mr Kannan has a deep experience in corporate and investment banking, structured finance, principal investments and infrastructure and energy finance and is passionate about building businesses and diverse teams to drive innovation, adaptability and sustainable growth.

Prior to his current role, Mr Kannan was Head of Corporate Banking, Asia Pacific between 2020 and 2022 and was Executive Officer and Head of Investment Banking, Asia Pacific between 2016 and 2020. Under Mr Kannan's leadership of corporate banking and investment banking, SMBC enhanced its platform in the region, grew its client base, built SMBC into the top player in infrastructure finance and built a strong ESG Solutions Team made significant progress on sustainability and green finance. Mr Kannan was also based in Tokyo between 2012 and 2016 with responsibility for Global Structured Finance. Mr Kannan was the first non-Japanese Executive Officer/ General Manager to be based in SMBC's head office.

Mr Kannan is also a member of Board of Director of Clifford Capital Group of companies, Pierfront Capital Pte Ltd and Fullerton India Credit Company Limited. Mr Kannan is passionate about sustainability and green finance and is a thought leader in this space. Mr Kannan is a member of the Advisory Board for Singapore Green Finance Centre as well as ASEAN Hub Steering Group Member for Sustainable Development Investment Partnership, a joint initiative of OECD and World Economic Forum.

Mr Kannan started his career at ICICI Bank in Mumbai in 1994 after graduating from Birla Institute of Technology & Science (BITS), Pilani in India with a master's degree in management. Mr Kannan Rajeev was conferred the Institute of Banking and Finance (IBF) Distinguished Fellow Award in 2019.

Mr Brett Harold KRAUSE, 54

Independent Non-executive Director

Date of first appointment as Director: 20 May 2019

Mr Brett Harold Krause is an independent non-executive Director and also the chairman of the Remuneration Committee and the Nomination Committee, as well as a member of the Audit Committee. He was appointed as an independent non-executive Director on 20 May 2019.

Mr Krause has extensive experience in the banking industry in Asia and in corporate management. Mr Krause joined Transcend Fund (a venture capital firm) in August 2022 and currently is a general partner. He has been a chairperson of Xterio (a global cross-platform play-and-earn developer and publisher) since May 2022. Mr Krause served as Chief Investment Officer of FunPlus from March 2018 to August 2022. Founded in 2010, FunPlus is a world-class, independent game developer and publisher headquartered in Switzerland and with operations in China, Japan, Singapore, Spain, Sweden, and the United States. Prior to FunPlus, Mr Krause was the Managing Partner at PurpleSky Capital LLC, a China-based angel venture capital firm specializing in funding start-ups in igh-tech sectors, from July 2016 to February 2018.

Mr Krause was the President of JPMorgan Chase Bank (China) Co. Ltd. from January 2014 to July 2016. Prior to that from August 1996 until December 2013, he held various leadership roles at Citigroup, where he served as Citi Country Officer for Citibank Vietnam from 2008 to 2013. Mr Krause has been an independent board director of East West Bank (China) Limited (wholly owned subsidiary of East West Bank) since November 2017 and he was an independent board director of Vincom Retail Joint Stock Company (listed in Vietnam) from September 2017 to December 2020.

Mr Krause graduated from Georgetown University in the United States in May 1991, where he obtained a Bachelor of Science degree in foreign service. In May 1996, he further obtained a master's degree in business administration from Columbia Business School of Columbia University in the United States.

Mr Simon James MCDONALD, 60

Independent Non-executive Director

Date of first appointment as Director: 20 May 2019

Mr Simon James McDonald is an independent non-executive Director and also the chairman of the Audit Committee and a member of the Remuneration Committee. He was appointed as an independent non-executive Director on 20 May 2019.

Mr McDonald has extensive experience in real estate and management in Asia Pacific and was the head of asset management at Asia Pacific Land from February 2015 to May 2019, and was responsible for the day-to-day oversight of Asia Pacific Land's asset management activities. Prior to this, Mr McDonald held various roles at GE Capital Real Estate, in Sydney in Australia and Tokyo in Japan, from August 1997 to September 2013, including Managing Director Asia Pacific (Portfolio Strategy), Managing Director Asia Pacific (Asset Management), Managing Director Asia Pacific (Risk Management), Joint Managing Director for Australia and New Zealand, and Director (Risk Management).

Mr McDonald graduated from The Australian National University in Australia in May 1987, where he obtained a bachelor's degree in economics. In May 1991, he further obtained a master of business from the University of Technology in Sydney, Australia. Mr McDonald is a member of CPA Australia since April 1987, and subsequently became a fellow member since May 2014. He has also been a fellow of the Financial Services Institute of Australia since June 2005. In addition, Mr McDonald is a member and a Graduate of the Australian Institute of Company Directors since August 2013 and May 2014, respectively.

Board of Directors

Ms Jingsheng LIU, 71

Independent Non-executive Director

Date of first appointment as Director: 20 May 2019

Ms Jingsheng Liu is an independent non-executive Director and also a member of the Nomination Committee. She was appointed as an independent non-executive Director on 20 May 2019.

Ms Liu has extensive experience in the capital markets in China. She joined China International Capital Corporation Limited ("CICC") in 1996 and was the advisory director at CICC until December 2021. Prior to this, she held various roles within the CICC group until December 2021, including the chairwoman of Investment Banking Business Committee of CICC, chairwoman and CEO of China International Capital Corporation (Singapore) Pte. Limited and the Head of the Strategic Research Department of CICC. Prior to joining CICC, Ms Liu worked at the Department of State Planning and Regional Economy of State Planning Commission (國土規劃和地區經濟司) (currently known as the National Development and Reform Commission) (國家發展和改革委員會) in China.

Ms Liu graduated from Renmin University of China, in Beijing, China in October 1983, where she obtained a bachelor's degree in economics. In November 1992, she further obtained a master's degree in rural development management from Khon Kaen University in Thailand.

Ms Serene Siew Noi NAH, 43

Independent Non-executive Director

Date of first appointment as Director: 19 April 2022

Ms Serene Siew Noi Nah is an independent non-executive Director and also a member of the Audit Committee and the Nomination Committee. She was appointed as independent non-executive Director on 19 April 2022.

Ms Nah joined Digital Realty (listed in New York) in January 2023 and currently is a managing director and head of Asia Pacific, Before joining Digital Realty, she had been an Executive Director since October 2021 and the Chief Financial Officer since September 2020 of Kerry Properties Limited (listed in Hong Kong) to August 2022. She was also the Chief Strategy Officer of Kerry Properties Limited from October 2019 to August 2020. Prior to that role, Ms Nah was the Head of Portfolio Management, Asia of SilverLake Partners, where she worked closely with portfolio company executives on value creation and Asian expansion initiatives. Prior to SilverLake Partners, she has spent ten years at General Electric in finance, M&A and various transformation teams. In her last role as the Chief Financial Officer of GE Capital Greater China, she spearheaded the build out of GE's commercial and consumer finance businesses in mainland China, Hong Kong and Taiwan.

Ms Nah graduated from The Nanyang Technological University, Singapore with a bachelor's degree in Business Studies, and also holds an executive master of business administration from Kellogg-HKUST Executive Master of Business Administration Program.

Ms Wei-Lin KWEE, 47

Independent Non-executive Director

Date of first appointment as Director: 25 May 2022

Ms Wei-Lin Kwee is an independent non-executive Director and also a member of the Remuneration Committee. She was appointed as independent non-executive Director on 25 May 2022.

Ms Kwee is the Head of Hotels of Pontiac Land Group, a privately held real estate development and investment company. She oversees Pontiac Land Group's hotel portfolio in Singapore, Maldives and Sydney and has been with the company since 2008. Ms Kwee is the President of the Singapore Hotel Association which represents 85% of Singapore's room count and 40,000 employees in Singapore. She has been appointed as a member of the Singapore Government's Future Economy Council since April 2021 and serves as a member of its Lifestyle Committee. As a member of the Emerging Stronger Taskforce of Singapore from May 2020 to May 2021, Ms Kwee co-led the Travel Alliance, a private public partnership that aimed to bring air travel back to Singapore after Covid border closures. Ms Kwee has been a council member of the Singapore Chinese Chamber of Commerce and Industry and Singapore Business Federation since March 2022 and June 2022 respectively. She is also a member of the Workplace Safety and Health Council under the Singapore Ministry of Manpower. She is an International Advisory Board Member of the IE Business School, Spain. She was a 2013 Eisenhower Fellow and has been the Honorary Secretary for the Eisenhower Fellowships Singapore Society since March 2022.

Ms Kwee graduated from Brown University with a Bachelor of Arts, Economics and International Relations in 1998 and obtained her master of business administration from Stanford Graduate School of Business in 2008.

Group Leadership Team & Business Leadership Team

MR JINCHU SHEN

Executive Director, Group Co-founder and Co-Chief Executive Officer

Please refer to description under the section on Board of Directors on page 51.

MR STUART GIBSON

Executive Director, Group Co-founder and Co-Chief Executive Officer

Please refer to description under the section on Board of Directors on page 52.

MR IVAN LIM

Group Chief Financial Officer

Mr Ivan Lim has been appointed as the Group Chief Financial Officer of ESR since 19 September 2022 and is responsible for all aspects of the Group's financial management, including finance (accounting, tax, budgeting and forecasting), financing (debt and equity), and investor relations.

Prior to his appointment, Mr Lim helmed as Chief Financial Officer of LOGOS Property Group Limited and ARA Asset Management Limited, both of which are key subsidiaries of ESR Group post its acquisition of ARA. Mr Lim brings more than two decades of real estate experience to the Group, having held leadership positions spanning fund management and investment, asset management, advisory and consultancy, corporate finance, group treasury and statutory reporting. Prior to joining LOGOS, Mr Lim was Group Chief Financial Officer of OUE Limited. His leadership experience includes roles as Chief Financial Officer of Mapletree Logistics Trust Management and Keppel REIT Management Limited.

Mr Lim received a Bachelor's Degree in Estate Management (2nd Upper Class Honours) from the University of Malaya in September 1999. He was admitted as a Fellow of the Association of Chartered Certified Accountants in October 2009 and as a Chartered Accountant of Singapore in December 2016. Mr Lim also became a licensed valuer with the Malaysia Board of Valuers in January 2007.

MS LILIAN LEE

Group Chief Corporate Officer

Ms Lee is the Group Chief Corporate Officer of ESR since June 2020 overseeing the Group's administration, human resources, corporate communications and IT functions. She has experience in the human resources field where she covers the full spectrum of human resources management. Prior to joining ESR, she was the General Manager of Human Resources and Administration of Mapletree Investments Pte. Ltd, based in Shanghai, China, while serving concurrently as the Senior Vice President for the company's Group Learning and Development. Ms Lee has extensive experience in managing sizeable, cross-market teams in various publicly listed companies including SIA Engineering Company and CapitaLand Limited.

Ms Lee graduated from the National University of Singapore with an Honours Degree in Arts.

MS ZOE SHOU

Group General Counsel

Ms Shou joined the Group in February 2012 and is currently the General Counsel of ESR. She is responsible for overseeing legal matters in relation to group debt and equity financing, fund raising and fund management transactions, acquisition and disposition and other significant transactions as well as regulatory compliance and general corporate matters. Prior to joining ESR, Ms Shou was previously at King & Wood Mallesons where she represented underwriters and issuers on debt and equity offering, and advised private equity investment and M&A transactions.

Ms Shou graduated from East China University of Political Science and Law.

MR JOSH DAITCH

Group Head, Capital & New Economy Fund Management

Mr Josh Daitch joined ESR in 2018 as Senior Managing Director and became the Group Head of Fund Management & Capital in 2020. He brings nearly three decades of real estate investment experience to the Group, having held leadership roles across the private equity and real estate divisions in various financial institutions, including SAJE Capital and Mesirow Financial.

Mr Daitch began his career with Goldman Sachs' joint venture with the J.E. Robert Companies and helped start the Goldman Sachs subsidiary, the Archon Group, in 1996.

Mr Daitch received his Master of Business Administration Degree from Northwestern University's Kellogg School of Management and Bachelor of Business Administration degree with high distinction from the University of Michigan.

MS RUI HUA CHANG

Group Head of Capital Markets & Investor Relations

Ms Chang heads the Group Capital Markets and Investor Relations for ESR. She focuses on driving capital and public market activities including strategic merger and acquisition investments at ESR Group level; leads the Group's investor relations function and provides insights on market developments.

Before joining ESR, Ms Chang was with the CapitaLand Group for six years, with roles covering heading fund raising, corporate finance and corporate planning in China, investor relations and capital markets compliance in Singapore. Prior to that, she was an investment banker with China International Capital Corporation and DBS Bank from 2006 to 2013.

Ms Chang holds a Master's in International Public Policy (Merit) from University College London, Department of Politics and a BSc in Social Science, Economics (2nd Upper Class Honours) from the National University of Singapore. She has completed the Advanced Management Programme at Booth School of Business, University of Chicago. She is also a holder of the International Certificate of Investor Relations (ICIR) and Chartered Manager Fellow.

DR MICHAEL DE JONG-DOUGLAS

Group Head, Customer Solutions & Partnerships, Logistics

Dr Michael de Jong-Douglas has been with ESR since 2014 and is now Group Head, Customer Solutions & Partnerships, Logistics, as well as responsible for the Future Solutions Group (new technologies). With nearly 25 years of experience exclusively in logistics real estate, Dr. de Jong-Douglas has previously held leadership roles in Asia as Deputy CEO for Mapletree Logistics REIT, and in Europe as Regional Head Central Europe, Head of Property Management and Head of Due Diligence Continental Europe for Prologis.

Dr de Jong-Douglas has a PhD in Urban Planning & Applied Geography from Utrecht University and attended the Executive Development Program at Northwestern University; he also has an MBA, an MS in Geography and a BS in Public Administration & Planning. Dr. de Jong-Douglas is a member of RICS, the ULI Asia Pacific Technology and Innovation Council and ULI Industrial and Logistics Council, and the ANREV Sustainability Committee.

MR MARK HWANG

Group Head of Legal

Mr Mark Hwang was appointed as Group Head of Legal in 2022. Mr Hwang has been General Counsel of ARA Asset Management Limited ("ARA"), and is responsible for all legal matters. Prior to joining ARA, Mr Hwang was Director of Legal and Business Development for a private investment company where he supervised and managed the legal affairs for a wide range of listed and unlisted businesses across Asia Pacific, including real estate, financial services, hospitality, resources and commodities, chemicals, retail, FMCG, automotive parts and tires.

Prior to that, Mr Hwang was an Executive Director in the real estate investment banking business of Morgan Stanley, where he built the bank's first dedicated real estate coverage team for Southeast Asia. Prior to Morgan Stanley, Mr Hwang practiced as a capital markets and corporate lawyer with Allen & Gledhill in Singapore and Paul Hastings in Hong Kong. In those roles, he helped to establish the REIT industry in both markets and was deeply involved in the majority of the first initial public offerings and follow on fund raisings by REITs in Singapore and Hong Kong. Mr Hwang holds a Bachelor of Law from the National University of Singapore and a Master of Laws from University College London, UK.

MR BOON KANG TANG

Group Head, Governance & Sustainability

Mr Tang Boon Kang was appointed as Group Head, Governance & Sustainability in 2022. Mr Tang has been Senior Director of Group Governance & Sustainability of ARA Asset Management Limited ("ARA"), responsible for leading ARA's risk management, internal audit, compliance and sustainability functions. He oversees ARA's sustainability initiatives and reporting of environmental, social and governance matters.

Mr Tang has over 20 years of auditing, compliance, risk management and corporate governance experience. Prior to joining ARA, Mr Tang was the Audit Manager of PricewaterhouseCoopers (PwC) Assurance Practice, Singapore from 2001 to 2009.

Mr Tang holds a Bachelor of Accountancy (First Class Honours) from Nanyang Technological University, Singapore and is on the Dean's List of Nanyang Business School. He is also a certified Enterprise Risk Manager with a Professional Diploma (Distinction) in Enterprise Risk Planning and Management from National University of Singapore. In addition, Mr Tang is a Chartered Accountant with the Institute of Chartered Accountants in England and Wales, a Chartered Accountant with the Institute of Singapore Chartered Accountants and a Certified Internal Auditor with the Institute of Internal Auditors Singapore. He is also a member of the Singapore Institute of Directors and Asia Risk Management Institute.

Business Leadership Team

MR DAVID BLIGHT
Chief Investment Officer, ARA Private Funds

MR MARK EBBINGHAUS
CEO, ARA Europe

MR TRENT ILIFFE
Managing Director and Co-CEO, LOGOS

MR ANTHONY KANG
CEO, ARA Korea

MR JIHUN KANG
Chief Investment Officer, ESR Korea

MR MEOW CHONG LOH
CEO, ESR Indonesia

MR ABHIJIT MALKANI
CEO, ESR India

MR JOHN MARSH
Managing Director and Co-CEO, LOGOS

MR DIARMID MASSEY
CEO, Data Centres

MR HIDEAKI MATSUNAMI
Managing Director, ESR Japan

MR JAI MIRPURI
Head, Singapore Development & Thailand

MR THOMAS NAM
CEO, ESR Korea

MR PHILIP PEARCE
CEO, ESR Australia

MR MOSES K SONG
CEO, ARA Asset Management Limited

MR BO ZHOU
Chief Operating Officer, ESR China

Business Leadership Team — REITs

MR SANGHWOI BAE
CEO, ESR KendallSquare REIT

MS JUSTINA CHIU
CEO, Fortune REIT

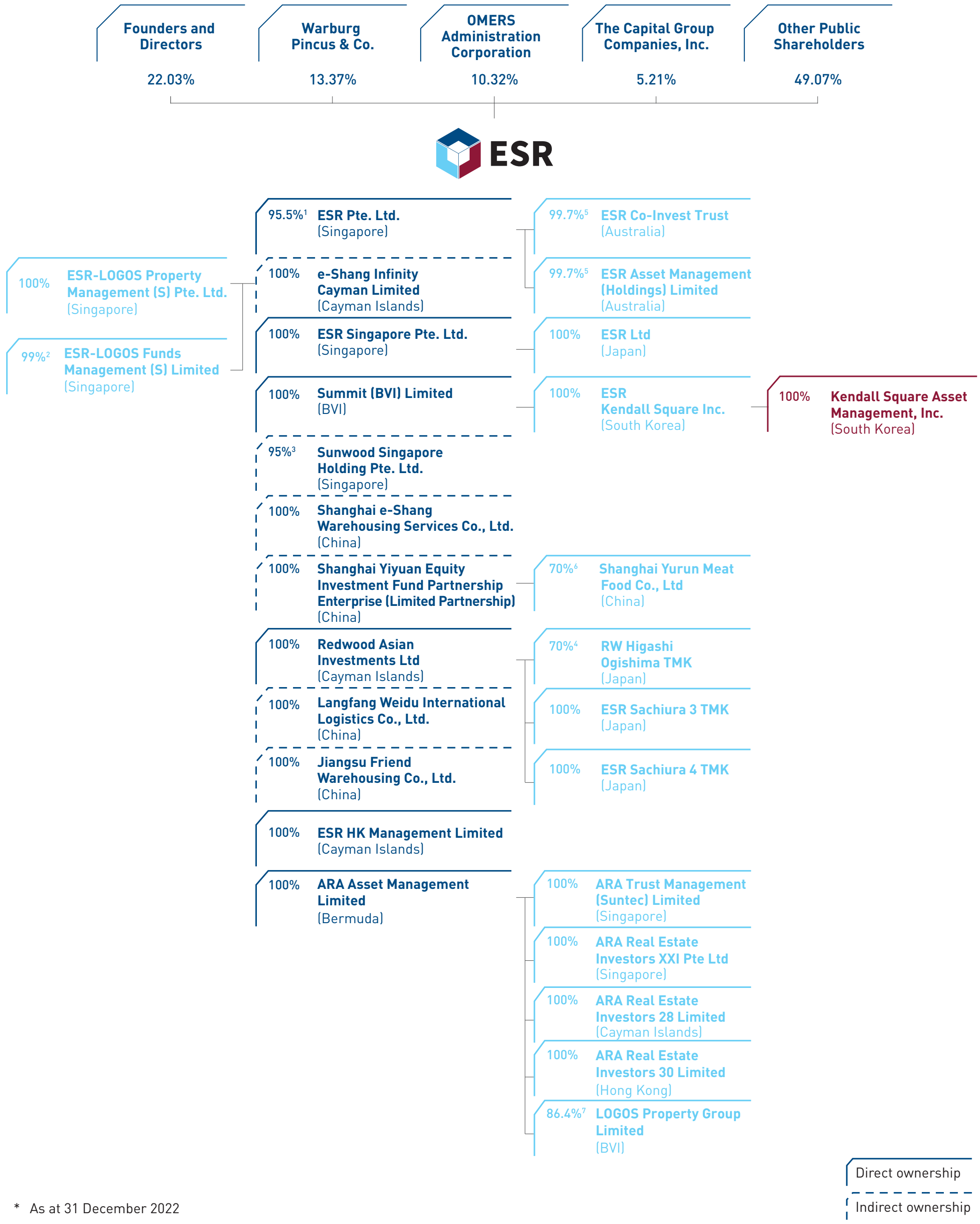
MR KEE HIONG CHONG
CEO, Suntec REIT

MR ADRIAN CHUI
CEO, ESR-LOGOS REIT

MR JIN YONG LEE
CEO, ARA US Hospitality Trust

MS MAVIS WONG
CEO, Prosperity REIT

Corporate Structure



* As at 31 December 2022

Notes:

1. The remaining 4.5% equity interest in ESR Pte. Ltd. is held by Rosewood (Cayman) Holdings, the ultimate beneficial owner of which is a director of certain subsidiaries of our Group.
2. The remaining 1% equity interest in ESR-LOGOS Funds Management (S) Limited is held by Shanghai Summit Pte Ltd, an independent third party to our Group.
3. The remaining 5% equity interest in Sunwood Singapore Holding Pte. Ltd. is held by Mr Thomas Nam as to 3%, CEO of ESR Korea, and by Mr Jihun Kang as to 2.0%, CIO of ESR Korea.
4. RW Higashi Ogishima TMK is owned by RW Higashi Ogishima GK (50.10% economic interest) and RW Higashi SPE 1 Pte Ltd (49.90% economic interest). Both RW Higashi Ogishima GK and RW Higashi SPE 1 Pte. Ltd. are wholly-owned subsidiary of RW Higashi Pte. Ltd.

   RW Higashi Pte. Ltd. is owned as to 70.0% equity interest by Redwood Investor (Higashi) Ltd, a wholly-owned subsidiary of the Company through Redwood Asian Investments Ltd. The remaining 30.0% equity interest in RW Higashi Pte. Ltd is held by Redwood Japan Logistics Fund II Limited Partnership, a Japan fund which is managed by the Group.
5. ESR Co-Invest Trust and ESR Asset Management (Holdings) Limited are held thorugh ESR Australia Holding Company Pte. Ltd. of which the Group holds 99.732% interest through ESR Pte. Ltd.. The remaining 0.268% equity interest in ESR Co-Invest Trust and ESR Asset Management (Holdings) Limited are held by Skunsh Pty Ltd, as trustee for the McKenna Investment Trust.
6. The remaining 30% equity interest in Shanghai Yurun Meat Food Co., Ltd. is held by Jiaxing Yishang Equity Investment Partnership (Limited Partnership), which is controlled by a fund managed by us.
7. The remaining 13.6% equity interest in LOGOS Property Group Limited is ultimately held by Mr John Marsh as to 6.15%, by Mr Trent Iliffe as to 6.15%, and by Mr Stephen Hawkins as to 1.31%, all of them are the founders of LOGOS Property Group Limited.

Investor Relations

PROACTIVE COMMUNICATION WITH SHAREHOLDERS

ESR believes in cultivating strong and sustainable relationships with its stakeholders. ESR's senior management, Group Investor Relations (IR) and Group Corporate Affairs teams place great importance on developing good relations with our shareholders, investors, analysts, fund managers, the media and members of the public through providing regular and relevant information on its corporate and business developments.

ESR's annual general meeting ("AGM") was convened virtually and limited to a smaller capacity in its physical meeting in Hong Kong in June 2022. Attended by ESR's Board of Directors and senior management, the AGM provided virtual interaction with shareholders.

AWARDS AND RECOGNITIONS

In recognition of our outstanding efforts in embracing the challenges of the past year with perspicacity and resourcefulness, ESR was accorded "Best in sector: Financials (including real estate" and "Best IR during a corporate transaction" at the prestigious IR Magazine Greater China Awards 2022.

ENHANCING INVESTOR ENGAGEMENT

During the year, ESR's senior management and IR team actively engaged with shareholders and the investment community throughout Asia Pacific, Europe and United States. ESR's management and IR team have participated in 9 virtual conferences and connected with over 500 investors through conferences, non-deal roadshows and one-on-one investor updates.

The IR team organised various site visits for investors and analysts during the year at our properties and development projects sites across Australia, Japan and South Korea. Attendees gained a first-hand perspective with our local management teams in the various cities, and experienced exclusive insider's access to our properties.

INCLUSION IN KEY INDICES

With effect from 15 March 2021, ESR has been a constituent of the Hang Seng Composite Index, and was included in the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programmes.

ESR remains committed to upholding high standards of disclosure and transparency. To help investors and shareholders better understand our business, we provide updates on our financial performance and operations through press releases on various platforms. Official announcements are submitted to The Stock Exchange of Hong Kong. ESR has a dedicated IR webpage with our announcements, IR policies and materials relating to our financial results and annual reports. Investors and members of the public can also sign up online to receive email alerts on updates published on the website. ESR continues to actively engage investors through its interim and full-year results briefings, post-results luncheons, conferences, meetings and site visits, which enable us to gain a better understanding of investors' concerns and market perceptions through these engagements and dialogues.

Investor Relations

RESEARCH ANALYST COVERAGE

As at 31 December 2022, ESR is covered by 16 research coverage houses:

- Bank of America
- China International Capital Corporation
- CITIC Securities
- Citigroup Global Markets
- Credit Suisse
- DBS Vickers
- Deutsche Bank
- Goldman Sachs
- HSBC Research
- Hua Chuang Securities Co., Ltd
- J.P. Morgan
- Morningstar Research
- Morgan Stanley Research
- SWS Research
- UBS
- UOB Kay Hian

FINANCIAL CALENDAR

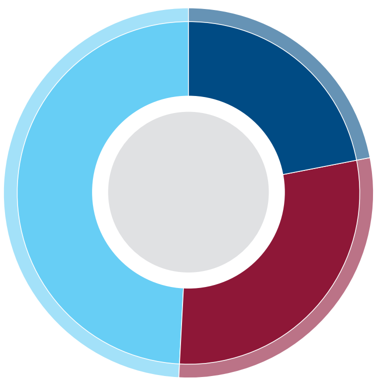
Results announcement for the financial year ended 31 December 2022	22 March 2023
Annual General Meeting	7 June 2023
Interim results announcement for the half-year ending 30 June 2023	August 2023

FY2022 INVESTOR RELATIONS CALENDAR

1H 2022	UBS Greater China Conference	11 January
	J.P. Morgan China Opportunities Forum	12 January
	FY2021 Post-Results Non-deal Roadshow	25, 28, 29 March
	Non-deal Roadshow hosted by UBS	4 May
	ESG Non-deal Roadshow	2 June
	Goldman Sachs Asia Financials Virtual Corporate Day	10 June
	Credit Suisse Hong Kong/China Property Corporate Day	21 June
	Citi APAC Conference	23 June
	ESR Group & REITs Corporate Day	24 June
	UBS APAC Property Conference	28 June
2H 2022	1H 2022 Post-Results Non-deal Roadshow	26, 29, 30 August
	CITIC CLSA Flagship Investors' Forum	13 & 14 September
	Non-deal Roadshow hosted by J.P. Morgan	20 October
	Goldman Sachs China Conference	1 November
	Hong Kong Non-deal Roadshow	1–3 November
	Morgan Stanley Asia Pacific Summit	16 November

SHAREHOLDING BASE BY INVESTOR TYPE

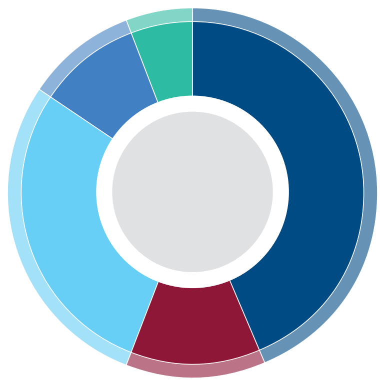
As of 31 December 2022



FOUNDERS / DIRECTORS	22.0%
STRATEGIC SHAREHOLDERS	28.9%
OTHER PUBLIC SHAREHOLDERS	49.1%

SHAREHOLDING BASE BY GEOGRAPHICAL DISTRIBUTION

As of 31 December 2022



HONG KONG / CHINA	43.8%
OTHER ASIA	12.3%
NORTH AMERICA	28.6%
UNITED KINGDOM & EUROPE	9.7%
REST OF WORLD & UNIDENTIFIED HOLDINGS	5.6%

Investor Relations

SHAREHOLDING AS OF 31 DECEMBER 2022

Size of registered shareholding	No. of shareholders	% of shareholders	No. of shares	% of issued share capital
500 or below	55	56.12%	11,456	0.00%
501–1,000	16	16.33%	13,200	0.00%
1,001–10,000	20	20.41%	81,000	0.00%
10,001–100,000	3	3.06%	85,400	0.00%
100,001–500,000	—	—	—	—
Above 500,000	4	4.08%	4,422,073,136	99.99%
Total	98	100.00%	4,422,264,192	100.00%

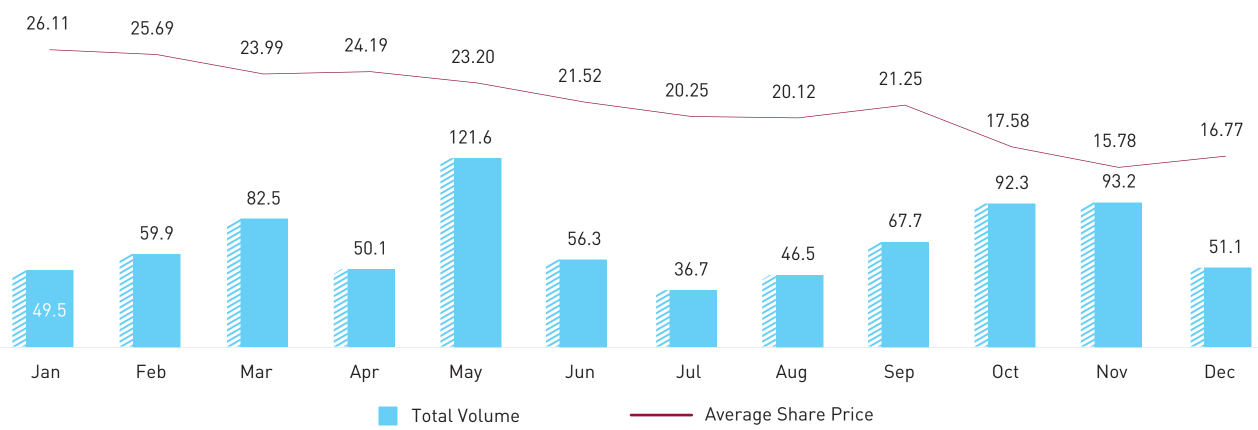
*90.78% of total issued shares or 4,402,549,792 shares were held through the Hong Kong Securities Clearing Company Limited as at 31 December 2022.

Public Float: No less than 25% of the total issued share capital of the company will be held by the public in compliance with the requirements under Rule 8.08(1) of the Listing Rules.

FY2022 SHARE PRICE PERFORMANCE

Share Price (HK$) (Based on end of day closing price)	1 January to 31 December 2022
Opening	26.35
High	26.90
Low	13.40
Average	21.29
Last done at year end	16.38
Total volume (million shares)	807.6
Average daily trading volume (million shares)	3.3

FY2022 MONTHLY TRADING PERFORMANCE



STOCK CODES

The Stock Exchange of Hong Kong: 1821	Bloomberg: 1821.HK	Reuters: 1821.HK

INVESTOR RELATIONS CONTACT

Email: ir@esr.com

CORPORATE COMMUNICATIONS CONTACT

Email: gca@esr.com

Risk Management

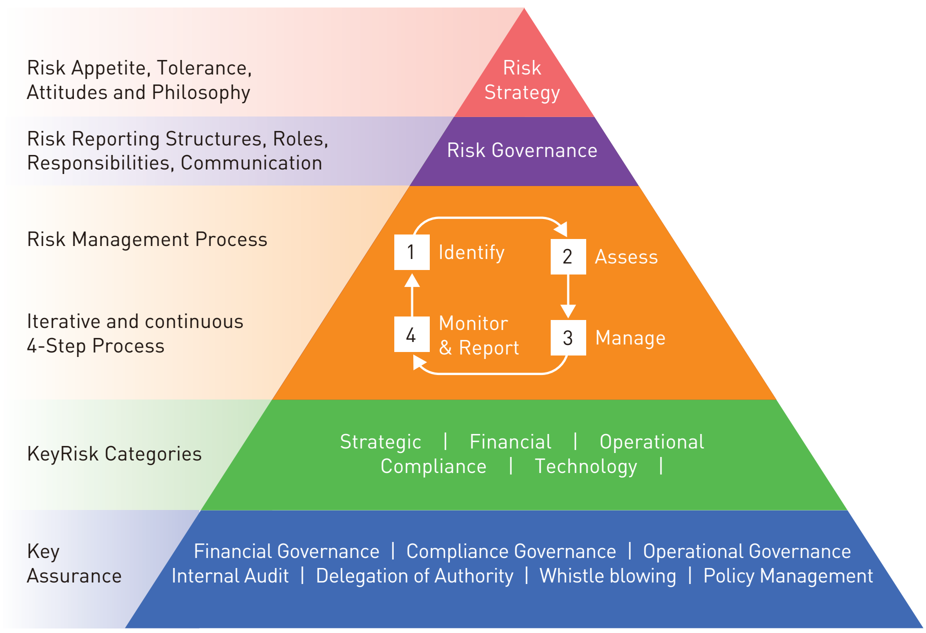
The Group takes a proactive approach in having a sound and robust risk management framework that ensures the Group is ready to meet challenges and seize opportunities through risk-informed decision-making. The risk management programme not only plays an integral part of our business, both strategically and operationally but also aims to create value for ESR's stakeholders. Our objective is not risk minimisation, but rather the optimisation of opportunities within the known and agreed risk levels set by the Board of Directors (Board).

The Group's Enterprise Risk Management ("ERM") Framework provides a holistic and systematic approach for the identification, assessment, monitoring and reporting of risks. It is designed to be dynamic with the intent of fostering the right risk culture and responds promptly and effectively in the constant evolving business environment. At ESR, the risk management culture involves both top-down oversight from the Board and management and bottom-up engagement from employees. This ensures a risk approach that is aligned with the Group's business objectives and strategies and also helps the organisation anticipating its risk exposure, putting mitigating controls in place to counter threats, while pursuing its objectives.

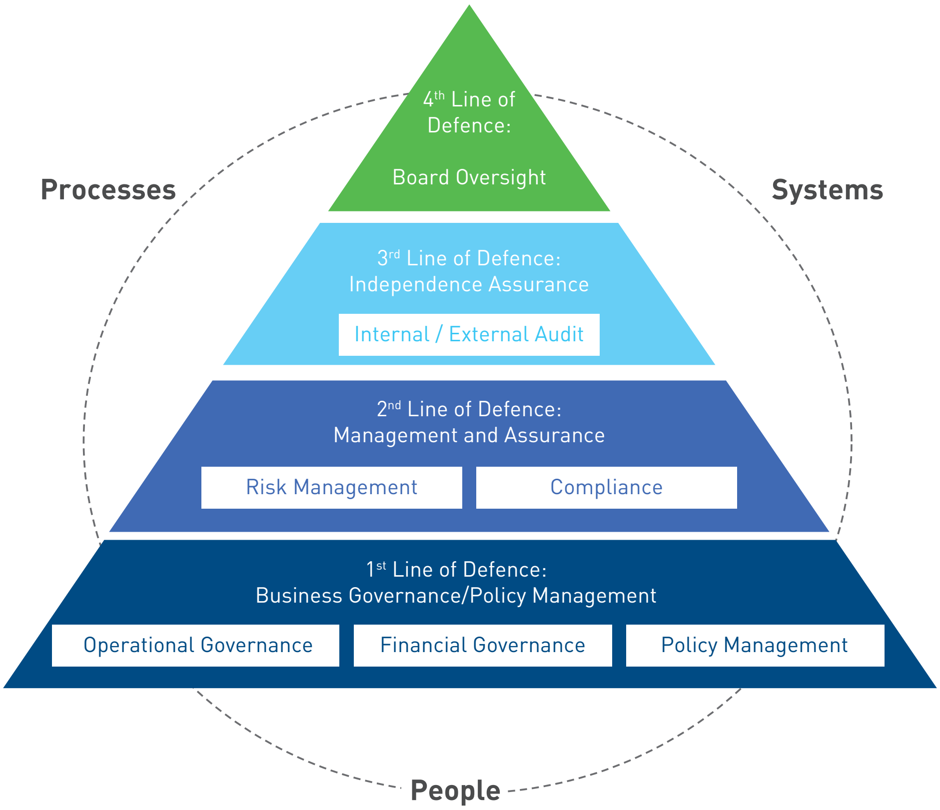
STRONG OVERSIGHT AND GOVERNANCE

The Board is responsible for determining the Group's overall risk strategy and governance and maintenance of a sound system of risk management and internal controls in accordance to market practices and regulatory requirements. The Board also approves the risk appetite statements, which set out the nature and extent of risks that can be taken to achieve the Group's business objectives. The Board reviews the adequacy of the resources involved in establishing the risk management framework across the Group and monitors the independence of risk management function throughout the Group. The Board, which is supported by the Audit Committee, comprises directors, whose collective diverse experience and knowledge serve to provide guidance and strategic insights and oversees the design, implementation and monitoring of risk management within the Group. The Audit Committee comprises three Independent Non-Executive Directors and meets at least twice annually.

In establishing an organisation-wide risk governance structure, ESR adopts an ERM Framework which is adapted from ISO 31000 International Risk Management Standards, COSO Internal Control-Integrated Framework and the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations. It provides a holistic and consistent process for identifying, assessing, monitoring and reporting of risks. This framework aims to drive risk accountability and ownership at all levels of the organisation, at the same time maintaining the right level of commitment and segregation across stakeholder groups. The Group Risk Management department works closely with the management to continually review and enhance the risk management system in accordance with market practices and regulatory requirements, under the guidance and direction of the Audit Committee and the Board. Major changes to the ERM Framework, risk policies, risk parameters and terms of references are discussed with the Audit Committee.



In establishing an organisation-wide risk governance structure, ESR adopts the 'four lines of defence' model. This governance model aims to drive risk accountability and ownership at all levels of the organisation, at the same time maintaining the right level of commitment and segregation across stakeholders.



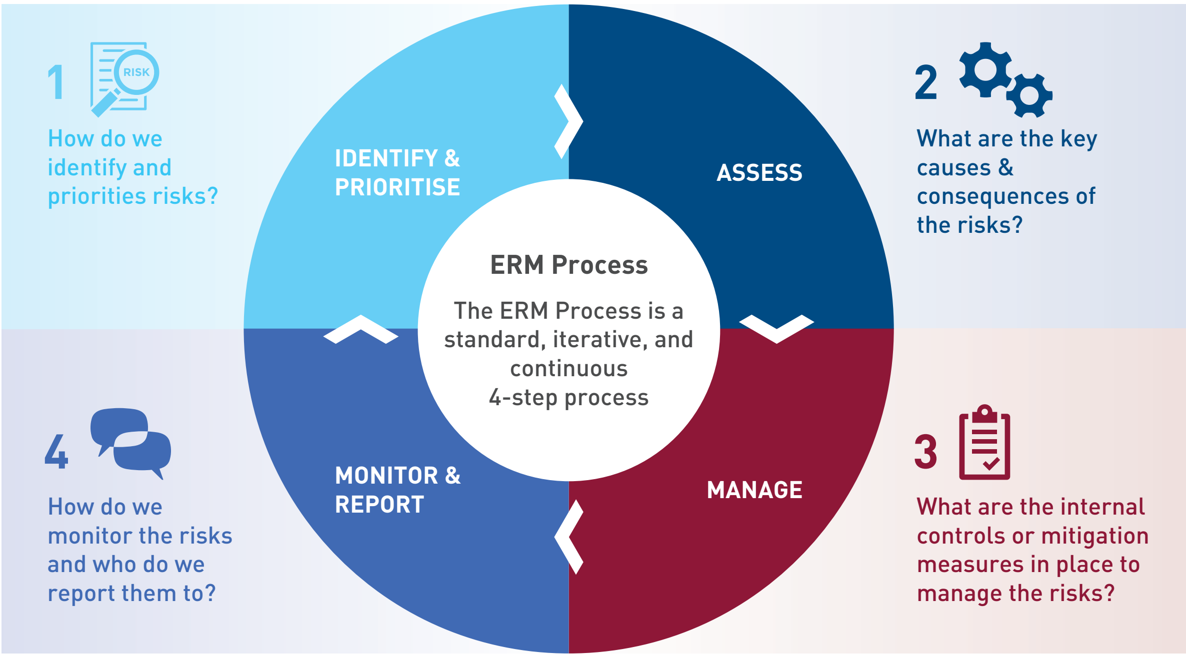
Four Lines of Defence

1st Line of Defence: Business Governance/ Policy Management	Processes, systems and risk owners constitute the first line of defence. Risk management should be embedded in day-to-day operations and governed by relevant established Group-wide policies and procedures that can manage risks to an acceptable residual level for the achievement of the business objectives.
2nd Line of Defence: Management and Assurance	This line of defence comprises of risk management and compliance related functions within the Group. The main role of these functions is to ensure risk management and compliance related frameworks are well defined and consistently applied across the organisation.
3rd Line of Defence: Independence Assurance	Functions in this line of defence primarily provide independent assurance over the effectiveness of risk management and internal control systems design and recommend changes or improvements in response to the evolving internal and external business and control environments.
4th Line of Defence: Board Oversight	The last line of defence against risks in any organisation is the Board of Directors. The Board, supported by the Audit Committee, is overall responsible for the governance and oversight of risk management and internal control systems within the Group to safeguard the interests of the Company and its stakeholders.

Risk Management

RISK MANAGEMENT PROCESS

The Group adopts a four-step iterative risk management process aimed at identifying, assessing, managing, monitoring & reporting different types of risk.



- **Risk Identification**

  The Company adopts an integrated top-down and bottom-up risk review process to enable comprehensive identification and prioritisation of key risks throughout the Group. Key stakeholders within the organisation will come together to discuss the top-tier risks and examine any other risk issues and emerging risks that they consider important. This ensures a risk approach that is aligned with the Group's business objectives and strategies, and which is also integrated with operational processes for effectiveness and accountability. The risk identification process includes the establishment of risk context, identification of risk factors, analysis and evaluation of risk levels and their related likelihood and impact on the business performance of the Group. The Group's risk profile, including key risks, is reviewed and refreshed annually, or more frequently when the business environment warrants. The information is maintained and documented in a risk register, with risks sub-categorised into strategic, financial, operational, compliance and technology. Within the category of operational risk, the Group also considers climate-related risks which are relevant to our business.

A 5-by-5 risk matrix is used as the primary tool to facilitate the prioritisation of risks based on likelihood and impact. Risks are valued on the matrix based on the likelihood of occurrence and magnitude of impact should the risks materialise. The magnitude of impact includes consideration of financial, regulatory, reputational, operational and environmental effects. Parameters representing ESR's risk appetite and tolerance are also established to guide the evaluation of risks on the matrix. This risk identification exercise monitors any risk changes and trends as well as the effectiveness of the related control mechanisms and/or control activities within the overall risk profile. Group Risk Management department works closely with the risk owners to identify key risks, assess their likelihood and impact on the Group's business, and establish corresponding mitigating controls to manage these risks. The Group has also developed internal key risk indicators that serve as an early-warning system to highlight risks that have escalated beyond the agreed tolerance levels. In addition, the Management has established required follow-up actions to be taken when risk thresholds are breached. The key risks and key risk indicators are reviewed by management and Audit Committee before they are drawn to the attention of the Board.

- **Risk Assessment and Management**
  In-depth risk assessments are performed for key risks faced by the Group with the consideration of the potential drivers, likelihood of the risks occurring and consequences, as well as mitigating controls in place to manage them. These risk assessments are conducted with the risk owners from country and Group levels during facilitated risk prioritisation and training workshops during the year. Action plans are then identified to further manage risks as necessary. Risk assessments are also reviewed periodically to ensure continued relevance to the Group. The process and its outcomes are documented to facilitate communication and provide information for decision-making.

  The Group has put in place various policies and procedures to mitigate key risks to an acceptable residual level based on the Board and management's risk appetite and tolerance. These policies and procedures aim to drive consistency in work processes and facilitate the understanding and effective implementation of controls within operations. All policies and procedures are reviewed on a periodic basis to ensure they remain relevant. Key updates and revisions to policies and procedures are approved by appropriate parties and communicated to all relevant parties.

- **Risk Monitoring and Reporting**
  To ensure that risk management remains focused and effective, the Group has set in place mechanisms to monitor and report risks on a regular basis. Appointed risk owners are responsible for the continuous monitoring of their respective risks. They undertake an iterative and comprehensive approach according to the established risk governance structure and process in identifying, assessing, managing, monitoring and reporting of key risks. Key issues noted are highlighted to appropriate parties in a timely manner. On a half-yearly basis, key updates on any material changes to Group's risk profiles, activities and controls are presented to the management, Audit Committee and Board for reviews and discussions.

RISK CATEGORIES

Strategic Risk

The Group strives to bring sustained value and growth to investors and shareholders by maintaining and strengthening its position as a leading logistics real estate platform. ESR's portfolio is subject to industry related market risks such as rental rate, occupancy volatilities and country specific risks such as competition, supply, demand and local regulations. Such risks are quantified and monitored for existing assets and prospective acquisitions, where applicable. Each new investment opportunity is subject to a rigorous, disciplined and thorough evaluation process including assessing the asset quality, market valuation, yield accretion, expected returns, professional third-party due diligence, future growth potential and sustainability of asset performance, taking into account the existing economic and financial market conditions. Each development project is subject to rigorous evaluation of land acquisition, review of the design and build of the assets and construction methods. Investment proposals are subject to rigorous scrutiny by ESR's Investment Strategy Committee and/or the Board in accordance with its approved delegation of authority. These risks which can directly impede the Group from achieving its strategic objectives are closely managed and monitored within the organisation. In addition, the Group ensures that there is effective communication with investors and business partners through regular dialogues to manage expectations, along with delivering excellent performance and track records.

Leveraging its strategically diversified network spanning key markets across Asia Pacific, coupled with a quality tenant base focusing on e-commerce and third-party logistics companies, ESR has remained resilient to market changes and disruption with its disciplined capital management and robust fundraising for its third-party vehicles. In addition, ESR actively monitors macroeconomic trends, policies and regulatory changes which affect its operating markets, while assessing its investment projects.

The Group provides a suite of private real estate fund and REIT products that embrace every stage of the asset life cycle in the New Economy and prime commercial sectors. It also develops and manages a network of superior logistics, data centre and commercial assets across

Risk Management

APAC's dynamic growth markets. The Group continues to drive strategic long-term growth in establishing new REITs, private real estate funds and investments in various real estate sectors, including the New Economy. In addition, the Group is committed to integrate ESG into every aspect of its business, investments and operations due to gaining in tractions from investors seeking green solutions from ESR's portfolio of assets and an increased expectation on ESG compliance and requirements.

Financial Risk

The Group believes that financial prudence is integral to business sustainability and adopts a disciplined financial management by maintaining a strong balance sheet and robust capital management. Financial risks such as liquidity, credit, currency and interest rate risks are closely managed and monitored by management which are mitigated by a well-staggered debt maturity profile, close monitoring of credit spread and interest rate volatility, hedging strategies and maintain a low gearing ratio. Management also maintains a robust cash flow position and ensures that there are sufficient working capital lines to meet financial obligations. Reports monitoring financial metrics and indicators are submitted to the Board at least on a half-yearly basis.

Operational Risk

The Group has established a set of comprehensive policies and procedures designed to identify, manage, monitor and report operational risks associated to the day-to-day activities and to facilitate the understanding and implementation of different work processes. These operational procedures and guidelines are reviewed regularly to ensure relevance and effectiveness. In addition, compliance with SOPs is assessed through training of employees and regular reviews by the Group Internal Audit department to provide recommendations on any gaps that are identified. As part of the business continuity procedures, incident reporting and escalation protocols are established and communicated to all staff for emergencies. This is to ensure the Group is able to respond effectively to disruptions resulting from internal and external events, while continuing its critical business function and minimising impact on its people, assets and operations. ESR also recognises that human capital is key to the business and has put in place measures to manage the attraction and talent management, including succession planning, periodic benchmarking of staff remuneration, performance-based rewards, among others. The Group has established a performance management framework to review all employees' performance annually. A rating will be given to each of the employees depending on their performance and remuneration will be rewarded accordingly based on the rating. In addition, a regular review of career and development plans will be conducted with all employees. Within the Group, business units' staff are required to achieve a minimum number of training hours as part of their formal job-specific training targets and fulfilling the staff's individual development plan for the year.

With climate change and the associated changes in climate regulations, in addition to the increased focus on the reduction of carbon footprint, ESR evaluates the environmental performance of its existing and assets under development, where feasible, and the potential financial implications such as direct damage to assets and indirect impacts from supply chain disruptions. The objective is to build a resilient portfolio and achieve its sustainability efforts, while incorporating environmental risks as part of its due diligence process. ESR has adopted the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations as a framework for assessing and managing climate-related risks. The TCFD provides recommendations on how to assess, identify, understand, adapt and/or mitigate climate-related risks and opportunities (both physical and transition) which will have medium and long-term effects on ESR's business, including potential financial impacts, through scenarios analysis and climate risk assessments.

As the world transitions to a low carbon future, ESR will continue to increase its exposure to renewable energy solutions, explore innovative technologies and attain green building certifications, where feasible. ESR proactively engages with its tenants, contractors, and vendors on ESG best practices to help drive a sustainable economy.

The Group monitors evolving changes in climate regulations under every country's jurisdiction that it operates due to the more stringent regulations, disclosures and increased expectations from stakeholders. As Asia Pacific's leading real asset manager powered by the new economy, ESR is focused in raising the bar in its sustainability efforts as a competitive advantage against its peers.

Compliance Risk

The Group is committed to comply with the applicable laws and jurisdictions in its day-to-day business processes and does not tolerate any breaches in regulatory compliance. Non-compliance may result in litigation, penalties, fines or revocation of business licenses which have potential reputational and financial impact. The Group has established a compliance framework that covers training, monitoring, reporting for any non-compliance including screening, investigations, enforcement and disciplinary actions. New and impending changes to regulations are closely monitored to ensure that the Group is adhering to regulatory requirements with material non-compliance or regulatory breaches escalated to the Board and management for follow-up.

A comprehensive corporate governance framework has been established to maintain responsible and transparent business practices and adopt a zero-tolerance approach to fraud, bribery and corruption of any form in the conduct of business. All employees are committed to acting professionally, transparently and fairly with integrity in all business dealings and relationships with our stakeholders at all times. The framework includes policies on code of conduct & business ethics, conflict of interest, whistle blowing, anti-money laundering and counter terrorist financing, prohibition of bribery, acceptance or offer of gifts and entertainment and employee trading & handling of insider information to ensure that all business activities are conducted with honesty, fairness and high ethical standards. Compliance with policies and procedures is required at all times. Group Internal Audit will conduct a review of compliance such policies, including ethical standards, once every three years. In addition, there are mandatory annual ethics and compliance training, employee trading and code of conduct attestation by employees, including contract staff who has at least 12-months employment contract. Ethics training include completing mandatory courses on topics such as awareness on anti-money laundering, anti-bribery and anti-corruption via third party training platform whereby employees are required to pass an assessment in order to complete the course. The training will help new joiners and existing staff to understand the compliance policies and procedures which guide employees' behaviour to meet the required standards and requirement, and also reinforce the employees' compliance knowledge and related protocols, as part of their ongoing business activities to minimize the compliance risks. Through the Company's Code of Conduct and whistle blowing policy, employees are encouraged to report control deficiencies, ethical issues or suspicions of impropriety to the local Compliance Officer, Group Compliance Officer or Group General Counsel, when applicable, through various whistle blowing channels. All reported cases will be preliminary reviewed to understand the circumstances surrounding the allegation based on the information provided by the whistle blower. The Management treats all misconduct and dishonesty seriously and seeks to conduct independent investigation and take appropriate disciplinary action on concerns raised, including termination of employment, if required. All independent investigations will be reported to the Audit Committee accordingly. Separately, a grievance, which vary in complexity and severity, can be brought up by an employee to his/her manager, Head of Department or directly to the Human Resources Department. In situations where the matter involves disciplinary action being taken against an employee, the Human Resources Department will proceed with the necessary measures leading to the required action in accordance with the Disciplinary Action provision with the Management's approval.

Technology Risk

The Group acknowledges the rising threats posed by cyberattacks which have become increasingly more prevalent and sophisticated. ESR is continuously assessing the adequacy of the computer systems and implement improvements to the platforms due to the increased reliance on technology to improve operational efficiency and provides high quality internal governance. ESR has put in measures to protect itself against technology-related risks which may arise from both internal and external sources. In addition, ESR has in place a comprehensive set of information technology policies and procedures governing information availability, confidentiality and security to prevent any leakages of confidential information. Training on IT security awareness is conducted regularly to remind employees to keep abreast of any potential security breaches and phishing scams. On top of the constant monitoring of internet gateways to detect potential security events, network vulnerability assessment and penetration testing are also conducted regularly to identify any potential security gaps because weak IT security within the Company may result in adverse reputation image and lead to loss of stakeholder confidence. A Security Operations Centre ("SOC") has been established and monitored by a third-party service provider, together with Group IT, to observe external events which may have an impact on ESR's network and data. The SOC continuously monitors and improves ESR's security posture while preventing, detecting, analysing and responding to any potential cybersecurity incidents.

An information technology disaster recovery plan is in place and tested annually to ensure that ESR's business recovery objectives are met in the event of a disaster including ensuring the information proprietary is kept safe and secured.

Corporate Governance Report

The Board is pleased to present this corporate governance report setting out a discussion of the corporate governance practices adopted and observed by the Group.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high corporate governance standards to safeguard the interests of its stakeholders. The Company has applied the principles in the Corporate Governance Code ("CG Code") in Part 2 of Appendix 14 of the Listing Rules by conducting its business by reference to the principles of the CG Code and emphasising such principles in the Company's governance framework. It is in the opinion of the Directors that the Company has complied with all the code provisions as set out in the CG Code during the year ended 31 December 2022 (the "Year").

THE BOARD

Board Compositions

During the Year and as at the date of this annual report, the composition of the Board is as follows:

Executive Directors
Mr Jinchu SHEN (Group Co-founder & Co-CEO)
Mr Stuart GIBSON (Group Co-founder & Co-CEO)

Non-executive Directors
Mr Jeffrey David PERLMAN (Chairman of the Board)
Mr Charles Alexander PORTES (Group Co-founder)
Mr Wei HU
Mr David Alasdair William MATHESON (retired at the annual general meeting (the "AGM") held on 1 June 2022)
Mr Hwee Chiang LIM (appointed on 20 January 2022)
Dr Kwok Hung Justin CHIU (appointed on 20 January 2022)
Mr Rajeev Veeravalli KANNAN (appointed on 20 January 2022)

Independent Non-executive Directors
Mr Brett Harold KRAUSE
The Right Honourable Sir Hugo George William SWIRE, KCMG (retired at the AGM held on 1 June 2022)
Mr Simon James MCDONALD
Ms Jingsheng LIU
Mr Robin Tom HOLDSWORTH (retired at the AGM held on 1 June 2022)
Ms. Serene Siew Noi NAH (appointed on 19 April 2022)
Ms. Wei-Lin KWEE (appointed on 25 May 2022)

The biographical details of the Directors are set out in the section of "Board of Directors" of this annual report.

There is no financial, business, family or other material or relevant relationship between members of the Board.

Chairman and Chief Executive

Mr Jeffrey David Perlman, the Chairman of the Board and Non-executive Director of the Company, is responsible for the formulation of strategic directions and for the high level oversight of the management and operations of the Group.

The role of chief executive is jointly assumed by Mr Jinchu Shen, the Executive Director, Group Co-founder and Co-CEO, and Mr Stuart Gibson, the Executive Director, Group Co-founder and Co-CEO. The Co-CEOs are responsible for the management and conduct of the Group's business, overall risk control and daily business operation.

There is a clear division of the management of the Board and the day-to-day management of business of the Company among the Chairman of the Board and the Co-CEOs, ensuring the existence of checks and balances mechanism in the exercise of power and decision-making process of the Board.

Term of Appointment of Non-executive Directors

Each of the Non-executive Directors and Independent Non-executive Directors has entered into a letter of appointment with the Company for a term of three years unless terminated by one month's written notice.

The appointment of all the Directors is subject to the retirement by rotation requirements under article 108 of the Articles of Association of the Company. Any removal of the Directors are subject to the relevant provisions of the Companies Ordinance (Cap.622, Laws of Hong Kong) and also article 105 of the Articles of Association of the Company.

The Company has established the following mechanisms to ensure independent views and input are available to the Board:

- A sufficient number of five Independent Non-executive Directors representing more than one-third of the Board have been appointed and all of them continue to devote adequate time contribution to the Company.
- All Independent Non-Executive Directors are required to confirm in writing annually their compliance of independence requirements as set out under Rule 3.13 of the Listing Rules.
- Annual meeting between the Chairman and all Independent Non-executive Directors without presence of other Directors providing an effective platform for the Chairman to listen to independent views on various issues concerning the Company.
- Independent professional advice would be provided to Independent Non-executive Directors upon reasonable request to assist them to perform their duties to the Company.
- Non-executive Directors receive fixed fee(s) for their role as members of the Board and Board Committee(s) as appropriate.
- Non-executive Directors' independence is assessed upon appointment, annually, and at any other time where the circumstances warrant reconsideration.
- All Directors are encouraged to express freely their independent views and constructive challenges during the Board/ Board Committees meetings.
- An Independent Board Committee consisting of independent Non-Executive Directors is established by the Board as and when required to manage any connected/related party transactions.

The Board has reviewed the mechanisms above and confirmed that they effectively ensure the Board has access to independent opinions and views.

Compliance in relation to Independent Non-executive Directors

During the Year and as at the date of this annual report, the Company has been in full compliance with rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. As at the date of this annual report, the Board currently comprised 13 Directors, five of which were Independent Non-executive Directors, representing more than one-third of the Board. At least one of the Independent Non-executive Directors has the professional qualifications or accounting or related financial management expertise required under rule 3.10(2) of the Listing Rules.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his/her independence according to the guidelines set out in rule 3.13 of the Listing Rules and is of the view that each of the Independent Non-executive Directors remains independent.

Corporate Governance Report

Meetings & Attendance Records

During the Year, the attendance records of each Director at the Board and Board Committee meetings and the general meeting of the Company held are set out in the table below. The Chairman of the Board had a meeting with all Independent Non-executive Directors without the presence of other Directors.

		Attendance/Number of Meetings (percentage of attendance[Note 6])				
Name of Directors	Note	Board	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting
Executive Directors						
Mr Jinchu SHEN (Group Co-founder, Co-CEO)		7/7 (100%)	N/A	N/A	N/A	1/1 (100%)
Mr Stuart GIBSON (Group Co-founder, Co-CEO)		6/7 (86%)	N/A	N/A	N/A	1/1 (100%)
Non-executive Directors						
Mr Jeffrey David PERLMAN (Chairman of the Board)	(1)	6/7 (86%)	N/A	N/A	3/3 (100%)	1/1 (100%)
Mr Charles Alexander PORTES (Group Co-founder)		7/7 (100%)	N/A	N/A	N/A	0/1 (0%)
Mr Wei HU		4/7 (57%)	N/A	N/A	N/A	0/1 (0%)
Mr David Alasdair William MATHESON	(2)	2/2 (100%)	N/A	N/A	N/A	0/1 (0%)
Mr Hwee Chiang LIM	(3)	6/7 (86%)	N/A	N/A	N/A	1/1 (100%)
Dr Kwok Hung Justin CHIU	(3)	5/7 (71%)	N/A	N/A	N/A	1/1 (100%)
Mr Rajeev Veeravalli KANNAN	(3)	6/7 (86%)	N/A	N/A	N/A	1/1 (100%)
Independent Non-executive Directors						
Mr Brett Harold KRAUSE		7/7 (100%)	4/4 (100%)	3/3 (100%)	3/3 (100%)	1/1 (100%)
The Right Honourable Sir Hugo George William SWIRE, KCMG	(2)	2/2 (100%)	N/A	3/3 (100%)	N/A	1/1 (100%)
Mr Simon James MCDONALD		7/7 (100%)	4/4 (100%)	N/A	3/3 (100%)	1/1 (100%)
Ms Jingsheng LIU		7/7 (100%)	N/A	3/3 (100%)	N/A	1/1 (100%)
Mr Robin Tom HOLDSWORTH	(2)	2/2 (100%)	1/1 (100%)	N/A	N/A	1/1 (100%)
Ms Serene Siew Noi NAH	(4)	5/6 (83%)	3/3 (100%)	1/1 (100%)	N/A	1/1 (100%)
Ms Wei-Lin KWEE	(5)	4/5 (80%)	N/A	N/A	2/2 (100%)	1/1 (100%)

Notes:

1. Mr Jeffrey David Perlman recused himself for one of the meetings in accordance with our Articles of Associations.
2. Mr David Alasdair William Matheson, The Right Honourable Sir Hugo George William Swire, KCMG and Mr Robin Tom Holdsworth retired at the AGM held on 1 June 2022.
3. Mr Hwee Chiang Lim, Dr Kwok Hung Justin Chiu and Mr Rajeev Veeravalli Kannan were appointed as Non-executive Directors on 20 January 2022.
4. Ms Serene Siew Noi Nah was appointed as Independent Non-executive Director on 19 April 2022 and she joined all the committees' meetings thereafter.
5. Ms Wei-Lin Kwee was appointed as Independent Non-executive Director on 25 May 2022 and she joined all the committees' meetings thereafter.
6. The average attendance by Directors was 90% in FY2022 and 92% in FY2021.

Induction and Continuous Training and Professional Development

All directors should participate in continuous professional development to develop and refresh their knowledge and skills in the hope that their contribution to the Board remains informed and relevant.

Every newly appointed Director of the Company received a comprehensive, formal and tailored induction upon his appointment. Based on the records provided by the Directors, the continuous professional development taken by each of the Directors during the year ended 31 December 2022 is summarised as follows:

Name of Director	Training Attended(Note 1)
Executive Directors	
Mr Jinchu SHEN (Group Co-founder, Co-CEO)	√
Mr Stuart GIBSON (Group Co-founder, Co-CEO)	√
Non-executive Directors	
Mr Jeffrey David PERLMAN (Chairman of the Board)	√
Mr Charles Alexander PORTES (Group Co-founder)	√
Mr Wei HU	√
Mr David Alasdair William MATHESON (retired at the AGM held on 1 June 2022)	N/A
Mr Hwee Chiang LIM (appointed on 20 January 2022)	√
Dr Kwok Hung Justin CHIU (appointed on 20 January 2022)	√
Mr Rajeev Veeravalli KANNAN (appointed on 20 January 2022)	√
Independent Non-executive Directors	
Mr Brett Harold KRAUSE	√
The Right Honourable Sir Hugo George William SWIRE, KCMG (retired at the AGM held on 1 June 2022)	N/A
Mr Simon James MCDONALD	√
Ms Jingsheng LIU	√
Mr Robin Tom HOLDSWORTH (retired at the AGM held on 1 June 2022)	N/A
Ms. Serene Siew Noi NAH (appointed on 19 April 2022)	√
Ms. Wei-Lin KWEE (appointed on 25 May 2022)	√

Note:
1 All the Directors received training and training materials, including from the Company's external legal advisor, about matters relevant to their duties as directors. They also kept abreast of matters relevant to their role as Directors by such means as attendance at seminars and conferences and/or reading materials about financial, commercial, economic, legal, regulatory and business affairs.

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 ("Code of Conduct and Business Ethics") regarding all Directors', officers and employees' securities transactions on terms no less exacting than the required standard set out in the Model Code.

Specific enquiries were made of all Directors, and all Directors confirmed that they had complied with all required standards set out in the Model Code during the Year.

Corporate Governance Report

Responsibilities, Accountabilities and Contributions of the Board and Management

The Company is governed by the Board, which is responsible for the leadership and control of the Company. The Board is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board's functions and duties include (without limitation) to the following:

- Providing strategic directions in the business development of the Group and scrutinising the Group's performance in achieving its operational and financial goals and objectives
- Making all major decisions, including but not limited to those decisions affecting the financial results, notifiable and connected transactions, dividend policies and information disclosure, of the Group
- Convening general meetings and reporting the work results to the Shareholders
- Devising policies for, and reviewing and monitoring the implementation of, the risk management and internal control systems and other policies of the Group
- Overseeing and reviewing the environment, social and governance issues of the Group
- Performing the corporate governance functions (as further explained in "Corporate Governance Functions" below)
- Exercising other power, duties and functions as conferred by applicable laws, the Listing Rules and the Articles of Association of the Company

Day-to-day management and execution of the operations of the Group are delegated to the Executive Directors and senior management team of the Company, whose performance are periodically reviewed by the Board. The Board also delegated certain powers to the Audit Committee, the Remuneration Committee and Nomination Committee, the details of which are set out below. The Board may also from time to time delegate any of its powers to committees as appropriate. The Board has established the Investment Strategy Committee consisting of certain directors and senior management to identify business directions and strategies, review and provide to the Board with investment and divestment strategy and prepare the annual budget for submission to the Board for approval.

Board Committees

Audit Committee

The Audit Committee of the Company was established by a Board resolution passed on 20 May 2019. The terms of reference are published on the websites of the Company and the Stock Exchange.

The main functions and duties of the Audit Committee include:

(a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor;
(b) reviewing the Company's financial information and reporting system; and
(c) oversight of the Company's risk management and internal control systems, including the whistleblowing arrangement for employees, customers and suppliers to raise concerns about possible improprieties in any matter related to the Company.

At the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr Brett Harold Krause, Mr Simon James McDonald (Chairman of the Audit Committee with the appropriate accounting and related financial management expertise as required under rule 3.10(2) of the Listing Rules) and Ms Serene Siew Noi Nah.

During the Year, the Audit Committee held four meetings in March, June, August and December 2022 for the review of the 2021 annual results and 2022 interim results of the Group respectively, and also including but not limited to review of the risk management and internal control systems and the review of the effectiveness of the Group's internal audit function.

Remuneration Committee

The Remuneration Committee of the Company was established by a Board resolution passed on 20 May 2019. The terms of reference are published on the websites of the Company and the Stock Exchange.

The major functions and duties of the Remuneration Committee include:

(a) making recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for development of the remuneration policy;
(b) reviewing and approving of the management's remuneration proposals with reference to the Board's corporate goals and objectives; and
(c) making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management.

At the date of this annual report, the Remuneration Committee currently comprises four Directors, including one Non-executive Director, namely Mr Jeffrey David Perlman, and three Independent Non-executive Directors, namely Mr Brett Harold Krause (Chairman of the Remuneration Committee), Mr Simon James McDonald and Ms Wei-Lin Kwee.

During the Year, the Remuneration Committee held three meetings in March and November 2022 for the determination of the policy for the remuneration of Executive Directors, assessment of the performance of Executive Directors, approval of the terms of Executive Directors' service contracts and appointment letters for the Independent Non-Executive Directors. For Executive Directors, their total remuneration includes variable components which are aligned to their performance targets. The Remuneration Committee also reviewed grants of options under the Post-IPO Share Option Scheme and awards under the Long Term Incentive Scheme during the Year. For the options and awards ("Grants") granted during the year with less than 12 months of vesting period, the Remuneration Committee considered it appropriate to award the Grants with vesting period of less than 12 months as those Grants would have been granted earlier but for administrative or compliance reasons, those were made in a subsequent batch with a view to putting the relevant grantees in the same position as they would have been in had the Grants been made earlier.

The remuneration packages are determined with reference to the experience, level of responsibilities, time commitment and contributions of each individual, the Company's financial and sustainability performance, prevailing market conditions, and taking into consideration that the remuneration levels are sufficient to attract and retain directors and management with the appropriate experience and expertise to manage the Company. Any discretionary bonus and other merit payments depend on the profit performance of the Group and individual performance of Directors, senior management and other employees.

The remuneration levels are sufficient to attract and retain directors to run the Company successfully without paying more than necessary. The Company reviews its remuneration policy on a regular basis.

The remuneration payable to members of senior management by band for the year ended 31 December 2022 is set out below:

	For the year ended 31 December	
	2022	2021
	Number of Individuals	Number of Individuals
Remuneration band (USD)		
Below US$2,000,000	2	1
US$2,000,001 to US$4,000,000	—	2
US$4,000,001 to US$6,000,000	2	—

Particulars of remunerations of executive directors are set out in note 8 to the Consolidated Financial Statements.

Corporate Governance Report

Nomination Committee

The Nomination Committee of the Company was established by a Board resolution passed on 20 May 2019. The terms of reference are published on the websites of the Company and the Stock Exchange.

The key functions and duties of the Nomination Committee include:

(a) reviewing the structure, size, composition and diversity of the Board at least once annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategies;
(b) developing the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship;
(c) ensuring the diversity of the Board members;
(d) assessment of the independence of Independent Non-executive Directors; and
(e) making recommendations to the Board on matters relating to the appointment, re-appointment and removal of Directors and succession planning for Directors.

At the date of this annual report, the Nomination Committee comprises three Independent Non-executive Directors, namely Mr Brett Harold Krause (Chairman of the Nomination Committee), Ms Jingsheng Liu and Ms Serene Siew Noi Nah.

During the Year, the Nomination Committee held 3 meetings attended by all the then members of the Nomination Committee in March, April and May 2022 for the review of the nomination policy, procedures, process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship.

The Board nomination policy, process and criteria adopted by the Nomination Committee are outlined below:

(a) to use open advertising or the services of external advisers to facilitate the search, to consider candidates from a wide range of backgrounds with the Company's Board diversity policy ("Board Diversity Policy") in mind, and to consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the positions;
(b) to conduct a background check against the biographical information and written confirmation provided by the candidate(s) and to take reasonable steps to seek clarification from the candidate(s), if needed;
(c) to assess the independence of the candidate(s) to be appointed as an Independent Non-executive Director by reference to the independence requirements under the Listing Rules;
(d) to consider the candidate(s)' ability to devote sufficient time to the Board if the candidate(s) will be holding his/her seventh (or more) listed company directorships;
(e) to invite, if necessary, the candidate(s) to meet with members of the Nomination Committee to assist consideration of the proposed nomination or recommendation;
(f) to convene a Nomination Committee meeting for consideration of the candidate(s);
(g) to submit its nomination proposal to the Board for consideration and approval or to make recommendation to the shareholders for approval; and
(h) in relation to re-appointment of Directors who will offer themselves for re-election at the Company's annual general meeting, to review the candidate(s)' profiles in consideration of strategy, structure, size and composition of the Company and their experience and skills.

The Company has adopted a Board Diversity Policy. In order to achieve a diversity of perspectives among members of the Board, the Board Diversity Policy provides that:

(a) the Board shall include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Non-executive directors (including independent non-executive directors) shall be of sufficient caliber and number for their views to carry weight; and
(b) the selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Recruitment and selection practices will be appropriately structured so that a diverse range of candidates are considered. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

In implementing the Board Diversity Policy, the Nomination Committee evaluates the composition of the Board and director candidates from time to time against objectives such as increasing gender diversity and broadening the cultural background, educational background, industry experience and professional experience of the members of the Board.

The Nomination Committee will consider setting measurable objectives to implement the Board Diversity Policy and regularly review such objectives to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Company has set the following measurable objectives in respect of the Board diversity:

- Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Recruitment and selection practices will be appropriately structured so that a diverse range of candidates are considered.
- The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.
- The Board's composition (including gender, ethnicity, age, length of service) will be disclosed in the Corporate Governance Report annually.

For the Financial Year FY2022, the Nomination Committee is of the view that the Board composition satisfied the objectives of the Board Diversity Policy. Given the enlarged size of the Board and the growth of the Company, it will conduct a review of the Policy on an annual basis to ensure continued effectiveness of the Policy in delivering its objectives. The Board targets to maintain at least the current level of female representation.

In considering the Board's succession and to ensure diversity at the Board level, the Nomination Committee will engage an executive search firm to help identify suitable candidates for consideration as Non-Executive Directors as and when appropriate. The Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

In terms of gender diversity in the workforce (including senior management), as at the date of this report, the Company's workforce (including senior management) had 42% female employees The Board had targeted to achieve and had achieved at least 42% of female employees of the Company by 2025. Therefore, the Board considers that the above current gender diversity in the workforce (including senior management) has been achieved with reference to the current circumstances of the Company.

According to the terms of reference, the Nomination Committee shall meet at least once a year. The Nomination Committee shall strictly adhere to this requirement in the future.

Corporate Governance Functions

The Company adopted the CG Code as the policy for its corporate governance of the Company.

The responsibility for performing the corporate governance functions rests with the Board. The Board has performed the following duties:

(a) developed and reviewed the Company's policies and practices on corporate governance;
(b) reviewed and monitored the training and continuous professional development of directors and senior management.
(c) reviewed and monitored the issuer's policies and practices on compliance with legal and regulatory requirements;
(d) developed, reviewed and monitored the Code of Conduct and Business Ethics applicable to employees and Directors; and
(e) reviewed the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

COMPANY SECRETARY

Mr Richard Kin-sing Lee ("Mr Lee") was appointed as the Company Secretary of the Company on 22 February 2019. He is also the Group Legal Counsel (Capital Markets) of the Company and, thus, an employee of the Company having day-to-day knowledge of the Company's affairs.

Corporate Governance Report

Pursuant to rule 3.29 of the Listing Rules, Mr Lee undertook no less than 15 hours of relevant professional training in 2022.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

The Directors acknowledged their responsibility for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2022. The statement by the auditors about their reporting responsibilities for the auditors' report on the financial statements is set out in the Independent Auditor's Report on pages 115 to 120 of this annual report.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

External Auditor's Remuneration

The Group's external auditor is Ernst & Young. The Audit Committee is mandated to ensure continuing auditors' objectivity and safeguarding independence of the auditor. The Group evaluates the performance and independence of the external auditor on an annual basis before recommending their appointment or re-appointment in the AGM. Any decision to rotate auditors, considering factors such as expertise, quality of audit, and independence is made in consultation with the Audit Committee. Up to the date of this report, the Audit Committee has considered and approved the engagement of Ernst & Young as auditor of the Group for the reporting year and the corresponding audit fee estimation.

The remuneration paid or payable by the Group to Ernst & Young in respect of their audit and non-audit services relating to tax and transaction services; for the year ended 31 December 2022 amounted to approximately US$2,594,000 and US$762,000, respectively.

Internal controls and risk management

The Board is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving its strategies objectives and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems on an ongoing basis. This includes ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, as well as those relating to the Company's ESG performance and reporting.

Recognising and managing risks in a timely and effective manner is essential to the Company's business and protecting its stakeholders' interests and value. While acknowledging responsibility for the systems and reviewing their effectiveness, the Board recognises that the systems are designed to assist the Company in managing, rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Reporting to the Board, the Audit Committee is delegated with the authority and responsibility for ongoing monitoring and evaluation of the effectiveness of the relevant systems. The Audit Committee ensures that a robust risk management framework and sound system of internal controls is maintained by management.

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

a) reviewing the risk management framework, including the processes and resources to identify, assess, monitor and report key risks;
b) overseeing the design, implementation and monitoring of the risk management and internal control system;
c) reviewing the adequacy of risk management practices for key risks, such as strategic, financial, compliance, operational and technology risks, on a regular basis, including reviewing the governance and process for effective risk management;
d) overseeing the matters in the Corporate Governance Code; and
e) considering and advising on risk matters referred to it by the Board or management.

The Company implemented the following risk management and internal control structures and measures to identify, assess, monitor and report key risks:

- Enterprise Risk Management ("ERM") Framework is based on the ISO 31000 International Risk Management Standards, COSO Internal Control-Integrated Framework and the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations for identifying, assessing, monitoring and reporting of risks. The Framework consists of tools such as risk governance, risk policies and risk parameters which are dynamic and adaptable to the changing business environment. It also provides a holistic and systematic approach for the identification, assessment, monitoring and reporting of key risks to management, Audit Committee and the Board.
- As the risk profile changes from time to time, management performs periodic risk assessment by monitoring risk changes and trends as well as the effectiveness of the related control mechanisms and/or control activities within the overall risk profile on an as-needed basis, or at least once a year to ensure that they remain relevant. In addition, the Group Risk Management department works closely with the management to review and enhance the risk management system in accordance with market practices and regulatory requirements, under the guidance and direction of the Audit Committee and the Board.
- The Company has an internal audit function to carry out an analysis and independent appraisal of the adequacy and effectiveness of the systems. Any material non-compliance or failure in internal controls and recommendations for improvements are reported to Audit Committee and the Board.
- Stringent internal policies and processes are in place to prevent the misuse of inside information and avoid conflicts of interest, including having a whistleblowing policy, information security policy and Conflicts of Interest ("COI") policy in place.

To reinforce a culture of good business ethics and governance, the Company has adopted a whistleblowing policy, which allows employees and outside third parties that have business relationships with the Company to raise any concerns about improprieties, malpractices and misconduct through a well-defined and trusted channel. The objective of this policy is to encourage the reporting of such matters with confidence and employees or external parties making such reports will be treated fairly and be protected from reprisal. All whistleblowing reports will be reviewed by the Group Compliance Director and the General Counsel. The ensuing investigation reports will be sent to the Audit Committee for further action.

Refer to "Risk Management" on pages 64 to 69 of this annual report for further details of the Group's risk management programme.

In addition, the Company has adopted a disclosure control policy which provides a general guide to Directors, management and employees on the handing and dissemination of inside information and responding to enquiries in accordance with the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance and the Listing Rules.

For the Year, the Board has conducted an annual review of the effectiveness of the Group's risk management and internal control systems, which covered all material controls, including financial, operational, technology and compliance controls. The Board has received confirmation from the management on, and is satisfied with, the effectiveness and adequacy of the systems. No significant areas of concern are brought to the attention of the Board.

Internal Audit

The Group Internal Audit department is responsible for providing independent assurance regarding the existence of adequate and effective internal control environment adopted by the Company. The Group Internal Audit department has direct access to the Audit Committee and has free and unrestricted access to information and management of the Company when carrying out its duties. The Group Internal Audit department adopts a risk-based audit approach in reviewing and monitoring the adequacy and effectiveness of the Group's risk management and internal control systems. An internal audit plan is discussed and approved by the Audit Committee on an annual basis, and a summary of major audit findings, recommendations and remediation are reported to the Audit Committee by the Group Internal Audit department on a regular basis. The internal audit findings and the remedial actions taken by the relevant departments form part of the Board's assessment of the Group's risk management and internal control systems.

Corporate Governance Report

CORPORATE CULTURE

Corporate culture is crucial to the realization of the Company's mission. The Board continues to maintain and ensure that the Company's goals, values and strategies are highly aligned with our corporate culture.

The Company continues to develop and enhance the corporate culture in different aspects, including but not limited to maintain a strong governance culture, reinforce culture of good business ethics and promote a diverse and inclusive culture.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

Convening an Extraordinary General Meeting

In accordance with article 64 of the Articles of Association of the Company, one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings may request for the convening of an extraordinary general meeting. A requisition requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition shall be made in writing to the Board or the Company Secretary at its principal place of business in Hong Kong at Suites 2905–06, Two Exchange Square, 8 Connaught Place, Central, Hong Kong. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

Shareholders who wish to propose resolutions may make their request to the Company to convene a general meeting in accordance with article 64 of the Articles of Association as stated above.

A written notice of proposal(s) with detailed contact information of the Shareholders shall be lodged with the Company at its principal place of business in Hong Kong at Suites 2905–06, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, with a copy of the proposal delivered to the Company's Hong Kong branch share registrar.

Putting Forward Enquiries to the Board

Shareholders may submit their enquiries and concerns to the Board in writing with their detailed contact information and addressed to the Board or the Company Secretary at the Company's principal place of business in Hong Kong at Suites 2905–06, Two Exchange Square, 8 Connaught Place, Central, Hong Kong. The Company will not normally deal with verbal or anonymous enquiries.

Voting Rights

The Company has only one class of shares, which are its ordinary shares. All holders of the Company's ordinary shares are entitled to vote on matters brought before the annual general meeting of shareholders in proportion to their respective shareholdings. Shareholders may vote in person at the meeting or by proxy.

Constitutional Documents

The Articles of Association of the Company was adopted on 12 October 2019 which became effective on the Listing Date. Since the Listing Date, no change was made to the Articles of Association of the Company.

Investor Relations

The Company is committed to keeping all its shareholders, other stakeholders, analysts and the media informed of its performance and any changes in the Group or its business which would likely materially affect the price or value of the Company's securities. This is performed on a timely and consistent basis to assist shareholders and investors in their investment decisions.

The Company has in place a Group Investor Relations department and a Group Corporate Affairs department, both of which facilitate effective communication with the Company's shareholders, investors, analysts, fund managers, the media and members of the public. The Company actively engages with its shareholders and has put in place a shareholders communication policy ("Shareholders Communication Policy") to promote continuous, effective and transparent communications with its shareholders. The Shareholders Communication Policy stipulates that the Board maintains an on-going dialogue with Shareholders and the investment community. Information is communicated to Shareholders and the investment community mainly through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications and other corporate publications on the Company's website. Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times on the Group's performance and changes in business, which would materially affect the share price. During the year, the Company's senior management and the Investor Relations team actively engaged with shareholders and the investment community throughout Asia Pacific, Europe and United States through virtual and in-person conferences, non-deal roadshows and one-on-one investor updates, where these briefing materials are also timely released on the Stock Exchange and/or the Company's website. The Company's annual general meeting ("2022 AGM") was convened virtually and limited to a smaller capacity in its physical meeting in Hong Kong in June 2022. Attended by the Directors and senior management, the 2022 AGM provided virtual interaction with shareholders and their appointed proxies. Further details on the Shareholders Communication Policy are available on the Company's website at www.esr.com.

The Board reviewed the implementation and effectiveness of the Shareholders Communication Policy during 2022 and the results were satisfactory.

The Group has a formal policy on corporate disclosure controls and procedures to ensure that the Company complies with its disclosure obligations under the Listing Manual. To keep the Board abreast of investors' perceptions and concerns, the Investor Relations team also provides updates on analyst consensus estimates and views at the bi-annual Board meetings. This includes updates and analyses of the shareholder register, highlights of key shareholder engagements as well as market feedback. Such presentations and updates allow the Board to develop a good understanding of the progress of the Group's business as well as the prevailing issues and challenges facing the Group, and also promote active engagement with the key executives.

More information on the Company's investor relations efforts can be found in the Investor Relations section on pages 61 to 63 of this Annual Report.

Directors' Report

The Board is pleased to present this report together with the Consolidated Financial Statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Group is APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. The Group's fully integrated development and investment management platform extends across key APAC markets, including Greater China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, and also includes an expanding presence in Europe and the U.S.. In the course of the year ended 31 December 2022, the Group was principally engaged in (i) the development, construction and sale of completed properties; (ii) the management of the underlying assets on behalf of its capital partners via the funds and investment vehicles it managed; and (iii) the investment in completed properties, co-investment in the funds and investment vehicles and the public REITs it managed, and other investments. The activities of its principal subsidiaries, associates and joint ventures are set out in notes 1 and 15 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company and the shares issued during the reporting year are disclosed in note 41 to the Consolidated Financial Statements.

BUSINESS REVIEW

A fair review of the Group's business, a discussion about the principal risks and uncertainties facing the Group, and an indication of likely future development in the ESR Group's FY2022 business are detailed in the sections headed "Operations Overview" on pages 28 to 35, "Financial Review" on pages 36 to 38, "Message from Chairman" and "Message from Group Co-founders & Co-CEOs" on pages 18 to 23, and an analysis using key financial performance indicators are set out in "Financial Highlights" on pages 24 to 25 of this annual report.

An analysis using key performance indicators of the ESR Group are set out in the "Operations Review" on pages 28 to 35 of this annual report.

RESULTS

The financial results of the Group for the year ended 31 December 2022 are set out in the Consolidated Financial Statements of the Group on pages 121 to 239 of this annual report.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 December 2022 are set out in note 25 to the Consolidated Financial Statements.

DIVIDENDS

The Board has recommended a final dividend of HK$12.5 cents (2021: nil) per share for the year ended 31 December 2022 ("Proposed Dividend"), payable on Friday, 30 June 2023, to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 16 June 2023, being the record date for determining shareholders' entitlement to the proposed final dividend, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Wednesday, 7 June 2023 (the "**2023 AGM**"). Combined with the interim dividend of HK$12.5 cents per share, the full year dividend amounts to HK$25 cents per share (2021: nil). Details are set out in note 11 to the Consolidated Financial Statements.

Directors' Report

CLOSURE OF REGISTER OF MEMBERS

2023 AGM

For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Friday, 2 June 2023 to Wednesday, 7 June 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 1 June 2023.

Final Dividend

Subject to the approval of the shareholders at the AGM to be held on Wednesday, 7 June 2023, the Proposed Dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company after the close of business on Friday, 16 June 2023 and the register of members of the Company will be closed from Wednesday, 14 June 2023 to Friday, 16 June 2023 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for a final 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, Wanchai, Hong Kong no later than 4:30 p.m. Tuesday, 13 June 2023.

DIVIDEND POLICY

The Board approved and adopted the dividend policy on 13 July 2022 (the "**Dividend Policy**"), please refer to the announcement dated 13 July 2022 for details.

Under the Dividend Policy, the Company proposed to commence paying a dividend in each financial year to shareholders of the Company, the amount of which will be determined by the Board after taking into account the factors set out below over the next few years. Thereafter, the Company will likely seek to adopt a dividend payout ratio based on its core earnings, details of which will be announced by the Company as and when appropriate.

While the Company intends to declare and pay dividend in the future, the amount of any dividend payment for any financial year will be subject to, among other things:

(a) the Company maintaining an optimal capital structure to ensure that adequate capital resources are available for business growth and investment opportunities;
(b) the actual and expected financial performance of the Group;
(c) the availability of dividends received by the Company from its subsidiaries;
(d) the Group's cash flow and liquidity position; and
(e) prevailing economic and market conditions and other factors that may impact the business or financial performance of the Group.

In addition, the declaration and payment of dividends by the Company is further subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Company's articles of association.

The Board will take the above factors into account when it evaluates the merits, amount and timing of future dividend payments. The Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

The Dividend Policy will be reviewed by the Board from time to time and there is no assurance that dividends will be proposed or declared in any particular amount for any given period.

Directors' Report

FIVE-YEAR FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years is set out on pages 240 to 242 of this annual report. The summary does not form part of the audited Consolidated Financial Statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is devoted to delivering a better and sustainable environment for the future of the society and the development of the Company. Details of our environmental policies and performance are disclosed in the "ESG Performance" on pages 44 to 50 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has put in place practices and policies to monitor compliance with the legal and regulatory requirements applicable to its operations, such as companies, foreign investment and securities laws in the jurisdictions in which the Group operates. During the year ended 31 December 2022, the Group had complied with the relevant laws and regulations that have a significant impact on the Group.

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group cares for the interests of its employees, customers and suppliers while pursuing its business growth strategies in a sustainable manner.

The Group had 2,237 employees spanning 14 locations, namely Australia, the PRC, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Singapore, South Korea, Thailand, United Kingdom, United States of America and Vietnam, as at 31 December 2022. The Group provided competitive remuneration package to its employees and encouraged training programs to improve their knowledge and skills, and promoted cross-market and cross-cultural cooperation to nurture their sense of belonging to the Group.

The Group's customers are composed of tenants that require logistics and distribution facilities, funds and investment vehicles. The Group's leading market positions enable it to provide its tenants with seamless regional solutions, and connecting its capital partners with a single interface to assess investment opportunities in the region.

The Group's suppliers primarily consist of construction contractors, property management companies, interior designers and commercial real estate brokers. The Group maintained close collaboration with its suppliers in delivering exceptional quality of facilities and services to its customers.

In formulating and implementing its environmental, social and governance strategies, the Group engaged the stakeholders through various communication channels and activities. Further details are available in the "ESG Performance" on pages 44 to 50 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the financial year ended 31 December 2022, the five largest customers of the Group accounted for less than 30% of the Group's total revenue from sale of goods or rendering of services.

During the financial year ended 31 December 2022, the largest supplier and the five largest suppliers accounted for 13% and 38%, respectively of the Group's total purchases.

None of the directors, their associates nor any shareholders (which to the knowledge of the directors own more than 5% of the number of issued shares of the Company) had any interests in any of the five largest suppliers of the Group.

Directors' Report

DISTRIBUTABLE RESERVES

Details of the movement in the reserves of the Company during the year ended 31 December 2022 are set out in note 44 to the Consolidated Financial Statements of this annual report.

As at 31 December 2022, the reserves available for distribution to Shareholders by the Company amounted to US$5,639,911,000 (2021: US$1,438,916,000).

DIRECTORS

Directors of the Company during the year ended 31 December 2022 and up to the date of this report are as follows:

Executive Directors	Date of Appointment
Mr Jinchu SHEN (Group Co-founder, Co-CEO)	30 June 2011
Mr Stuart GIBSON (Group Co-founder, Co-CEO)	20 January 2016
Non-executive Directors	
Mr Jeffrey David PERLMAN (Chairman of the Board)	14 June 2011
Mr Charles Alexander PORTES (Group Co-founder)	20 January 2016
Mr Wei HU	2 February 2021
Mr David Alasdair William MATHESON (retired at the AGM held on 1 June 2022)	30 March 2021
Mr Hwee Chiang LIM	20 January 2022
Dr Kwok Hung Justin CHIU	20 January 2022
Mr Rajeev Veeravalli KANNAN	20 January 2022
Independent Non-executive Directors	
Mr Brett Harold KRAUSE	20 May 2019 (effective on 22 October 2019)
The Right Honourable Sir Hugo George William SWIRE, KCMG (retired at the AGM held on 1 June 2022)	20 May 2019 (effective on 22 October 2019)
Mr Simon James MCDONALD	20 May 2019 (effective on 22 October 2019)
Ms Jingsheng LIU	20 May 2019 (effective on 22 October 2019)
Mr Robin Tom HOLDSWORTH (retired at the AGM held on 1 June 2022)	14 October 2019 (effective on 22 October 2019)
Ms Serene Siew Noi NAH	19 April 2022
Ms Wei-Lin KWEE	25 May 2022

During the reporting year, and up to the date of this report, with effect from 20 January 2022, Mr Hwee Chiang Lim, Dr Kwok Hung Justin Chiu and Mr Rajeev Veeravalli Kannan were appointed as Non-executive Directors. Ms Serene Siew Noi Nah and Ms Wei-Lin Kwee were appointed as Independent Non-executive Directors with effect from 19 April 2022 and 25 May 2022 respectively. Mr David Alasdair William Matheson as Non-executive Directors, The Right Honourable Sir Hugo George William Swire, KCMG and Mr Robin Tom Holdsworth as Independent Non-executive Directors retired at the AGM held on 1 June 2022. Saved as aforesaid, there was no other change of Directors of the Company during the year.

Biographical details of the Directors and senior management of the Company are set out in the sections headed "Board of Directors" and "Group Leadership Team & Business Leadership Team" respectively on pages 51 to 58 of this annual report.

Directors' Report

In accordance with article 108(a) of the Articles of Association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a director retires may fill the vacated office.

Article 108(b) of the Articles of Association of the Company also provides that the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Company will advise the shareholders on the directors to rotate and offer for re-election in the forthcoming AGM circular.

Pursuant to Article 112 of the Articles, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. As the appointment of Ms Wei-Lin Kwee as a Director was made by the Board on 25 May 2022 and 1 June 2022, she will hold office until the forthcoming AGM and being eligible, she has offered herself for re-election at the forthcoming AGM.

DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

None of the Directors has a service contract or letter of appointment with the Company that is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save with regards to provision of a loan facility to Redwood Consulting (Cayman) Ltd. owned as to 50% each by Mr Stuart Gibson and Mr Charles Alexander Portes ("**Loan Facility**"), who are Directors of the Company, further details of which were set out in the announcements of the Company dated 24 October 2022 and 12 December 2022, there was no transaction, arrangement or contract of significance entered into in the financial year ended 31 December 2022 or subsisted at any time during the financial year in which a Director or an entity connected with a Director was materially interested, either directly or indirectly. All amounts outstanding pursuant to the Loan Facility had been repaid as of 31 December 2022.

Directors' Report

COMPETING BUSINESS

Mr Jeffrey David Perlman, a non-executive Director is an employee of Warburg Pincus Private Equity X, L.P. (a substantial shareholder of the Company up to 27 November 2020) and its affiliates, which have other investments in the real-estate sector in APAC, some of which may have business overlaps and potential competition with the Company. In connection with his employment, he may hold directorships in such businesses. Prior to the acquisition of ARA Asset Management Holdings Pte. Ltd. ("**ARA**") by the Company on 20 January 2022, Mr Jeffrey David Perlman, was a non-executive director of ARA. Since then, ARA became the Company's wholly-owned subsidiary. ARA is a real estate fund management and REIT manager. ARA or its affiliates are the REIT manager of Fortune REIT, listed on the Hong Kong Stock Exchange (Stock Code: 0778), Suntec REIT, listed on the Singapore Stock Exchange (Stock Code: T82U), and Hui Xian REIT, listed on Hong Kong Stock Exchange (Stock Code: 87001) and Prosperity REIT, listed on Hong Kong Stock Exchange (Stock Code: 0808).

Ms Serene Siew Noi Nah, an independent non-executive Director is a managing director and head of Asia Pacific of Digital Realty, which owns, acquires, develops and operates data centres in APAC that may have business overlaps and potential competition with the Company. Digital Realty also has data centres in Singapore, Japan, Malaysia, Korea, Hong Kong and India.

None of our Directors has an interest in any of the Company's primary competition.

The Board is of the view the Company is capable of carrying on its business independently of and at arm's length from the businesses mentioned in the preceding paragraphs, and that the relevant Directors have acted and will continue to act in the best interest of the Group, during their performance of their duties as Directors of the Company.

MANAGEMENT CONTRACTS

During the year ended 31 December 2022, the Company did not enter into any contract by which a person undertook the management and administration of the whole or any substantial part of any business of the Company.

EMOLUMENT POLICY

The emolument of the Directors and senior management were paid in the form of remuneration, salaries, equity settled share options, long term incentive scheme ("**LTIS**"), allowances, contributions to pension schemes, employee benefits, discretionary bonuses and fees. The remuneration package of employees includes salary, discretionary bonuses, equity-settled share options, LTIS, contributions to pension schemes and other cash elements. In general, the Company determines employee salaries based on each employee's qualifications, experience, position and seniority. It has designed an annual review system to assess the performance of employees, which forms the basis to determine salary raises, bonuses and promotions. The Group is subject to social insurance contribution plans organised by relevant local governments. The Company believes that the salaries and benefits that its employees receive are competitive with market standards in each country where it conducts business.

The Company also has in place long-term incentive schemes with details set out in paragraphs headed "KM ESOP, Tier 1 ESOP, Post-IPO Share Option Scheme and the Long Term Incentive Scheme" in this report.

The Company has established a Remuneration Committee to review the policy and structure of the remuneration for the Directors and senior management and make recommendations on the remuneration packages of individual executive Directors and senior management. In general, the Company determines the emolument payable to its Directors based on each Director's qualifications, experience, time commitment and responsibilities, remuneration paid by comparable companies as well as the performance of the Company.

Directors' Report

CHANGES OF INFORMATION IN RESPECT OF DIRECTORS

Changes in the information of directors required to be disclosed under Rule 13.51B(1) of the Listing Rules since the date of interim report 2022 of the Company are set out as follows:

Mr Jeffrey David Perlman was appointed as a non-executive director of Suntec Real Estate Investment Trust (listed in Singapore) since 15 April 2022.

Mr Brett Harold Krause resigned duties from FunPlus in August 2022. He has been a chairperson of Xterio (a global cross-platform play-and-earn developer and publisher) since May 2022. Mr Brett has joined Transcend Fund (a venture capital firm) in August 2022 and currently is a general partner.

Ms Serene Siew Noi Nah has joined Digital Realty (listed on New York Stock Exchange) in January 2023 and currently is a managing director and head of Asia Pacific.

Dr Kwok Hung Justin Chiu has been an independent non-executive of Deyun Holdings Limited (listed on Hong Kong Stock Exchange) since September 2022.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) (i) as recorded in the register required to be kept under section 352 of the SFO; or (ii) as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") are as follows:

Interests in the Company

Name of Director	Capacity/nature of interest	Number of Shares held *(Note 1)*	Approximate percentage of shareholdings as at 31 December 2022
Mr Jinchu Shen	Interest of controlled corporations *(Note 2)*	319,658,645 (L) *(Note 3)*	
	Beneficial owner *(Notes 5 & 6)*	1,171,500 (L)	
		320,830,145 (L)	7.25%
Mr Stuart Gibson	Interest of controlled corporations *(Note 4)*	449,783,103 (L)	
		149,644,368 (S) *(Note 8)*	
	Interest of spouse	73,000 (L)	
	Beneficial owner *(Notes 5 & 6)*	1,171,500 (L)	
		451,027,603 (L) 149,644,368 (S)	10.20% 3.38%

Directors' Report

Name of Director	Capacity/nature of interest	Number of Shares held *(Note 1)*	Approximate percentage of shareholdings as at 31 December 2022
Mr Charles Alexander Portes	Interest of controlled corporations *(Note 4)*	449,783,103 (L)	10.17%
		149,644,368 (S) *(Note 8)*	3.38%
Mr Hwee Chiang Lim	Interest of controlled corporations *(Note 7)*	203,969,969 (L)	
	Beneficial owner	8,402,959 (L)	
		212,372,928 (L)	4.80%
Mr Brett Harold Krause	Beneficial owner	145,000 (L)	0.00%
Ms Jingsheng Liu	Beneficial owner	69,200 (L)	0.00%
Ms Wei Lin Kwee	Beneficial owner	8,000 (L)	0.00%
Mr Robin Tom Holdsworth (retired on 1 June 2022)	Beneficial owner	8,000 (L)	0.00%

Notes:
1. The Letters "L" and "S" denote the long position and the short position in the Shares respectively.
2. Laurels Capital Investments Limited directly holds the Shares of the Company and is wholly owned by The Shen Trust. In respect of The Shen Trust, the settlor is Rosy Fortune Limited (the sole shareholder of which is Mr Jinchu Shen). Mr Jinchu Shen has a deemed interest under the SFO in the Shares held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust.
3. Inclusive of the interest in 7,799,856 Shares underlying the share options pursuant to the Tier 1 ESOP.
4. Redwood Investment Company, Ltd. directly holds 448,933,103 Shares of the Company and is owned as to 42% and 58% by Kurmasana Holdings, LLC and Redwood Investor (Cayman) Limited respectively, of which Kurmasana Holdings, LLC is wholly-owned by Redwood Investor (Cayman) Limited, Redwood Investor (Cayman) Limited is wholly owned by Redwood Investor II (Cayman) Ltd. and the voting rights of Redwood Investor II (Cayman) Limited are controlled as to 45.87% and 45.87% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes, Mr Stuart Gibson, Redwood Investor II (Cayman) Ltd., Redwood Investor (Cayman) Limited and Kurmasana Holdings, LLC will be deemed to be interested in the Shares held by Redwood Investment Company, Ltd.. Besides, as at 31 December 2022, 850,000 Shares were held by Redwood Consulting (Cayman) Limited ("**Redwood Consulting**") as beneficial owner. Redwood Consulting is owned as to 50% and 50% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes and Mr Stuart Gibson are deemed to be interested in Shares held by Redwood Consulting (Cayman) Limited.
5. This represents 192,000 options to subscribe for Shares granted under the Post-IPO Share Option Scheme to each of Mr Jinchu Shen and Mr Stuart Gibson. The options granted to Mr Jinchu Shen are physically settled unlisted derivatives, and the options granted to Mr Stuart Gibson are unlisted derivatives which are not physically or cash settled.
6. This represents 979,500 Shares underlying the PSUs under the Long Term Incentive Scheme granted to each of Mr Jinchu Shen and Mr Stuart Gibson. All the Shares granted to Mr Jinchu Shen and Mr Stuart Gibson are unlisted derivatives which are not physically or cash settled. The number of shares underlying the PSUs is based on 150% of the initial number of Shares subject to the PSUs. The vesting of the PSUs is subject to fulfilment of relevant performance conditions and the final number of Shares subject to the PSUs can vary from 0% to 150% of the initial number of Shares subject to the PSUs.
7. JL Investment Group Limited and JL Investment Group II Limited directly holds 101,984,984 Shares and 101,984,985 Shares respectively, and both companies are 100% controlled by Mr Hwee Chiang Lim.
8. The short position represents Redwood Investor II (Cayman) Ltd. became the holder of, wrote or issued equity derivatives under which are under an obligation to pay another person an amount if the price of the underlying shares is above a certain level.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executives of the Company has any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) (i) as recorded in the register required to be kept under section 352 of the SFO; or (ii) as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

Directors' Report

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the information disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions In Shares, Underlying Shares and Debentures" above and with regards to the acquisition of ARA Asset Management Limited and its subsidiaries as disclosed in the announcements of Company dated 4 August 2021, 24 August 2021, 12 October 2021, 3 November 2021 and 20 January 2022 and the circular issued by the Company dated 18 October 2021, at no time during the year ended 31 December 2022 and up to the date of this report was the Company or any of its subsidiaries, holding company or a subsidiary of the Company's holding company a party to any arrangement whose objects were, or one of whose objects was, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors of the Company (including their spouses or children under the age of 18) had any interest in or was granted any rights to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, so far as the Directors and chief executives of the Company are aware, other than the interests of the Directors and chief executives of the Company as disclosed in the section titled "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", the following persons had, or were deemed to have, interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of Shares/underlying Shares held *(Note 1)*	Approximate percentage of shareholdings
Warburg Pincus & Co.	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.37%
Warburg Pincus China GP, L.P.	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.37%
Warburg Pincus China, L.P.	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.37%
Warburg Pincus Partners GP LLC	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.37%
Warburg Pincus Partners II, L.P.	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.37%
Warburg Pincus Private Equity XII, L.P.	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.37%
Warburg Pincus XII, L.P.	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.37%
WP Global LLC	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.37%
Alexandrite Athena GroupCo Ltd	Interest of controlled corporations *(Note 2)*	591,440,160 (L)	13.37%
Alexandrite Gem Holdings Limited	Beneficial owner *(Note 2)*	503,733,253 (L)	11.39%
Alexandrite Gem TopCo Ltd	Interest of controlled corporations *(Note 2)*	503,733,253 (L)	11.39%
OMERS Administration Corporation	Beneficial owner	456,221,943 (L)	10.32%
Mr Stuart Gibson	Interest of controlled corporations, interest of spouse and beneficial owner *(Notes 3, 5, 6, 8)*	451,027,603 (L) 149,644,368 (S)	10.20% 3.38%
Mr Charles Alexander Portes	Interest of controlled corporations *(Note 3, 8)*	449,783,103 (L) 149,644,368 (S)	10.17% 3.38%
Redwood Investor II (Cayman) Ltd.	Interest of controlled corporations *(Note 3)*	448,933,103 (L) 149,644,368 (S)	10.15% 3.38%
Redwood Investor (Cayman) Limited	Interest of controlled corporations *(Note 3)*	448,933,103 (L)	10.15%
Kurmasana Holdings, LLC	Interest of controlled corporation *(Note 3)*	448,933,103(L)	10.15%
Redwood Investment Company, Ltd.	Beneficial owner *(Note 3)*	448,933,103(L)	10.15%

Directors' Report

Name of Shareholder	Capacity/nature of interest	Number of Shares/underlying Shares held *(Note 1)*	Approximate percentage of shareholdings
Mr Jinchu Shen	Interest of controlled corporations and beneficial owner *(Notes 4, 5, 6)*	320,830,145 (L)	7.25%
Rosy Fortune Limited	Founder of a discretionary trust *(Note 4)*	319,658,645 (L)	7.23%
Tricor Equity Trustee Limited	Trustee *(Note 4)*	319,658,645 (L)	7.23%
Laurels Capital Investments Limited	Beneficial owner *(Note 4)*	319,658,645 (L)	7.23%
The Capital Group Companies, Inc.	Interest of controlled corporations *(Note 7)*	230,275,553 (L)	5.21%

Notes:

1. The Letters "L" and "S" denote the long position and the short position in the Shares respectively.
2. Alexandrite Gem Holdings Limited ("**Gem Holdings**") and Athena Logistics Holdings Ltd. ("**Logistics Holdings**") held as to 503,733,253 and 87,706,907 Shares respectively.
   Gem Holdings and Logistics Holdings are wholly owned subsidiary of Alexandrite Gem TopCo Ltd ("**Gem TopCo**") and Athena Logistics TopCo Ltd. ("**Logistics TopCo**") respectively. Both Gem TopCo and Logistics TopCo are wholly owned subsidiary of Alexandrite Athena GroupCo Ltd. ("**Alexandrite Athena GroupCo**"). Alexandrite Athena GroupCo is owned as to 41.46% and 35.19% by Warburg Pincus China, L.P. ("**WP China**") and Warburg Pincus Private Equity XII, L.P. ("**WPP Equity**") respectively. WP China and WPP Equity are wholly owned subsidiary of Warburg Pincus China GP, L.P. ("**WP China GP**") and Warburg Pincus XII, L.P. ("**WP XII**") respectively. Both WP China GP and WP XII are wholly owned by WP Global LLC. The managing member of WP Global LLC is Warburg Pincus Partners II, L.P. ("**WPP II**"). The general partner of WPP II is Warburg Pincus Partners GP LLC ("**WPP GP**"), the managing member of which is Warburg Pincus & Co. Accordingly, each of Gem TopCo, Logistics TopCo, Alexandrite Athena GroupCo, WP China, WPP Equity, WP China GP, WP XII, WP Global LLC, WPP II, WPP GP and Warburg Pincus & Co. are deemed to be interested in the underlying Shares held by Gem Holdings and Logistics Holdings.
3. Redwood Investment Company, Ltd. directly holds 448,933,103 Shares of the Company and is owned as to 42% and 58% by Kurmasana Holdings, LLC and Redwood Investor (Cayman) Limited respectively, of which Kurmasana Holdings, LLC is wholly-owned by Redwood Investor (Cayman) Limited, Redwood Investor (Cayman) Limited is wholly owned by Redwood Investor II (Cayman) Ltd. and the voting rights of Redwood Investor II (Cayman) Ltd. are controlled as to 45.87% and 45.87% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes, Mr Stuart Gibson, Redwood Investor II (Cayman) Ltd., Redwood Investor (Cayman) Limited and Kurmasana Holdings, LLC will be deemed to be interested in the Shares held by Redwood Investment Company, Ltd.. Besides, as at 31 December 2022, 850,000 Shares were held by Redwood Consulting (Cayman) Limited ("**Redwood Consulting**") as beneficial owner. Redwood Consulting is owned as to 50% and 50% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes and Mr Stuart Gibson are deemed to be interested in Shares held by Redwood Consulting (Cayman) Limited.
4. Laurels Capital Investments Limited is wholly owned by The Shen Trust. The settlor of The Shen Trust is Rosy Fortune Limited, the sole shareholder of which is Mr Jinchu Shen. The trustee of The Shen Trust is Tricor Equity Trustee Limited. Rosy Fortune Limited has a deemed interest under the SFO in the Shares held by The Shen Trust in its capacity as settlor of The Shen Trust, Mr Jinchu Shen has a deemed interest under the SFO in the Shares held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust and Tricor Equity Trustee Limited has a deemed interest under the SFO in the Shares held by The Shen Trust in its capacity as trustee of The Shen Trust. As at 30 June 2022, 319,658,645 Shares of the total issued shares of the Company (inclusive of the interest in 7,799,856 Shares underlying the share options pursuant to the Tier 1 ESOP) were held by Laurels Capital Investments Limited as the beneficial owner.
5. The Shares held as beneficial owner represented the 192,000 options to subscribe for Shares which are granted under the Post-IPO Share Option Scheme to each of Mr Jinchu Shen and Mr Stuart Gibson. The options granted to Mr Jinchu Shen are physically settled unlisted derivatives, and the options granted to Mr Stuart Gibson are unlisted derivatives which are not physically or cash settled.
6. The Shares held as beneficial owner represented the 979,500 Shares underlying the PSUs under the Long Term Incentive Scheme granted to each of Mr Jinchu Shen and Mr Stuart Gibson. All the Shares granted to Mr Jinchu Shen and Mr Stuart Gibson are unlisted derivatives which are not physically or cash settled.
7. Capital International Limited, Capital International Sarl and Capital International, Inc., which are wholly owned subsidiaries of Capital Group International, Inc., were the beneficial owner of 802,400 Shares, 4,615,400 Shares and 619,400 Shares respectively. Capital Group International, Inc. is a wholly owned subsidiary of Capital Research and Management Company, which in turn is a wholly owned subsidiary of The Capital Group Companies, Inc.. Besides, Capital Research and Management Company was the beneficial owner of 224,238,353 Shares. By virtue of the SFO, Capital Research and Management Company is deemed to have beneficial ownership over the Shares held by Capital International Limited, Capital International Sarl and Capital International, Inc.; and The Capital Group Companies, Inc. is deemed to be interested in the Shares held by Capital Research and Management Company.
8. The short position represents Redwood Investor II (Cayman) Ltd. became the holder of, wrote or issued equity derivatives under which are under an obligation to pay another person an amount if the price of the underlying shares is above a certain level.

Save as disclosed above, as at 31 December 2022, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register of the Company referred to therein.

Directors' Report

EQUITY-LINKED AGREEMENTS

Save as the information disclosed in paragraphs headed "KM ESOP, Tier 1 ESOP and Post-IPO Share Option Scheme and the Long Term Incentive Scheme" in this report, the Company did not enter into any equity-linked agreement for the year ended 31 December 2022, nor was there any equity-linked agreement entered into by the Company subsisting as at 31 December 2022.

KM ESOP, TIER 1 ESOP, POST-IPO SHARE OPTION SCHEME AND THE LONG TERM INCENTIVE SCHEME

1. KM ESOP

Below is a summary of the principal terms of the KM ESOP of the Company. The terms of the KM ESOP are not subject to the provisions of Chapter 17 of the Listing Rules.

(i) Purpose

The purpose of the KM ESOP is to incentivise or reward eligible participants for their contribution towards our Company's operations, so as to: (a) motivate and encourage recipients to continue to perform well; (b) to retain the services of recipients whose work is vital to the growth and continued success of our Company; and (c) to link the personal interests of members of the Board and the employees with those of the Shareholders.

(ii) Who may join

The Board may, at its discretion, grant an option to any director or employee of our Group, or any director or employee of any company which is under the control of our Company (an "**Eligible Person**").

(iii) Classes of shares that may be issued

Under the KM ESOP, ordinary shares may be issued. For the year ended 31 December 2022, the Company has issued 1,545,384 ordinary shares under the KM ESOP. The shares were issued at nominal value of US$0.001.

(iv) Maximum number of shares

At the date of this report, the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the KM ESOP at any time shall not exceed 18,125,237 Shares (approximately 0.41% of the issued share capital of the Company as at the date of this report).

(v) Maximum entitlement of each participant

The scheme does not set a limit of maximum entitlement of each participant under the scheme.

(vi) Period within which the securities must be taken up under an option

An option shall lapse automatically (to the extent not already exercised and subject always to the terms and conditions upon which the option was granted) on the earliest of:

(a) the tenth anniversary of the date of grant;

(b) the expiry of three months from the date on which the participant ceases to be an Eligible Person;

(c) If the participant ceases to be an employee by reason of his death, the options may be exercised by his personal representatives within twelve months from the date of death. If the participant ceases to be an employee by reason of his injury, ill-health or disability, the options may be exercised, to the extent it is vested, within six months from the date of cessation of employment. ("**Rights on Death, Retirement, Injury and Disability**")

Directors' Report

(d) If a participant's employment with our Company or any member of our Group is terminated by way of: (a) his voluntary resignation within three months from the date of grant; (b) fundamental breach of his employment agreement or a material breach of his non-disclosure undertaking; or (c) his serious misconduct, the option will lapse and cease to be exercisable immediately. If a participant ceases to be employed by our Company by reason of redundancy or dismissal other than by summary dismissal, the option may be exercised to the extent that it is vested within three months from the date of cessation of employment. ("**Effect of Dismissal or Ceasing Employment**")

(e) the date on which a participant ceases to be an Eligible Person in any circumstances other than those referred to in "Rights on Death, Retirement, Injury, Disability" and "Effect of Dismissal or Ceasing Employment" above;

(f) If a notice is given by our Company to its shareholders to convene a general meeting for the purposes of considering or approving a resolution to voluntarily wind-up our Company, to the extent that an option is vested, it may be exercised at any time to the extent that it is vested, before the relevant resolution has been passed or defeated or the meeting adjourned indefinitely, conditionally on the resolution being passed. If our Company is wound up by the court, to the extent that an option is vested and permissible by law, it may be exercised within one month of the winding-up order and will then lapse. This sub-clause does not apply if the winding-up is for the purpose of a reconstruction or amalgamation. ("**Rights on Winding-up**")

(g) subject to the paragraph headed "Rights on Winding-Up" above, the passing of an effective resolution for the voluntary winding-up of the Company (except where the winding-up is for the purpose of a reconstruction or amalgamation);

(h) subject to the paragraph headed "Rights on Winding-Up" above, the expiry of one month following the making of an order by the court for the winding-up of the Company (except where the winding-up is for the purpose of a reconstruction or amalgamation);

(i) the participant being declared bankrupt;

(j) the participant transferring, assigning, charging or otherwise disposing of the options unless in breach of the terms of the KM ESOP;

(k) as soon as any condition of exercise imposed can no longer in the opinion of the Board be met; or

(l) the participant, who is a Shareholder: (A) being deemed unable or admits inability to pay its debts as they fall due; or (B) there has been a material breach of the provisions of the Articles of Association by the participant which is not capable of remedy, or which is capable of remedy but is not remedied within 30 days after the occurrence of such material breach.

(vii) Minimum period for which an option must be held before it can be exercised

Subject to other conditions of the KM ESOP being satisfied, the options which have been granted shall be vested in accordance with the period as may be determined by our Board and set out in the vesting schedule in the KM ESOP.

Directors' Report

(viii) Subscription price for the shares, consideration for the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

An option may be exercised in full or in part in accordance with the terms of the KM ESOP by delivering to the address of the Company a written notice of exercise in the prescribed form. The participant may, to the extent permitted by the Company and any applicable laws or regulations, also elect one of the following:

(a) provide evidence to the satisfaction of our Company that it has received or will receive as soon as practicable payment in full of the Exercise Price for the aggregate number of Shares over which the option is to be exercised; or

(b) deliver a written notice to our Company to confirm use of either the net share settlement (i.e. in lieu of the participant paying the exercise price, the participant will receive the greatest number of whole shares as determined by the formula set out in the KM ESOP) or net cash settlement arrangement (i.e. in lieu of the participant paying the exercise price to exercise an option, the participant will receive a payment in cash equal to the value of the shares in respect of which the option is being exercised less the exercise price otherwise payable for those shares).

(ix) Basis of determining the exercise price

The Board decided the option price which was stated at the date of grant. The option price may be nil unless the shares subject to the option are to be subscribed, when the option price cannot be less than the nominal value of a share. The total amount payable on the exercise of an option is the relevant option price multiplied by the number of shares in respect of which the option is exercised.

(x) The remaining life of the scheme and details of exercise of the options

The term of the KM ESOP will terminate on the tenth anniversary of the commencement date being 24 November 2017 or at any earlier time determined by the Board. Termination of the KM ESOP will not affect options granted before termination.

Directors' Report

(xi) **Exercise price, grant date and vesting schedule**

Exercise price (USD)	Grant date	Vesting Period	Number of options *(Note 1)* held at 1 January 2022	exercised during the Year *(Note 2)*	cancelled during the Year	held at 31 December 2022
Management and employees (other than Directors) *(Note 3)*						
0.2520	February 2014	All vested	–	–	–	–
0.4722	December 2017	Varies from 3 to 4 years and all vested	100,020	–	–	100,020
0.9445	December 2017	4 years	5,194,760	(1,022,292)	–	4,172,468
0.9445	January 2018	4 years	10,285,138	(800,000)	–	9,485,138
1.1453	August 2018	4 years	873,103	–	–	873,103
0.4722	February 2019	3 years	–	–	–	–
0.9445	February 2019	3 years	–	–	–	–
1.3655	February 2019	4 years	948,494	–	–	948,494
1.5172	February 2019	4 years	2,447,524	(512,592)	(32,956)	1,901,976
0.9445	May 2019	Varies from 3 to 4 years and all vested	179,769	(71,250)	–	108,519
1.5172	May 2019	4 years	626,146	(90,627)	–	535,519
			20,654,954	(2,496,761)	(32,956)	18,125,237

Note:
(1) No share options were granted or lapsed during the year ended 31 December 2022.
(2) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$24.36.
(3) No share options under the KM ESOP were granted to the Directors or Co-CEOs.

No further share options under the KM ESOP have been granted since the listing.

Since all options holders opted for net share settlement method in lieu of paying in full the exercise price for the number of shares over which the option was exercised, only a net total of 1,545,384 ordinary shares were issued by the Company for the year ended 31 December 2022 in satisfaction of the 2,496,761 options so exercised. The shares issued at nominal value of US$0.001 were credited as fully paid.

2. Tier 1 ESOP

Below is a summary of the principal terms of the Tier 1 ESOP of the Company. The terms of the Tier 1 ESOP are not subject to the provisions of Chapter 17 of the Listing Rules.

(i) **Purpose**

The Tier 1 ESOP is intended to provide our Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to selected participants. By aligning the interests of selected participants with those of the Shareholders, participants will be encouraged and motivated to continue their efforts towards enhancing the value of the Company. The options were granted based on the performance of the option holders who have made important contributions to and are important to the long term growth and profitability of the Group.

(ii) **Selected participants**

WP OCIM One LLC ("**WP OCIM**"), Laurels Capital Investments Limited ("**Laurels**"), and Redwood Consulting (Cayman) Limited ("**Redwood Consulting**").

Directors' Report

(iii) Administration

The Board has full authority to administer the Tier 1 ESOP, including authority to interpret and construe any of its provisions and to adopt any regulations and any documents it thinks necessary or appropriate. The Board's decision on any matter connected with the Tier 1 ESOP will be final and binding on all parties.

(iv) Term of the Tier 1 ESOP

The Tier 1 ESOP will not be terminated while options are outstanding.

(v) Classes of shares that may be issued under the Tier 1 ESOP

Under the Tier 1 ESOP, ordinary shares may be issued. For the year ended 31 December 2022, under the Tier 1 ESOP 13,410,571 ordinary shares were issued.

(vi) Maximum number of shares

The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Tier 1 ESOP at any time shall not exceed 7,799,856 Shares as at the date of this report. (approximately 0.18% of the issued share capital of the Company as at the date of this report).

(vii) Exercise price

The Exercise Price is US$0.46 per option which was determined by reference to the then valuation and future prospect of the Company.

(viii) Straight-line vesting

36.91% of the options (the "**Vested Percentage**") vested on the date of grant, and the remainder of the options vest daily on a straight line basis until 20 January 2021 (the "**Vesting Period**").

(ix) Conditions of exercise

Conditions are attached to the grant of the options to each participant, which contain specific conditions in the event of a default or other leaver event which apply to the particular participant.

(x) Vesting events

If the following events occur, the options will vest in full:

(a) a strategic competitor acquires more than 29% of the fully diluted share capital or becomes the largest shareholder in our Company;

(b) except where a successor company obtains control and exchanges the options under Tier 1 ESOP for new options on economically equivalent terms, any person obtains control of our Company (i.e. acquires the right to exercise more than 50% of the controlling rights in the Company);

(c) there is a sale of all or substantially all of the shares in our Company by way of a trade sale or by way of a sale to a third party;

(d) there is a disposal by one or more transactions of all or substantially all of the business of the Company;

(e) there is a sale of all or substantially all of the shares in a project company or member of the Group to which a senior manager provides services or by which a senior manager is employed, as appropriate, by way of trade sale or by way of sale to a third party or there is a disposal of all or substantially all of the business of the project company or a member of the Group to which a senior manager provides services or by which the relevant senior manager is employed; or

(f) there is a solvent winding-up of the Company.

Directors' Report

(xi) **Lapse of an option**

Subject to the date specified in any specific conditions to which the option is subject, an option will lapse to the extent not exercised on the earliest of the following:

(a) the tenth anniversary of 20 January 2016, being the completion date of the merger between e-Shang Cayman Limited, ESR Singapore Pte. Ltd. and Redwood Asian Investments Ltd., pursuant to the Merger Agreement in January 2016;

(b) the expiry of six months following the occurrence of the date on which a court sanctions a compromise or arrangement between our Company and its Shareholders which permits exercise of the option;

(c) the passing of an effective resolution for the voluntary winding-up of our Company (except where the winding-up is for the purpose of a reconstruction or amalgamation or other specified situation);

(d) the expiry of one month following the making of an order by the court for the winding-up of our Company (except where the winding-up is for the purpose of a reconstruction or amalgamation or other specified situation);

(e) the participant being deprived of the legal or beneficial ownership of the option by operation of law, or doing or omitting to do anything which causes the participant to be so deprived or being declared bankrupt; or

(f) the participant having breached the restrictions on transfer contained in the Tier 1 ESOP.

In relation to the options granted to Laurels (the "**Laurels Options**") and in relation to the options granted to Redwood Consulting (the "**Redwood Options'**"), if during the Vesting the relevant directors or employees of the Group (in each case the "**Relevant Employee**"):

(a) resigns within 3 years of the date of grant of the Laurels Options or the part of the Redwood Options which are attributed to the relevant Director (the "**Relevant Options**") or ceases to be employed other than in circumstances specified below, the relevant option holder will retain the Relevant Options to the extent vested as at the date of termination;

(b) is dismissed for cause, or other specified events occur (including breaches of their relevant service agreements), the Relevant Options will be forfeited to the extent unexercised with certain exceptions; or

(c) ceases to be employed due to dismissal without cause, the Relevant Options will vest in full.

(xii) **Rights on death or ill-health**

If the Relevant Employee dies or ceases to be employed by our Company or its affiliates due to ill health, the Relevant Options that are vested as at the date of cessation may be exercised.

(xiii) **Rights on a compromise or arrangement**

If the court sanctions a compromise or arrangement between the Company and its Shareholders, provided an option is not to be exercised under the paragraph headed "Rights on Reorganisation or Merger" in this section below, the option can be exercised up to 20 days before and during the period of six months commencing on the date when the court sanctions the compromise or arrangement.

Directors' Report

(xiv) **Rights on winding up**

If a notice is given by our Company to its Shareholders to convene a general meeting for the purposes of considering or approving a resolution to voluntarily wind-up our Company, to the extent that an option is vested, it may be exercised at any time to the extent that it is vested, before the relevant resolution has been passed or defeated or the meeting adjourned indefinitely, conditionally on the resolution being passed. If our Company is wound up by the court, to the extent that an option is vested and exercise is permissible by law, it may be exercised within one month of the winding-up order and will then lapse. This sub-clause does not apply if the winding-up is for the purpose of a reconstruction or amalgamation.

(xv) **Rights on reorganisation or merger**

If there is a variation in equity share capital of our Company or upon any consolidation, amalgamation or merger of our Company, the Board may adjust the terms of the Tier 1 ESOP or the option price for outstanding options with effect from the date of the relevant event, so that the value of the shares subject to the options is equal to the value of those shares immediately before the occurrence of the event; and the exercise price payable to exercise an option will be the same as that immediately before the occurrence of the event. No such adjustment can reduce the option price to less than the nominal value of a Share.

(xvi) **Outstanding options granted under the Tier 1 ESOP**

As at 31 December 2022, options to subscribe for an aggregate of 7,799,856 Shares, representing approximately 0.18% of the issued shares of the Company, are outstanding. Details of the holders are set out below:

		Number of options	
Name of Participant	**held at 1 January 2022**	**exercised during the Year *(Note e)***	**held at 31 December 2022 *(Note d)***
Executive Director			
Mr Jinchu Shen *(Notes a, c)*	7,799,856	—	7,799,856
Mr Charles Alexander Portes and Mr Stuart Gibson *(Notes b, c)*	16,899,687	(16,899,687)	—
	24,699,543	(16,899,687)	7,799,856

Notes:
(a) The options are granted to Laurels Capital Investments Limited. Laurels Capital Investments Limited is wholly owned by The Shen Trust. In respect of The Shen Trust, the settlor is Rosy Fortune Limited (the sole shareholder of which is Mr Jinchu Shen). Mr Jinchu Shen has a deemed interest under the SFO in the options held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust.
(b) The options are granted to Redwood Consulting (Cayman) Limited. Redwood Consulting (Cayman) Limited is owned as to 50.0% and 50.0% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence each of Mr Charles Alexander Portes and Mr Stuart Gibson is deemed to be interested in options held by Redwood Consulting (Cayman) Limited.
(c) The options are granted on 20 April 2017 at exercise price of US$0.46. The vesting period of above outstanding options is vested daily on a straight line basis to 20 January 2021.
(d) No share options were granted, lapsed or were cancelled for the year ended 31 December 2022.
(e) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$16.46.

No further share options under the Tier 1 ESOP have been granted since the listing.

Directors' Report

3. Post-IPO Share Option Scheme

The following is a summary of the principal terms of 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.

(i) Purpose of the Post-IPO Share Option Scheme

The purpose of the Scheme is to provide incentives to participants to contribute to the Company and to enable the Company to recruit high caliber employees and attract or retain human resources that are valuable to the Group.

(ii) Selected participants to the Post-IPO Share Option Scheme

Any individual, being an employee, executive Director and non-executive Director (including independent non-executive Director), agent or consultant of our Company or its subsidiary who the Board or its delegate(s) considers, at their sole discretion, to have contributed or will contribute to our Group is entitled to be granted options. However, no individual who is resident in a place where the grant, acceptance or exercise of options pursuant to the Post-IPO Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

(iii) Classes of shares that may be issued under the Post-IPO Share Option Scheme

Ordinary shares

(iv) Maximum number of shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme is 303,658,464, being no more than 10% of the Shares in issue on completion of the Global Offering. As at the date of this report, the total number of shares available for issue under the Post-IPO Share Option Scheme is 18,418,824, representing approximately 0.42%, of the issued share capital of the Company as at the date of this report.

(v) Maximum entitlement of a grantee

Unless approved by our Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "**Individual Limit**").

(vi) Performance target

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

(vii) Subscription price

The amount payable for each Share to be subscribed for under an option ("**Subscription Price**") in the event of the option being exercised shall be determined by the Board but shall be not less than the greatest of:

(a) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;

(b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(c) the nominal value of the Shares.

Directors' Report

(viii) **Grant of options**

An offer of the grant of an option shall be made to a participant by letter or in such form as the Board may from time to time determine specifying the number of Shares, the subscription price, any condition (including but not limited to imposition of any performance target(s) and/or vesting scale), the Period in respect of which the offer is made, the date by which the option must be applied for being a date not more than 28 days after the offer date (the "**Acceptance Date**") and further requiring the Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the scheme. Such offer shall be personal to the participant concerned and shall not be transferable.

An option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter or such other form constituting acceptance of the offer of the grant of the option duly signed by the Grantee together with a remittance in favor of the Company of HK$1.00 (or such equivalent in other currency as the Board may specify) by way of consideration for the grant thereof is received by the Company on or before the relevant Acceptance Date.

Any offer may be accepted in respect of less than the number of options for which it is offered provided that it is accepted in respect of options representing Shares constituting a board lot for dealing in Shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrevocably declined.

(ix) **Time of exercise of an option**

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

(x) **Duration**

The Post-IPO Share Option Scheme shall be valid and effective for the period of 10 years commencing on the date of adoption of the Post-IPO Share Option Scheme. The remaining life of the Post-IPO Share Option Scheme is about 6 years and 7 months as at the date of this report.

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(xi) Exercise price, grant date and vesting schedule

Date of grant	Exercise price	Closing price immediately preceding the date of grant	Vesting period	Exercise period	Number of options: Held at 1 January 2022	Granted during the year *(Note)*	Exercised during the year	Cancelled during the year	Lapsed during the year	Held at 31 December 2022
Directors										
8 June 2022	HK$22.78	HK$22.50	vest in three equal tranches on each of 8 June 2022, 8 June 2023 and 8 June 2024	8 June 2022 to 7 June 2032						
Mr Jinchu Shen					–	192,000	–	–	–	192,000
Mr Stuart Gibson					–	192,000	–	–	–	192,000
			Subtotal		–	384,000	–	–	–	384,000
Management other than Directors and employees										
28 December 2020	HK$27.30	HK$27.10	vest in three equal tranches on each of 28 December 2021, 28 December 2022 and 28 December 2023	28 December 2021 to 27 December 2030	6,650,000	–	–	–	–	6,650,000
23 August 2021	HK$24.50	HK$23.80	vest in three equal tranches on each of 23 August 2021, 23 August 2022 and 23 August 2023	23 August 2021 to 22 August 2031	11,485,600	–	–	(53,400)	–	11,432,200
			Subtotal		18,135,600	–	–	(53,400)	–	18,082,200
			Grand total		18,135,600	384,000	–	(53,400)	–	18,466,200

Note: During the year ended 31 December 2022, a total of 384,000 Share Options were granted to directors under the Post-IPO Share Option scheme with a fair value on the date of grant of approximately HK$8.88 (approximately US$1.13) per Share Option. Details of the fair value are set out in Note 42 of the Consolidated Financial Information.

There were no awards granted to service provider or any participants in excess of the 1% individual limit during the year.

4. Long Term Incentive Scheme

The following is a summary of the principal terms of the long term incentive scheme (the "**Long Term Incentive Scheme**") adopted and approved by our Shareholders at an annual general meeting held on 2 June 2021 (the "**Adoption Date**").

(i) Purpose

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.

Directors' Report

(ii) **Who may join**

Those eligible to participate in 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 ("**Participants**"). Participants may receive, at the absolute discretion of the Board, Awards under the Long Term Incentive Scheme. 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".

(iii) **Administration**

The Long Term Incentive Scheme will be subject to the administration of the Board (or a duly authorised committee of the Board). The Board's decision as to all matters arising in relation to the Long Term Incentive Scheme or its interpretation or effect shall be final and binding on all parties.

The Company may also appoint a professional trustee to assist with the administration and vesting of the Awards. The Company may to the extent permitted by the Companies Law and the Listing Rules: (a) allot and issue Shares to the trustee to be held by the trustee pending the vesting of Awards granted and which will be used to satisfy Awards upon vesting; and/or (b) direct and procure the trustee to make on-market purchases of Shares to satisfy Awards upon vesting. The Company shall to the extent permitted by the Companies Law provide sufficient funds to the trustee by whatever means as the Board may in its absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration and vesting of Awards.

(iv) **Term**

The Long Term Incentive Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Awards will be offered but the provisions of the Long Term Incentive Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any Awards already granted. Awards granted during 10 year term shall continue to be valid in accordance with their terms of grant after the end of the term.

(v) **Grant of awards**

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 Grant Letter shall specify, among other things, any vesting conditions, the relevant vesting schedule and applicable vesting date(s). The Company may require the grantee to remit HK$1.00 (or such equivalent in another currency as the Board may specify) to the Company as consideration for the grant.

(vi) **Timing restrictions**

The Company may not grant any Award to any Participant after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published or disclosed in accordance with the requirements of the Listing Rules. In particular, the Company may not grant any Award during the period commencing one month immediately before the earlier of:

(a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

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(b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the actual publication of the results announcement, and where a grant is made to a Director:

(a) notwithstanding paragraphs (vi-a) and (vi-b) above, no Award shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(vii) Grant to connected persons

Any grant to any Director, chief executive or substantial Shareholder (other than an independent non-executive Director), of the Company, or any of their respective associates, shall be subject to the prior approval of the Remuneration Committee of the Company (excluding the independent non-executive Director who is the proposed Grantee of the grant in question) and all grants to connected persons shall be subject to compliance with the requirements of the Companies Law and the Listing Rules, including where necessary the prior approval of the Shareholders.

(viii) Satisfaction of awards

Subject to and in accordance with the terms of the Long Term Incentive Scheme and the specific terms applicable to each Award, an Award shall vest on the date(s) specified in the Grant Letter (the "**Vesting Date**"). If the vesting of an Award is subject to the satisfaction of performance-based, time-based and/or other conditions and such conditions are not satisfied, the Award shall lapse automatically in respect of such proportion of the underlying Shares as have not vested.

The Board may in its absolute discretion, determine whether the whole or any part of the Award granted or to be granted under the Long Term Incentive Scheme shall be satisfied upon vesting by the allotment and issue or transfer of Shares or by a cash payment ("**Cash Payment**", for the purpose of the Long Term Incentive Scheme, means a payment in cash made by the Company to Participant upon the vesting of an Award in lieu of Shares, based on the formula of A x B, where: A = the number of Shares in respect of which the Award has vested, and B = the closing price of a Share as stated in the daily quotation sheets issued by the Stock Exchange of a Share on the relevant Vesting Date.) Any such determination may be made on a case-by-case basis or generally at any time on or around the grant date or relevant Vesting Date of the Award in question, and the Board shall notify the relevant Grantees of such determination. Awards shall be satisfied as soon as practicable on or after the relevant Vesting Date and in any event no later than 30 days following the relevant Vesting Date, at the Company's absolute discretion by:

(a) the Company allotting and issuing the relevant number of Shares to the Grantee credited as fully paid; or

(b) the Company directing and procuring the trustee to transfer to the Grantee the relevant number of Shares; or

(c) the Company paying or procuring the payment of a Cash Payment (and the Company may in its discretion pay or procure the payment of the Cash Payment in Hong Kong dollars or the equivalent in the Grantee's local currency (converted on such basis of exchange rate as the Company may in its discretion determine).

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(ix) Rights attached to the shares

A Grantee shall have no rights in respect of any Shares granted until such Shares have been allotted and issued or transferred to the Grantee, including in relation to any dividends or distributions in respect of such Shares.

(x) Corporate events

x.i. In the event of:

(a) a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all Grantees (on the same terms mutatis mutandis, and assuming that they will become Shareholders). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Awards shall, subject to paragraph x.ii. below, vest in whole or in part on a date specified by the Board. All parts of an Award which have not vested shall lapse immediately; or

(b) a notice is given by the Company to its members to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company or an order of the court is made for the winding-up of the Company, the Company shall give notice thereof to all Grantees on the same day as such resolution is passed or order is made. At the sole and absolute discretion of the Board, any part of an Award which has not yet vested shall be accelerated in whole or in part (as specified in the Grantee's notice) immediately before the passing of such resolution, whereupon the Grantee will be entitled to receive out of the assets available in the liquidation pari passu with the Shareholders such sum as would have been received in respect of the Shares the subject of such election. Any part of an Award which has not been accelerated shall lapse immediately;

(c) a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies pursuant to the Companies Ordinance ((Chapter 622 of the Laws of Hong Kong) as amended from time to time) or the Companies Act of Cayman Islands (as amended from time to time) (the "**Companies Act**"), the Company shall give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph x) on the same day as it dispatches to each member or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon any part of an Award which has not yet vested may be accelerated in whole or in part at any time prior to the day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement. Upon such compromise or arrangement becoming effective, all Awards shall, to the extent that they have not accelerated, lapse immediately. The Board shall endeavour to procure that the Shares issued as a result of the vesting of Awards (or any part thereof) under this paragraph x.i(c) shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of Grantees shall with effect from the date of the making of the order by the court be restored in full

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and all prior acceleration and lapse of the Awards shall be reversed and the Awards shall continue to vest in accordance with the original vesting schedule (but subject to the other terms of the Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid acceleration, lapse and reversal.

x.ii. The number of Shares in respect of which any Award is accelerated or vests pursuant to this paragraph x (if any) and the date or dates on which any such vesting will occur shall be determined by the Board in its absolute discretion by reference to factors which may include (a) the extent to which any performance or other conditions to vesting have been satisfied as at the relevant event and (b) the proportion of the period from the date of the grant to the normal Vesting Date that has elapsed as at the relevant event.

(xi) Maximum number of shares

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). As at the date of this report, the total number of shares available for issue under the Long Term Incentive Scheme is 8,867,333, representing approximately 0.20% of the issued share capital of the Company as at the date of this report.

(xii) Renewal of maximum number of shares

xii.i. The Maximum Number of Shares may be increased or "refreshed", with the approval of the Shareholders in general meeting, up to a maximum of 10% of the Shares in issue at the date of such Shareholders' approval, inclusive of the maximum number of Shares in respect of which share options may be granted under the Post-IPO Share Option Scheme; and the Company may obtain a separate approval from its Shareholders in general meeting to permit the granting of Awards which will result in the number of Shares in respect of all Awards granted exceeding the then Maximum Number of Shares provided that such Awards are granted only to Participants specifically identified by the Company before Shareholders' approval is sought.

xii.ii. For the avoidance of doubt, (a) in calculating whether the Maximum Number of Shares has been exceeded, Awards under the Long Term Incentive Scheme and share options granted under the Post-IPO Share Option Scheme which have lapsed in accordance with the terms of the relevant scheme or which have been satisfied by the making of a Cash Payment shall not be counted, and (b) if the Maximum Number of Shares is increased or refreshed pursuant to this paragraph xii, Awards granted under the Long Term Incentive Scheme or share options granted under the Post-IPO Share Option Scheme (including without limitation those outstanding, cancelled in accordance with the relevant scheme and those which have vested) prior thereto shall not be counted for the purpose of calculating whether the new Maximum Number of Shares has been exceeded.

(xiii) Transfer restrictions

An Award shall be personal to the Grantee and shall not be assignable and the Grantee shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to the Award (save that, for the avoidance of doubt, the Grantee may nominate a nominee to hold the Shares to be issued pursuant to the vesting of an Award on trust for the sole benefit of such Grantee provided that evidence of such trust arrangement between the Grantee and the nominee shall be provided to the satisfaction of the Company). However, following the Grantee's death, Awards may be transferred by will or by the laws of testacy and distribution.

Directors' Report

(xiv) Lapse of awards

xiv.i. Unless otherwise determined by the Board in its sole and absolute discretion, Awards (or any part thereof) which have not vested shall lapse automatically on the earliest of:

(a) the date on which the Grantee ceases to be an employee, Director, agent or consultant of the Company or any Subsidiary by reason of the termination of his employment, office, agency or consultancy on any one or more grounds of serious misconduct by the Grantee, or if the Grantee has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board or the board of directors of the relevant Subsidiary (as the case may be)) on any other grounds on which an employer or principal would be entitled to summarily terminate his employment, office, agency or consultancy at common law or pursuant to any applicable laws or under the Grantee's service contract, terms of office, or agency or consultancy agreement or arrangement with the Company or the relevant Subsidiary (as the case may be);

(b) the date on which the Grantee ceases to be a Participant on or after becoming bankrupt or insolvent or making any arrangements or composition with his creditors generally;

(c) the date on which the Board shall exercise the Company's right to cancel an Award (or any part thereof) at any time after the Grantee commits a breach of paragraph xiii or the Award (or any part thereof) is cancelled in accordance with paragraph xiv.iv below; or

(d) in respect an Award which is subject to performance or other vesting condition(s), the date on which the condition(s) to vesting of the Award is not satisfied (save that the Award shall lapse only in respect of such proportion of underlying Shares as have not vested because of the application of such performance or other vesting condition(s); or

(e) the date on which the Award is not accelerated or vested (and therefore lapse) pursuant to paragraph x.i above.

xiv.ii. The Board shall have the right to determine whether the Grantee's employment, office, agency, or consultancy has been terminated the reasons set out in paragraph xiv.i(a) above, the effective date of such termination and such determination by the Board shall be final and conclusive.

xiv.iii. If the Grantee's employment, service or engagement with a member of the Group is terminated for any reason other than the reasons set out in paragraph xiv.i(a) above (including due to resignation, retirement, death, disability or non-renewal of the employment or service agreement (or equivalent) upon its expiration) prior to the vesting of any Award, the Board shall determine in its absolute discretion whether any unvested Award shall vest, the extent to which it shall vest and when such Award (or part thereof) shall vest. If no such determination is made, the Award shall lapse with effect from date on which the Grantee's employment, service or engagement is terminated. To the extent that the Board determines that such Award shall not vest, such Award shall lapse automatically with effect from such termination date.

xiv.iv. The Board may at any time cancel any Award previously granted but which have not yet vested and may, at its discretion, make a grant of new Award to the same Grantee. Where an Award is cancelled and a new Award is intended to be granted to the same Participant, the Scheme must have available unissued Shares (excluding the cancelled Shares(s)) within the Maximum Number as mentioned in paragraph xii. ii.

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(xv) **Adjustments**

In the event of an alteration in the capital structure of the Company by way of a capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party) whilst any Awards has not vested or has vested but has not yet been satisfied, such corresponding adjustments (if any) shall be made to the nominal value or number of Shares subject to Awards and/or the Maximum Number of Shares. Subject to the foregoing, any adjustment shall be made on the basis that the Grantee shall have the same proportion of the issued share capital of the Company for which any Grantee would have been entitled to had the Award held by him vested immediately prior to such adjustments but not greater than that to which he was entitled before such adjustment, but so that no such adjustment shall be made to the effect of which would be to enable any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of the Company for which any Grantee would have been entitled to had the Award held by him vested immediately prior to such adjustments.

In respect of any such adjustments, the auditors of the Company from time to time or an independent financial adviser to the Company (as the case may be) must confirm to the Board in writing that the adjustments are in their opinion fair and reasonable.

(xvi) **Alteration**

Save as provided below, the Board may alter any of the terms of the Long Term Incentive Scheme at any time.The Board may amend any performance and/or other conditions that applies to an Award if there is an event that causes it to consider that the performance and/or other conditions should be amended. The Long Term Incentive Scheme so altered must comply with the requirements of the Companies Law and the Listing Rules.

(xvii) **Cancellation**

The Board may at any time cancel Awards previously granted but which have not yet vested. Where the Company cancels Awards and offers new Awards to the same Grantee, the offer of such new Awards may only be made with available unissued Shares (excluding the cancelled Share(s)) within the Maximum Number within the limits set out in paragraph xi above.

(xviii) **Termination**

The Company by ordinary resolution in general meeting or the Board may at any time terminate the Long Term Incentive Scheme and in such event, no further Awards may be offered but in all other respects the terms of the Long Term Incentive Scheme shall remain in force to the extent necessary to give effect to the vesting of Awards which are granted during the term of the Long Term Incentive Scheme and which remain unvested immediately prior to the termination of the Long Term Incentive Scheme.

In order to implement the Long Term Incentive Scheme described above and to facilitate the granting of Awards of RSUs/PSUs, an ordinary resolution was approved at the annual general meeting held on 1 June 2022 for the granting of a mandate to the Directors to grant Awards under the Long Term Incentive Scheme in respect of a maximum of 20,000,000 new Shares (the "**Scheme Mandate**"), representing 0.45% of the total number of Shares in issue as at the date of passing of such ordinary resolution during the period ("**Relevant Period**", until whichever is the earlier of (i) the conclusion of the next annual general meeting of the Company; (ii) the revocation or variation of the mandate given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; or (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law of the Cayman Islands or any other applicable law to be held), and allot, issue and deal with Shares underlying the Awards granted under the Long Term Incentive Scheme during the Relevant Period as and when such Awards vest.

Directors' Report

Date of grant	Connected/ non-connected	Name/position	Closing price immediately preceding the date of grant	Vesting Period	Number of shares: At 1 January 2022	Granted during the year Note (5)	Vested during the year	Lapsed/ cancelled during the year	At 31 December 2022
PSUs *Notes (5)(8)*									
8 June 2022		Directors							
	Connected Grantee	Mr Jinchu Shen	22.5	*Note (3)*	–	979,500	–	–	979,500
	Connected Grantee	Mr Stuart Gibson	22.5	*Note (3)*	–	979,500	–	–	979,500
					–	1,959,000	–	–	1,959,000
23 February 2022	Connected Grantee	Certain directors of subsidiaries of the Company	25	*Note (2)*	–	839,400	–	–	839,400
23 February 2022	Non-connected Grantee	Employees of the Group who are not directors or chief executive of the Group	25	*Note (2)*	–	3,285,300	–	(89,700)	3,195,600
					–	4,124,700	–	(89,700)	4,035,000
					–	6,083,700	–	(89,700)	5,994,000
RSUs *Notes (5)(8)*									
23 February 2022	Connected Grantee	Certain directors of subsidiaries of the Company	25	*Notes (1)(7)*	–	386,800	(257,867)	–	128,933
23 February 2022	Non-connected Grantee	Employees of the Group who are not directors or chief executive of the Group	25	*Notes (1)(6)*	–	309,400	(206,267)	–	103,133
					–	696,200	(464,134)	–	232,066
8 June 2022	Connected Grantee	Certain directors of subsidiaries of the Company	22.5	*Notes (4)(7)*	–	2,039,500	(129,833)	–	1,909,667
8 June 2022	Non-connected Grantee	Employees of the Group who are not directors or chief executive of the Group	22.5	*Note (4)*	–	5,586,600	–	–	5,586,600
					–	7,626,100	(129,833)	–	7,496,267
					–	8,322,300	(593,967)	–	7,728,333
					–	14,406,000	(593,967)	(89,700)	13,722,333

Notes:
(1) Subject to the vesting conditions being met, the RSUs will vest between the Date of Grant to 1 April 2023. In respect of the 386,800 Shares underlying RSUs to be granted to the Connected Grantees, the trustee shall make on-market purchase of the relevant Shares to satisfy the portion of RSUs that have been vested promptly following the public disclosure of the Company's announcement of final results for the year ended 2021.
(2) In respect of the PSUs, the PSUs granted will vest in favour of the relevant Participants in three equal tranches over a period of three years commencing from 1 April 2023 based on fulfillment of relevant performance conditions over a two-year period commencing from 1 January 2021 to 31 December 2022 (both dates inclusive).
(3) The PSUs granted will vest in favour of the relevant participants in three equal tranches over a period of three years commencing from 1 April 2023 based on fulfilment of relevant performance conditions over a two year period commencing from 1 January 2021 to 31 December 2022 (both dates inclusive). As disclosed in the Company's annual general meeting circular dated 29 April 2022, the Company would seek to motivate and reward eligible participants in the Long Term Incentive Scheme for optimising their performance in areas including, but not limited to, total shareholder returns, total assets under management and making contributions to the Group.
(4) In respect of the aggregate of 7,626,100 RSUs granted to the relevant participants, subject to the vesting conditions being met:
  (i) 389,500 of the RSUs granted to Connected Grantees and 311,600 of the RSUs granted to Non-connected Grantees will vest in three equal tranches on the Date of Grant, 8 June 2023 and 8 June 2024; and
  (ii) 1,650,000 of the RSUs granted to Connected Grantees and 5,275,000 of the RSUs granted to Non-connected Grantees will vest in four equal tranches on 8 June of each of 2023, 2024, 2025 and 2026.
(5) Please refer to note 42 to the Consolidated Financial Statements for the fair value of awards at the date of grant and the accounting standard and policy adopted.
(6) The weighted average closing price of the shares immediately before the dates on which the awards vested is HK$23.95 per share.
(7) The average purchase price of the shares on which the awards vested is HK$23.28 per share .
(8) The purchase price for the shares underlying the PSUs/RSUs is nil.

There were no awards granted to service provider or any participants in excess of the 1% individual limit during the year.

Directors' Report

Shares available for issue under the Long Term Incentive Scheme and the Post-IPO Share Option Scheme
As at the date of this report, (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 the date of this report, 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 6.20% of the total number of Shares in issue.

(xix) Appointment of Trustee
The Company has appointed Computershare Hong Kong Trustees Limited as the trustee to assist with the administration of the Long Term Incentive Scheme. The role of the trustee is to, among other things, (i) purchase Shares as directed by the Company for the purpose of satisfying the Awards on vesting and (ii) hold the Shares in trust on behalf of the grantees until such time as the relevant Awards vest or lapse. Under the terms of the trust deed appointing the trustee, the trustee will not exercise the voting rights attached to the Shares held by it on trust and any dividend or other distributions received by the trustee on the Shares held by it on trust will form part of the trust fund.

Save as disclosed above, no other share schemes were entered into by the Company.

The number of Shares that may be issued in respect of options and awards granted under Post-IPO Share Option Scheme and Long Term Incentive Scheme of the Company divided by the weighted average number of ordinary Shares in issue for the year ended 31 December 2022 is 0.60%.

For the options and awards ("**Grants**") granted during the year with less than 12 months of vesting period, the Remuneration Committee considered it appropriate to award the Grants with vesting period of less than 12 months as those Grants would have been granted earlier but for administrative or compliance reasons, those were made in a subsequent batch with a view to putting the relevant grantees in the same position as they would have been in had the Grants been made earlier.

Directors' Report

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Shares Repurchase

During the financial year ended 31 December 2022, the Company had repurchased, under the Repurchase Mandate, a total of 69,739,200 shares of the Company (the "**Shares**") on market ranging from HK$13.08 to HK$23 per share, representing approximately 1.58% of the issued Shares as at 31 December 2022 for a consideration of approximately US$169.3 million (approximately HK$1,324.3 million, excluding transaction cost). At the date of this annual report, the repurchased Shares have been cancelled. Details of Shares repurchased are as follows:

Month	Number of shares repurchased	Purchase price per share Highest HK$	Lowest HK$	Aggregate consideration HK$ million
May 2022	5,836,000	23.00	22.15	131.9
June 2022	11,248,600	23.00	19.80	240.6
July 2022	10,799,200	21.80	19.00	217.2
August 2022	735,000	21.25	20.20	15.1
September 2022	8,758,400	22.15	19.62	181.9
October 2022	16,920,000	20.75	13.08	287.9
November 2022	6,152,000	17.50	13.36	95.0
December 2022	9,290,000	17.90	15.84	154.7
	69,739,200			1,324.3

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$350m 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 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 details in the Company's announcements dated 3 February 2022 and 4 April 2022.

Shares Purchased By Trustee Under The Long Term Incentive Scheme

During the financial year ended 31 December 2022, the Trustee of the Long Term Incentive Scheme of the Company adopted on 2 June 2021 (the "**LTIS**"), pursuant to the rules and trust deed of the LTIS, purchased on the Stock Exchange a total of 387,700 Shares of the Company at a total consideration of approximately US$1.15 million (approximately HK$9.02 million).

Directors' Report

Saved as disclosed above, during the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

ORDINARY SHARES ISSUED

During the year ended 31 December 2022, a total of 1,545,384 and 13,410,571 ordinary shares were issued by the Company in satisfaction of the 2,496,761 and 16,899,687 options exercised under KM ESOP and Tier 1 ESOP respectively, since all options holders opted for net share settlement method in lieu of paying in full the exercise price for the number of shares over which the option was exercised. The shares issued at nominal value of US$0.001 each were credited as fully paid.

During the year ended 31 December 2022, a total of 206,267 ordinary shares were issued by the Company in satisfaction of 593,967 shares vested under the Long Term Incentive Scheme. There shares issued at nominal value of US$0.001 each were credited as fully paid.

Save as disclosed above in this annual report, during the year ended 31 December 2022, there was no other issue of equity securities (including securities convertible into equity securities) of the Company.

Details of the movements in the share capital of the Company and the shares issued during the reporting year are disclosed in note 41 to the Consolidated Financial Statements.

CONVERTIBLE BONDS ISSUED

In September 2020, the Company completed the issuance of US$350 million 1.50 per cent convertible bonds due 2025 (the "**Bonds**") to professional and institutional investors. The Bonds may be converted into ordinary shares of the Company at the conversion price of HK$32.13 per share (subject to adjustment) and assuming full conversion of the Bonds, the Bonds will be converted into 84,427,015 shares, representing approximately 2.77% of the then issued share capital of the Company and approximately 2.69% of the then issued share capital of the Company as enlarged by the issue of such conversion shares (assuming that there is no other change to the issued share capital of the Company). The Bonds are listed and traded on the Singapore Exchange Securities Trading Limited.

The net proceeds from the Bond Issue, after deducting fees, commission and expenses payable in connection with the Bond Issue, was approximately US$345.0 million, which the Company is using for refinancing of existing borrowings, financing of potential acquisition and investment opportunities as well as the working capital requirements and the general corporate purposes of the Group. Based on the net proceeds and assuming the full conversion of the Bonds, the net price per share is approximately HK$31.67. The net proceeds have been fully utilised in year 2021 for the purposes as disclosed in the Company's announcement dated 10 September 2020.

The Directors believe that the Bond Issue will bring about a diversification of funding sources and expansion of investor base. This is the first convertible bond issue for the Company, and is in line with its capital management strategy. For the year ended 31 December 2022, there is no conversion of the Bonds into ordinary shares of the Company. Details of the convertible bonds balance as of 31 December 2022 is disclosed in note 31 to the Consolidated Financial Statements.

COMPLETION OF THE ACQUISITION OF ARA ASSET MANAGEMENT LIMITED

Reference is made to (i) the announcements of the Company dated 4 August 2021, 24 August 2021, 12 October 2021, 3 November 2021 and 20 January 2022 and (ii) the circular issued by the Company dated 18 October 2021 in relation to the business combination of ARA Asset Management Limited and its subsidiaries with the Group (the "**ARA Acquisition**").

The ARA Acquisition was completed on 20 January 2022. The total consideration of US$4,859 million was satisfied with US$519 million in cash and issuance of 1,345,898,078 new Shares, determined based on the prevailing share price on completion of HK$25.15 per Share.

Directors' Report

Save as disclosed above, during the year ended 31 December 2022, there were no other material acquisitions and disposals of subsidiaries, associates and joint ventures.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Cayman Companies Law, which would oblige the Company to offer new Shares on a pro rata basis to the existing Shareholders.

CONNECTED TRANSACTIONS (INCLUDING CONTINUING CONNECTED TRANSACTIONS)

Save as the connected transactions disclosed below, the Company did not have any transaction with connected persons of the Group that were subject to the reporting, announcement or independent shareholders' approval requirements as required under the Listing Rules during the year ended 31 December 2022. All connected transactions are subject to the review and approval by the Board of Directors. The Company has complied with the applicable requirements of Chapter 14A of the Listing Rules for the year ended 31 December 2022.

Continuing Connected Transactions Pursuant To Rule 14A.60 Of The Listing Rules

Reference is made to (i) the announcements of the Company dated 4 August 2021, 24 August 2021, 12 October 2021, 3 November 2021 and 20 January 2022 and the circular issued by the Company dated 18 October 2021 in relation to the ARA Acquisition, which was completed on 20 January 2022; and (ii) the announcement of the Company dated 23 January 2022, with regards to the continuing connected transaction pursuant to Rule 14A.60 of the Listing Rules.

Following the completion of the ARA Acquisition, Alexandrite Gem and Athena Logistics together held approximately 13.2% of the shareholding interest in the Company. Each of Alexandrite Gem and Athena Logistics was an investment holding company indirectly wholly owned by funds managed or advised by Warburg Pincus LLC or its affiliates.

Prior to the completion of the ARA Acquisition, on 17 January 2022, ESR V Investment Holding Pte. Ltd ("**ESR V Investment**"), a wholly-owned subsidiary of the Company, entered into management agreements with each of BW Industrial Development Thoi Hoa One Member Limited Liability Company and BW Industrial Development Thoi Hoa (Project 02) One Member Limited Liability Company (each, a "**BW JV**") pursuant to which that BW JV had appointed ESR V Investment to provide certain management services to that BW JV in relation to the business of that BW JV (each, a "**BW Management Agreement**").

As each BW JV was 51% indirectly owned by Cong Ty Co Phan Sao Hoa Toan Quoc ("**BW**"), which in turn is controlled by entities managed or advised by Warburg Pincus LLC or its affiliates, as are Alexandrite Gem and Athena Logistics, each BW JV became a connected person of the Company upon the completion of the ARA Acquisition. Therefore, following the completion of the ARA Acquisition, the transactions under each BW Management Agreement became continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The BW Management Agreements have been terminated on 12 January 2023 (after trading hours) as ESR V Investment entered into the Termination Agreements with each of the BW JVs. There was no transaction effected under the BW Management Agreements during the year ended 31 December 2022 and up to 12 January 2023.

For detailed information, please refer to the Company's announcements dated 23 January 2022 and 12 January 2023.

Connected Transaction In Relation To The Provision Of A Loan Facility

By reference to the announcement of the Company dated 24 October 2022 and 11 December 2022, the Company (as lender), Redwood Consulting (Cayman) Ltd. (as borrower) (the "**Borrower**"), and Mr Charles Alexander Portes and Mr Stuart Gibson (both being Directors of the Company) as guarantors (together, the "**Guarantors**") entered into a standby facility agreement (the "**Loan Agreement**") on the terms described below.

Directors' Report

As the Borrower is an associate of certain Directors of the Company, the Borrower is a connected person of the Company under Listing Rule 14A.07. As the highest applicable percentage ratio in respect of the Loan when aggregated with the unsecured interest-bearing loans provided by the Company to the Guarantors in 2020 is more than 0.1% but less than 5%, the provision of the Loan (as defined below) constitutes a connected transaction of the Company which is exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Listing Rule 14A.76(2).

The Company, the Borrower and the Guarantors entered into the Loan Agreement on 24 October 2022 pursuant to which the Company agreed to lend to the Borrower a loan (the "**Loan**") in the principal amount of up to US$50 million at an interest-rate equal to LIBOR plus 4.0% per annum. The Loan will be available to the Borrower for its working capital purposes from the date of the Loan Agreement for a maximum period of 18 months after the date on which the Loan is made. The Loan is guaranteed by the Guarantors and will be subject to security over the shares in the Borrower and an undertaking to seek additional security over the shares in an affiliate of the Borrower, in favour of the Company. The Company may use 50% of any amounts due from the Company to the Guarantors under any agreement to repay the principal amount of the Loan.

The terms of the Loan Agreement were arrived at after arm's length negotiations between the Company and the Borrower. The Loan was funded by the Group's internal resources.

On 11 December 2022, the Borrower submitted a formal notice to the Company that the Borrower will repay all amounts outstanding under the Loan Agreement, in full and final settlement of all amounts outstanding pursuant to the Loan Agreement, on or prior to 31 December 2022. Following such repayment made prior to 31 December 2022, the Loan Agreement was terminated on 31 December 2022 accordingly.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of the Company's key management and their close family member are also considered as related parties. For a discussion of related party transactions, see note 40 to the Consolidated Financial Statements. Directors believe that the related party transactions were carried out on an arm's length basis and will not distort our results during the year ended 31 December 2022 or make such results not reflective of our future performance. All the related party transactions described in this note are exempt from the reporting, announcement or independent shareholders' approval requirements under Rules 14A.76(1)(a) and (b) of the Listing Rules.

CHARITABLE DONATIONS

The charitable and other donations made by the Group for the year ended 31 December 2022 amounted to US$772,000 (2021: US$130,000).

IMPORTANT EVENT AFTER THE REPORTING PERIOD

Save for the information disclosed in note 48 to the Consolidated Financial Statements, there was no important event after the year ended 31 December 2022 and up to the date of this report.

Directors' Report

PERMITTED INDEMNITY PROVISION

According to article 191 of the Articles of Association of the Company, the Directors and other officers for the time being of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty, and none of them shall be answerable for the acts, receipts, neglects or defaults of any other of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any moneys or effects of the Company shall be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of the Company shall be placed out or invested, or for any other loss, misfortune or damage which may arise in the execution of their respective offices or trusts, or in relation thereto, except as the same shall happen by or through their own fraud, dishonest, or recklessness. The Company may take out and pay the premium and other moneys for the maintenance of insurance, bonds and other instruments for the benefit either of the Company or the Directors (and/or other officers) or any of them to indemnify the Company and/or Directors (and/or other officers) named therein for this purpose against any loss, damage, liability and claim which they may suffer or sustain in connection with any breach by the Directors (and/or other officers) or any of them of their duties to the Company.

The Company has arranged for appropriate directors' liability insurance coverage for the Directors during the year ended 31 December 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float under the Listing Rules, was held by the public as at the latest practicable date prior to the issue of this annual reports of the date of this report.

AUDIT COMMITTEE

The Company's consolidated annual results for the year ended 31 December 2022 has been reviewed by the Audit Committee of the Company. Information on the work of Audit Committee and its composition are set out in the Corporate Governance Report on page 74.

AUDITOR

Ernst & Young, Certified Public Accountants, who was re-appointed as the auditor of the Company since the last AGM, has acted as the auditor of the Company for the year ended 31 December 2022.

The Consolidated Financial Statements for the year ended 31 December 2022 have been audited by Ernst & Young who shall retire at the forthcoming AGM and, being eligible, will offer themselves for re-appointment. A resolution will be proposed at the forthcoming AGM to re-appoint Ernst & Young as the auditor of the Company.

Save as otherwise stated, all references above to other sections, reports or notes in this annual report form part of this Directors' Report.

On behalf of the Board

Mr Jeffrey David Perlman
Chairman

Hong Kong, 22 March 2023

Independent Auditor's Report

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To the shareholders of ESR Group Limited (formerly known as ESR Cayman Limited)
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of ESR Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 121 to 239, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's Code of *Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Impairment consideration of goodwill and the other intangible asset with indefinite useful life	
The goodwill of US$3,455,498,000 and the trust management rights intangible asset with indefinite useful life of US$1,178,477,000, are subject to an impairment review at least annually. There was no impairment recognised in current financial year. We identified impairment assessment of goodwill and the other intangible asset with indefinite useful life as a key audit matter because the impairment test and assessment were largely based on management's expectation and estimation of future results of the respective cash-generating units. The assumptions used in impairment test were based on management's estimates of variables including cash flow forecast, discount rate and terminal growth rate. Further disclosures on the Group's goodwill and the other intangible asset with indefinite useful life are in notes 19 and 20 to the consolidated financial statements.	We performed an understanding of the Group's process to perform the annual impairment test of goodwill and trust management rights intangible asset with indefinite useful life. We performed an understanding, and assessment of the assumptions and methodologies used by the Group in the value in use model. We involved our internal valuation specialists to evaluate the valuation methodologies and the key assumptions used by management and their independent professional valuers, such as discount rate, terminal growth rate. We assessed the reasonableness of cash flows projection and related assumptions such as the budgeted gross fee income and future management fee rates. We also assessed the Group's disclosure regarding the impairment of goodwill and the other intangible asset with indefinite useful life.
Valuation of investment properties held either directly or through joint ventures, associates and financial assets measured at fair value	
The Group's investments in property assets include investment properties held either directly or through joint ventures, associates and financial assets measured at fair value, which were subject to fair value revaluation at the end of the year. The fair value as at 31 December 2022 was assessed by independent professional valuers. We identified the valuation of investment properties as a key audit matter because of the significance of total fair value of these investment properties to the consolidated financial statements and the significant judgement and estimations involved in determination of the fair value. The key assumptions included, among others, adopted term yield, reversionary yield and market unit rent for warehouse properties. Further disclosures on the Group's investment properties are in notes 15, 16, 18 and 47 to the consolidated financial statements.	We performed an understanding of the Group's process regarding the valuation of investment properties. We evaluated the independent professional valuers' competence, capabilities and objectivity. We involved our internal valuation specialists to evaluate the valuation methodologies and assess the reasonableness of the key assumptions used by management and their independent professional valuers, such as the adopted term yield, reversionary yield and market unit rent by benchmarking the rates against specific property data, comparables and prior year's inputs. We also assessed the disclosures relating to the valuation techniques and key inputs applied by the professional valuers.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Accounting for business combination	
During the year ended 31 December 2022, the Group completed an acquisition that has resulted in the Company acquiring controlling interest in ARA Asset Management Limited and its subsidiaries ("**ARA Group**"). We identified the audit of accounting for this acquisition as a key audit matter because this is significant transaction during the year which requires significant management judgement regarding the allocation of the purchase price to the assets and liabilities acquired and adjustments made to align accounting policies of the newly acquired entities with those of the Group. This exercise also requires management to determine the fair value of the assets and liabilities acquired and to identify intangible assets acquired in the acquisition. Further disclosure on the Group's business combination is in notes 34 to the consolidated financial statements.	We read the sales and purchase agreements and the circulars issued to the shareholders in relation to this acquisition to obtain an understanding of the transaction and the key terms. We assessed whether the appropriate accounting treatment has been applied to this transaction. We assessed the valuation for the considerations paid and traced share issuance to the share register. We tested the identification and fair value of the acquired assets including intangible assets acquired based on our discussion with management and understanding of the business of ARA Group. We involved our internal valuation specialists to evaluate the valuation methodologies and the key assumptions used by management and their independent professional valuer, such as discount rate, terminal growth rate. We evaluated the independent professional valuer's competence, capabilities and objectivity. We also assessed the Group's disclosure regarding this business combination.

Independent Auditor's Report

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

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

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

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

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

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

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Lok Man Ho.

Ernst & Young
Certified Public Accountants
Hong Kong
22 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2022

	Notes	2022 US$'000	2021 US$'000
Revenue	4, 5	**821,154**	404,426
Cost of sales		**(29,228)**	(53,967)
Gross profit		**791,926**	350,459
Other income and gains, net	5	**510,173**	375,701
Administrative expenses		**(491,275)**	(241,825)
Finance costs	7	**(222,415)**	(163,549)
Share of profits and losses of joint ventures and associates, net		**226,716**	168,054
Profit before tax	6	**815,125**	488,840
Income tax expense	10	**(184,016)**	(106,164)
Profit for the year		**631,109**	382,676
Attributable to:			
Owners of the Company		**574,145**	349,440
Non-controlling interests		**56,964**	33,236
		631,109	382,676
Earnings per share attributable to ordinary equity holders of the Company			
Basic			
For profit for the year	12	**US$0.13**	US$0.11
Diluted			
For profit for the year	12	**US$0.13**	US$0.11
Profit for the year		**631,109**	382,676
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(310,963)**	(50,851)
Share of other comprehensive loss of joint ventures and associates		**(210,350)**	(31,044)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(521,313)**	(81,895)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets at fair value through other comprehensive income		**(186,003)**	45,674
Share of fair value reserve of associates and joint ventures		**10,022**	—
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		**(175,981)**	45,674
Other comprehensive loss for the year, net of tax		**(697,294)**	(36,221)
Total comprehensive (loss)/income for the year		**(66,185)**	346,455
Attributable to:			
Owners of the Company		**(90,429)**	307,227
Non-controlling interests		**24,244**	39,228
		(66,185)	346,455

Consolidated Statement of Financial Position

31 December 2022

	Notes	2022 US$'000	2021 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**43,822**	33,937
Right-of-use assets	14	**30,999**	8,940
Investments in joint ventures and associates	15	**2,955,816**	1,331,017
Financial assets at fair value through profit or loss	16	**752,851**	709,622
Financial assets at fair value through other comprehensive income	17	**976,395**	779,436
Investment properties	18	**3,322,232**	3,704,243
Goodwill	19	**3,455,498**	542,636
Other intangible assets	20	**1,322,754**	101,694
Other non-current assets	21	**227,440**	90,867
Deferred tax assets	29	**101,276**	114,956
Total non-current assets		**13,189,083**	7,417,348
CURRENT ASSETS			
Trade receivables	22	**353,488**	125,968
Prepayments, other receivables and other assets	23	**414,758**	156,074
Financial assets at fair value through profit or loss	16	**21,883**	—
Cash and bank balances	24	**1,806,915**	1,638,228
		2,597,044	1,920,270
Assets of a disposal group classified as held for sale	32	**413,247**	—
Total current assets		**3,010,291**	1,920,270
CURRENT LIABILITIES			
Bank and other borrowings	25	**290,452**	1,312,883
Lease liabilities	26	**10,403**	3,488
Trade payables, accruals and other payables	28	**403,492**	235,922
Contingent consideration payable		**2,581**	—
Income tax payable		**108,068**	29,550
		814,996	1,581,843
Liabilities directly associated with the assets classified as held for sale	32	**264,721**	—
Total current liabilities		**1,079,717**	1,581,843
NET CURRENT ASSETS		**1,930,574**	338,427
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,119,657**	7,755,775

Consolidated Statement of Financial Position

31 December 2022

	Notes	2022 US$'000	2021 US$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	29	**617,504**	355,212
Bank and other borrowings	25	**5,206,178**	2,935,012
Lease liabilities	26	**23,785**	5,601
Other non-current liabilities	27	**131,876**	45,915
Total non-current liabilities		**5,979,343**	3,341,740
NET ASSETS		**9,140,314**	4,414,035
EQUITY			
Equity attributable to owners of the Company			
Issued capital	41	**4,422**	3,049
Perpetual capital securities	43	**742,701**	261,147
Equity components of convertible bonds	31	**48,501**	48,501
Other reserves	44	**8,019,035**	3,846,161
		8,814,659	4,158,858
Non-controlling interests	33	**325,655**	255,177
TOTAL EQUITY		**9,140,314**	4,414,035

Mr Jeffrey David Perlman
Director

Mr Jinchu Shen
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company													
	Issued capital (note 41) US$'000	Share premium* (note 41) US$'000	Statutory reserve* (note 44) US$'000	Merger reserve* (note 44) US$'000	Share-based payment reserve* (note 42) US$'000	Exchange fluctuation reserve* (note 44) US$'000	Retained profits* (note 44) US$'000	Investment reserve (non-recycling)* (note 44) US$'000	Equity components of convertible bonds (note 31) US$'000	Perpetual capital securities (note 43) US$'000	Other reserve* (note 44) US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As at 1 January 2022	3,049	2,022,188	4,302	56,358	29,899	21,240	1,555,682	127,274	48,501	261,147	29,218	4,158,858	255,177	4,414,035
Profit for the year	–	–	–	–	–	–	574,145	–	–	–	–	574,145	56,964	631,109
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	(180,410)	–	–	–	(180,410)	(5,593)	(186,003)
Exchange differences on translation of foreign operations	–	–	–	–	–	(283,836)	–	–	–	–	–	(283,836)	(27,127)	(310,963)
Share of other comprehensive loss of joint ventures and associates	–	–	–	–	–	(210,350)	–	10,022	–	–	–	(200,328)	–	(200,328)
Total comprehensive loss for the year	–	–	–	–	–	(494,186)	574,145	(170,388)	–	–	–	(90,429)	24,244	(66,185)
Transferred from retained profits	–	–	1,427	–	–	–	(1,427)	–	–	–	–	–	–	–
Disposal of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	70,627	(70,627)	–	–	–	–	–	–
Profit attributable to holders of perpetual capital securities (note 43)	–	–	–	–	–	–	(42,524)	–	–	42,524	–	–	–	–
Redemption of perpetual capital securities, net of transaction costs (note 43)	–	–	–	–	–	–	(2,201)	–	–	(216,601)	–	(218,802)	–	(218,802)
Distribution paid to holders of perpetual capital securities (note 43)	–	–	–	–	–	–	–	–	–	(44,199)	–	(44,199)	–	(44,199)
Transfer of interest to non-controlling interests without change of control	–	–	–	–	–	–	4,011	–	–	–	–	4,011	26,327	30,338
Acquisition of subsidiaries	1,346	4,338,816	–	–	955	–	–	–	–	699,830	–	5,040,947	80,060	5,121,007
Adjustment on the share redemption options granted to non-controlling shareholders of a subsidiary (note 27)	–	–	–	–	–	87	–	–	–	–	(37,843)	(37,756)	(55,931)	(93,687)
Disposal of subsidiaries	–	–	(927)	–	–	5,565	–	–	–	–	–	4,638	(8,108)	(3,470)
Issue of new shares	77	249,923	–	–	–	–	–	–	–	–	–	250,000	–	250,000
Acquisition of non-controlling interests	–	–	–	–	–	–	(37,371)	–	–	–	–	(37,371)	(23,741)	(61,112)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	33,852	33,852
Dividend distributions to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(6,268)	(6,268)
Dividend distributions	–	–	–	–	–	–	(70,777)	–	–	–	–	(70,777)	–	(70,777)
Share repurchased and cancellation	(64)	(169,253)	–	–	–	–	–	–	–	–	–	(169,317)	–	(169,317)
Issue of shares upon exercise of share options	14	6,349	–	–	(6,849)	–	–	–	–	–	–	(486)	–	(486)
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)	–	(1,158)
Share-based compensation arrangement (note 42)	–	–	–	–	26,500	–	–	–	–	–	–	26,500	43	26,543
As at 31 December 2022	4,422	6,448,219	4,802	56,358	49,130	(467,294)	2,050,186	(113,741)	48,501	742,701	(8,625)	8,814,659	325,655	9,140,314

* These reserve accounts comprise the consolidated reserves of US$8,019,035,000 in the consolidated statement of financial position as at 31 December 2022 (2021: US$3,846,161,000).

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company													
	Issued capital (note 41) US$'000	Share premium* (note 41) US$'000	Statutory reserve* (note 44) US$'000	Merger reserve* (note 44) US$'000	Share-based payment reserve* (note 42) US$'000	Exchange fluctuation reserve* (note 44) US$'000	Retained profits* (note 44) US$'000	Investment reserve (non-recycling)* (note 44) US$'000	Equity components of convertible bonds (note 31) US$'000	Perpetual capital securities (note 43) US$'000	Other reserve* (note 44) US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As at 1 January 2021	3,060	2,064,135	2,735	56,358	18,511	108,443	1,131,490	133,758	48,501	–	29,218	3,596,209	208,996	3,805,205
Profit for the year	–	–	–	–	–	–	349,440	–	–	–	–	349,440	33,236	382,676
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	44,990	–	–	–	44,990	684	45,674
Exchange differences on translation of foreign operations	–	–	–	–	–	(56,159)	–	–	–	–	–	(56,159)	5,308	(50,851)
Share of other comprehensive loss of joint ventures and associates	–	–	–	–	–	(31,044)	–	–	–	–	–	(31,044)	–	(31,044)
Total comprehensive income for the year	–	–	–	–	–	(87,203)	349,440	44,990	–	–	–	307,227	39,228	346,455
Transferred from retained profits	–	–	1,567	–	–	–	(1,567)	–	–	–	–	–	–	–
Disposal of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	51,474	(51,474)	–	–	–	–	–	–
Profit attributable to holders of perpetual capital securities	–	–	–	–	–	–	(10,664)	–	–	10,664	–	–	–	–
Issuance of perpetual capital securities, net of issue costs	–	–	–	–	–	–	–	–	–	256,318	–	256,318	–	256,318
Distribution paid to holders of perpetual capital securities	–	–	–	–	–	–	–	–	–	(5,835)	–	(5,835)	–	(5,835)
Transfer of interest to non-controlling interests without change of control	–	–	–	–	–	–	35,295	–	–	–	–	35,295	31,029	66,324
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(89)	(89)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	33,068	33,068
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(744)	(744)
Dividend distributions to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(56,311)	(56,311)
Share repurchased and cancellation	(14)	(42,068)	–	–	–	–	–	–	–	–	–	(42,082)	–	(42,082)
Issue of shares upon exercise of share options	3	121	–	–	(3,216)	–	–	–	–	–	–	(3,092)	–	(3,092)
Transfer of share-based payment reserve upon the forfeiture of share options	–	–	–	–	(214)	–	214	–	–	–	–	–	–	–
Share-based compensation arrangement	–	–	–	–	14,818	–	–	–	–	–	–	14,818	–	14,818
As at 31 December 2021	3,049	2,022,188	4,302	56,358	29,899	21,240	1,555,682	127,274	48,501	261,147	29,218	4,158,858	255,177	4,414,035

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 US$'000	2021 US$'000
Cash flows from operating activities			
Profit before tax		**815,125**	488,840
Adjustments for:			
Amortisation of other intangible assets	6	**30,261**	6,892
Changes in carrying value of financial assets and financial liabilities at fair value through profit or loss	5	**(8,040)**	(14,182)
Changes in carrying value of assets held for sale	5	**(5,391)**	—
Changes in fair value of derivative financial assets and liabilities	5	**(6,191)**	—
Depreciation of property, plant and equipment	6	**5,589**	3,706
Depreciation of right-of-use assets	6	**12,013**	6,539
Dividend income	5	**(136,858)**	(62,464)
Fair value gains on completed investment properties	5	**(63,167)**	(95,825)
Fair value gains on investment properties under construction	5	**(132,264)**	(178,659)
Finance costs	7	**222,415**	163,549
Gain on disposal of an asset held for sale	5	**—**	(2,885)
Gain on disposal of interests in joint ventures and associates	5	**(11,116)**	(11,389)
Gain on disposal of investment properties	5	**(50,623)**	—
Gain on disposal of other assets	5	**(2,291)**	—
Gain on disposal of subsidiaries	5	**(48,659)**	(420)
Impairment of other intangible assets	20	**541**	—
Impairment of trade receivables and bad debt written off		**15,017**	—
Interest income	5	**(16,867)**	(5,328)
Loss/(Gain) on disposal of interests in financial assets at fair value through profit or loss	5	**883**	(1,074)
Loss on disposal of items of property, plant and equipment	6	**1,115**	1
Management fee received/receivable in units		**(68,051)**	—
Other income		**(16,640)**	—
Share-based compensation expense	6	**26,543**	14,818
Share of profits and losses of joint ventures and associates, net		**(226,716)**	(168,054)
		336,628	144,065
Increase in trade receivables		**(156,608)**	(36,765)
Increase in prepayments, other receivables and other assets		**(71,952)**	(44,702)
Increase in trade payables, accruals and other payables		**72,473**	37,704
Cash flows generated from operations		**180,541**	100,302
Income tax paid		**(108,542)**	(25,153)
Dividend income received from financial assets at fair value through profit or loss		**1,130**	—
Proceeds from disposal of financial assets at fair value through profit or loss		**6,073**	—
Net cash flows generated from operating activities		**79,202**	75,149

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 US$'000	2021 US$'000
Cash flows from investing activities			
Acquisition of subsidiaries		**(140,005)**	(487,590)
Additions of investment properties		**(782,925)**	(818,580)
Additions of other intangible assets	20	**(2,280)**	(417)
(Advances to)/Repayment from related parties and joint ventures		**(2,771)**	9,084
Capital injection in financial assets at fair value through other comprehensive income		**(97,101)**	(57,400)
Capital injection in financial assets at fair value through profit or loss		**(158,559)**	(113,243)
Capital injection in joint ventures and associates		**(415,950)**	(387,642)
Capital redemption on financial assets at fair value through other comprehensive income		**43,199**	—
Disposal of financial assets at fair value through other comprehensive income		**362,109**	206,873
Disposal of investment properties		**314,462**	—
Disposal of property, plant and equipment		**324**	9
Disposal of subsidiaries		**295,198**	(27,569)
Distributions from financial assets at fair value through profits or loss		**92,707**	71,448
Distributions from joint ventures and associates		**212,282**	181,427
Dividend income from quoted financial assets		**39,509**	18,446
Dividend income from unquoted financial assets		**93,586**	40,026
Release in non-pledged fixed time deposits with a maturity period over three months		**—**	2,312
Interest received		**16,098**	4,900
Investment in other investments		**(6,407)**	(10,545)
Loan to third parties		**(84,825)**	—
Payment of contingent consideration payables		**(4,679)**	—
Prepayments for acquiring land use rights		**(138,170)**	(5,007)
Proceeds from disposal of interests in joint ventures and associates		**44,189**	88,504
Proceeds from disposal of asset held for sale		**—**	9,628
Proceeds from disposal of other assets		**3,490**	—
Proceeds from sale of financial assets at fair value through profit or loss		**—**	22,817
Purchase of derivative financial assets		**(105)**	—
Purchase of property, plant and equipment		**(16,541)**	(8,261)
Repayment of loans to directors of the Company		**945**	—
Repayment from joint ventures and financial assets at fair value through profit or loss upon disposal of subsidiaries		**206,760**	102,073
Transaction costs incurred for acquisition of subsidiaries		**(45,167)**	—
Net cash flows used in investing activities		**(170,627)**	(1,158,707)

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 US$'000	2021 US$'000
Cash flows from financing activities			
Acquisition of non-controlling interests		**(61,112)**	(744)
Capital contribution from non-controlling interests		**33,852**	33,068
Changes in pledged bank deposits and restricted cash balances		**22,787**	(11,645)
Distribution paid to holders of perpetual capital securities		**(44,199)**	(5,835)
Dividend distributions to non-controlling interests		**(6,268)**	(56,311)
Dividend distributions to shareholders		**(70,777)**	—
Interest of bank and other borrowings paid	30	**(237,771)**	(166,623)
Principal portion of lease payments	30	**(12,125)**	(7,450)
Proceeds from bank and other borrowings	30	**2,382,853**	1,944,651
Proceeds from issuance of shares		**250,000**	—
Proceeds from issuance of perpetual capital securities, net of transaction costs	43	**—**	256,318
Redemption of perpetual capital securities, net		**(218,802)**	—
Repayment of bank and other borrowings	30	**(1,494,391)**	(753,032)
Share repurchased		**(169,317)**	(42,082)
Transfer of interest to non-controlling interests without change of control		**30,338**	66,324
Net cash generated from financing activities		**405,068**	1,256,639
Net increase in cash and cash equivalents		**313,643**	173,081
Cash and cash equivalents at beginning of year		**1,517,533**	1,404,068
Effect of foreign exchange rate changes, net		**(113,504)**	(59,616)
Cash and cash equivalents at end of year		**1,717,672**	1,517,533
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**1,806,915**	1,638,228
Cash and short-term deposits attributable to the disposal group held for sale		**8,665**	—
Pledged bank deposits	24	**(2,030)**	(52,145)
Restricted bank balances	24	**(95,878)**	(68,550)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**1,717,672**	1,517,533

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

Notes to the Consolidated Financial Statements

31 December 2022

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

Notes to the Consolidated Financial Statements

31 December 2022

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

Notes to the Consolidated Financial Statements

31 December 2022

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

31 December 2022

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

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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

31 December 2022

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.

Notes to the Consolidated Financial Statements

31 December 2022

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.

Notes to the Consolidated Financial Statements

31 December 2022

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

31 December 2022

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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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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

31 December 2022

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

31 December 2022

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

Notes to the Consolidated Financial Statements

31 December 2022

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).

Notes to the Consolidated Financial Statements

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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.

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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.

Notes to the Consolidated Financial Statements

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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.

Notes to the Consolidated Financial Statements

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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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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.

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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

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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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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

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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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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 receivable 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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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.

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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

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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

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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.

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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

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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

31 December 2022

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.

Group Financial Summary

RESULTS (US$'000)

For the year ended	FY2018	FY2019	FY2020	FY2021	FY2022
Revenue					
Rental income	74,311	118,042	101,402	110,508	**91,626**
Management fee income	135,579	166,721	189,278	244,042	**713,296**
Construction income	40,665	69,858	92,160	43,815	**10,735**
Solar energy income	3,593	2,748	5,491	6,061	**5,497**
	254,148	**357,369**	**388,331**	**404,426**	**821,154**
Segment Results					
Investment	233,592	256,087	225,938	342,493	**333,646**
Fund management	109,601	131,825	147,598	198,956	**573,734**
New Economy Development	115,503	244,782	289,178	235,324	**342,677**
	458,696	**632,694**	**662,714**	**776,773**	**1,250,057**
Profit after tax	**212,878**	**278,400**	**314,707**	**382,676**	**631,109**
Profit attributable to:					
Owners of the Company ("**PATMI**")	203,042	245,177	286,466	349,440	**574,145**
Non-controlling interests	9,836	33,223	28,241	33,236	**56,964**
	212,878	**278,400**	**314,707**	**382,676**	**631,109**

ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY (US$'000)

At 31 December	FY2018	FY2019	FY2020	FY2021	FY2022
Non-current assets	3,562,491	5,156,142	5,861,284	7,417,348	**13,189,083**
Current assets	869,109	1,196,056	1,826,157	1,920,270	**3,010,291**
Total assets	**4,431,600**	**6,352,198**	**7,687,441**	**9,337,618**	**16,199,374**
Current liabilities	855,373	488,976	985,662	1,581,843	**1,079,717**
Non-current liabilities	1,258,305	2,612,110	2,896,574	3,341,740	**5,979,343**
Total liabilities	**2,113,678**	**3,101,086**	**3,882,236**	**4,923,583**	**7,059,060**
Net assets	**2,317,922**	**3,251,112**	**3,805,205**	**4,414,035**	**9,140,314**
Equity attributable to owners of the Company	2,090,039	3,026,254	3,596,209	4,158,858	**8,814,659**
Non-controlling interests	227,883	224,858	208,996	255,177	**325,655**
Total equity	**2,317,922**	**3,251,112**	**3,805,205**	**4,414,035**	**9,140,314**

Group Financial Summary

FINANCIAL METRICS

Financial Year	FY2018 US$'000	FY2019 US$'000	FY2020 US$'000	FY2021 US$'000	FY2022 US$'000
EBITDA [1]	384,212	549,091	571,177	664,198	**1,068,536**
Adjusted EBITDA [1]	411,184	583,905	585,259	706,834	**1,151,882**
PATMI [1]	203,042	245,177	286,466	349,440	**574,145**
Adjusted PATMI [1]	206,857	261,522	286,466	377,258	**654,623**
Net debt [2]	879,094	1,686,711	1,779,848	2,609,667	**3,689,715**
Net debt/total assets (%)	19.8%	26.6%	23.2%	27.9%	**22.8%**

Profit before tax	270,587	360,334	410,704	488,840	**815,125**
Add/(less):					
Depreciation and amortisation	10,226	16,363	17,141	17,137	**47,863**
Finance costs	104,929	180,368	147,414	163,549	**222,415**
Interest income	(1,530)	(7,974)	(4,082)	(5,328)	**(16,867)**
EBITDA[a]	384,212	549,091	571,177	664,198	**1,068,536**
Add back/(less):					
Fair value gain on financial derivative assets[b]	—	—	—	—	**(6,191)**
Share of certain associate's fair value losses on investment properties and financial assets at fair value through profit or loss[c]	—	—	—	—	**40,531**
Share-based compensation expense[d]	23,157	18,469	14,082	14,818	**26,543**
Transaction costs related to ARA acquisition[e] (ii)	—	—	—	27,818	**22,463**
Listing expenses[g]	2,521	16,345	—	—	**—**
Write-off related to loss of property, plant and equipment[g]	9,632	—	—	—	**—**
One-off insurance compensation[g]	(8,338)	—	—	—	**—**
Adjusted EBITDA	411,184	583,905	585,259	706,834	**1,151,882**
Less:					
Fair value changes on Investment Properties ("**IP**")[f]	(172,467)	(226,083)	(224,680)	(274,484)	**(195,431)**
Adjusted EBITDA (less fair value changes on IP)	238,717	357,822	360,579	432,350	**956,451**

Profit after tax and minority interests (PATMI)	203,042	245,177	286,466	349,440	**574,145**
Add back/(less):					
Amortisation relating to intangible assets arising from acquisition of ARA, net of tax[e] (iii)	—	—	—	—	**17,791**
Fair value gain on financial derivative assets[b]	—	—	—	—	**(6,191)**
Share of certain associate's fair value losses on investment properties and financial assets at fair value through profit or loss[c]	—	—	—	—	**40,531**
Share-based compensation (related to ARA)[e] (i)	—	—	—	—	**5,884**
Transaction costs related to ARA acquisition[e] (ii)	—	—	—	27,818	**22,463**
Listing expenses[g]	2,521	16,345	—	—	**—**
Write-off related to loss of property, plant and equipment[g]	9,632	—	—	—	**—**
One-off insurance compensation[g]	(8,338)	—	—	—	**—**
Adjusted PATMI	206,857	261,522	286,466	377,258	**654,623**

(1) EBITDA, Adjusted EBITDA and Adjusted 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, Adjusted 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 Adjusted PATMI are not IFRS measures, these may not be comparable to similarly titled measures presented by other companies.

(2) Net debt is calculated as bank and other borrowings less cash and bank balances.

(3) With the acquisition of ARA and the Group's committed asset-light strategy with stable recurring fee income, and reduced balance sheet capital investment, the Group considered that Core PATMI which excludes the fair value of completed investment properties from PATMI would no longer provide useful information to investors and others in understanding and evaluating the Group's combined result of operations.

Group Financial Summary

EXPLANATION OF ADJUSTING ITEMS

(a) EBITDA is calculated as profit before tax, adding back depreciation and amortisation and finance costs (net). EBITDA is presented because the Group believes this is a useful measure to determine the Group's financial condition and historical ability to provide investment returns.

(b) Fair value gain on financial derivative assets relates to a gain arising from change in fair value of a put option agreement entered into by the Group's subsidiaries with an agreed floor price to sell its investment in an associate. The fair value is capital in nature and non-operational item, which is not directly related to the Group's operating activities.

(c) Share of certain associate's fair value losses on investment properties and financial assets at fair value through profit or loss represents the Group's share of unrealised changes in fair value recognised by the associate due to the fall in valuations affected by macroeconomic environment which are non-cash in nature and occur infrequently. Accordingly, it is adjusted out to better reflect the underlying operating activities.

(d) Share-based compensation expense represents share-based incentives which are primarily non-cash in nature.

(e) On 20 January 2022, the Company completed the acquisition of ARA Asset Management Limited ("**ARA**", together with its subsidiaries, the "**ARA Group**"). In connection with the acquisition, the Group adjusted the following items which are not directly related to the operating activities:

  (i) share-based compensation expenses relating to ARA which represents share-based incentive granted pursuant to the Company's Long-term Incentive Scheme which were incurred as part of the acquisition;

  (ii) transaction costs related to ARA acquisition which are recorded within "Administrative expenses" are one-off non-recurring which are not directly related to operating performance of the Group during the period; and

  (iii) amortisation relating to intangible assets arising from acquisition of ARA, net of tax, recorded within "Administrative expenses" represent management rights recognised that are non-cash and non-operational in nature. Accordingly, it is not directly correlated to the Group's business performance in a given period.

(f) Fair value changes on investment properties represents the changes in fair value which are non-cash in nature. Accordingly, it is adjusted from EBITDA.

(g) One-off non-recurring in nature which are not directly related to operating performance of the Group.

Corporate Information

EXECUTIVE DIRECTORS
Mr Jinchu SHEN
(Group Co-founder and Co-CEO)
Mr Stuart GIBSON
(Group Co-founder and Co-CEO)

NON-EXECUTIVE DIRECTORS
Mr Jeffrey David PERLMAN
(Chairman of the Board)
Mr Charles Alexander PORTES
(Group Co-founder)
Mr Wei HU
Mr David Alasdair William MATHESON
(retired on 1 June 2022)
Mr Hwee Chiang LIM
(w.e.f. 20 Jan 2022)
Dr Kwok Hung, Justin CHIU
(w.e.f. 20 Jan 2022)
Mr Rajeev Veeravalli KANNAN
(w.e.f. 20 Jan 2022)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr Brett Harold KRAUSE
The Right Honourable Sir Hugo George William SWIRE, KCMG
(retired on 1 June 2022)
Mr Simon James MCDONALD
Ms Jingsheng LIU
Mr Robin Tom HOLDSWORTH
(retired on 1 June 2022)
Ms Serene Siew Noi NAH
(w.e.f. 19 Apr 2022)
Ms Wei-lin KWEE
(w.e.f. 25 May 2022)

COMPANY SECRETARY
Mr Richard Kin-sing LEE

MEMBERS OF AUDIT COMMITTEE
Mr Simon James MCDONALD
(Chairman)
Mr Brett Harold KRAUSE
Mr Robin Tom HOLDSWORTH
(retired on 1 June 2022)
Ms Serene Siew Noi NAH
(w.e.f. 19 Apr 2022)

MEMBERS OF NOMINATION COMMITTEE
The Right Honourable Sir Hugo George William SWIRE, KCMG
(Chairman) (retired on 1 June 2022)
Mr Brett Harold KRAUSE
(Chairman)
(re-designated w.e.f. 1 June 2022)
Ms Jingsheng LIU
Ms Serene Siew Noi NAH
(w.e.f. 19 Apr 2022)

MEMBERS OF REMUNERATION COMMITTEE
Mr Brett Harold KRAUSE
(Chairman)
Mr Jeffrey David PERLMAN
Mr Simon James MCDONALD
Ms Wei-lin KWEE
(w.e.f. 25 May 2022)

AUTHORISED REPRESENTATIVES
Mr Jinchu SHEN
Mr Richard Kin-sing LEE

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Citibank N.A., Singapore branch
Crédit Agricole Corporate and Investment Bank, Hong Kong branch
DBS Bank Ltd.
E. Sun Commercial Bank, Ltd
Maybank Banking Berhad
Mizuho Bank, Ltd.
MUFG Bank, Ltd.
Natixis, Hong Kong branch
Oversea-Chinese Banking Corporation Limited
RHB Bank Berhad
Standard Chartered Bank
SRCB Shanghai
Sumitomo Mitsui Banking Corporation
The Hong Kong and Shanghai Banking Corporation Limited
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