Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of UBS AG, acting through its London branch, the Certificates, or the Company (as defined below).

6,000,000 European Style Cash Settled Long Certificates relating to

the ordinary shares of City Developments Limited

with a Daily Leverage of 5x

UBS AG

(Incorporated with limited liability in Switzerland)

acting through its London Branch

Issue Price: S$0.35 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by UBS AG (the "**Issuer**") acting through its London branch, and is supplemental to and should be read in conjunction with a base listing document dated 28 June 2023 (the "**Base Listing Document**"), including its supplements and addenda as executed from time to time, for the purpose of giving information with regard to the Issuer and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer. Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in the United States, the United Kingdom, the European Economic Area, Singapore and Hong Kong (see "Placing and Sale" contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the

Issuer and/or any of its affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer and/or any of its affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

For the purpose of section 309B(1) of the Securities and Futures Act 2001 of Singapore (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Certificates are classified as capital markets products other than prescribed capital markets products[1] and Specified Investment Products (SIPs)[2], and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

Prospective purchasers should therefore ensure that they understand the nature of the Certificates and carefully study the risk factors set out in the Base Listing Document and pages 5 to 9 of this document before they invest in the Certificates.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 7 July 2023.

As at the date hereof, the Issuer's long term credit rating by S&P Global Ratings Europe Limited is A+, by Moody's Investors Service Ltd. is Aa3 and by Fitch Ratings Ireland Limited is A+.

The Issuer is regulated by, among others, the Swiss Federal Banking Commission. In the United Kingdom, it is authorised by the Prudential Regulatory Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulatory Authority.

6 July 2023

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.
[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer accepts full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to itself and the Certificates. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which it accepts responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer accepts responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer.

No persons have been authorised to give any information or to make any representation save as contained in this document or otherwise authorised by the Issuer in connection with the Certificates and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or its subsidiaries and associates since the date hereof.

This document does not constitute an offer or solicitation by or on behalf of the Issuer to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer requires persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Certificates, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Certificates, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer and/or any of its affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer and/or any of its affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

Table of Contents

RISK FACTORS

The following risk factors are relevant to the Certificates:-

(a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer will be unable to satisfy its obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(b) the Certificates constitute direct, general and unsecured contractual obligations of the Issuer and if you purchase the Certificates you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against any other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates you are relying upon the creditworthiness of the Issuer and have no rights under the Certificates against the Company which has issued the Underlying Stock (as defined below). The Issuer has substantially no obligation to a Certificate Holder (as defined in the Conditions) other than to pay amounts in accordance with the terms thereof as set forth herein and in the Base Listing Document. The Issuer does not in any respect underwrite or guarantee the performance of any Certificate. Any profit or loss realised by a Certificate Holder in respect of a Certificate upon exercise or otherwise due to changes in the value of such Certificate or the Underlying Stock is solely for the account of such Certificate Holder. In addition, the Issuer shall have the absolute discretion to put in place any hedging transaction or arrangement which it deems appropriate in connection with any Certificate or the Underlying Stock. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer by any one of its rating agencies could result in a reduction in the trading value of the Certificates;

(c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;

(d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry and the creditworthiness of the Issuer;

(e) fluctuations in the price of the Underlying Stock will affect the price of the Certificates but not necessarily in the same magnitude and direction, therefore, prospective investors intending to purchase Certificates to hedge their market risk associated with investing in the Underlying Stock which may be specified herein, should recognise the complexities of utilising the Certificates in this manner;

(f) a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(g) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;

(h) investors should note that the Issuer's obligations to pay amounts in accordance with the terms thereof as set forth herein shall be discharged by delivery of the aggregate Cash Settlement Amount (if positive) to all Certificate Holders in accordance with the agreement with the Warrant Agent;

(i) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(j) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions;

(k) the Certificates are only exercisable on the expiry date and may not be exercised by Certificate Holders prior to such expiry date. Accordingly, if on such expiry date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(l) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(m) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and the Rebalancing Cost (as defined below);

(n) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

(o) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(p) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);

(q) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

(r) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when the market (in respect of which the Underlying Stock is listed) opens the following day (including pre-opening trading session and extended auction hours, if applicable) or (ii) a sharp intraday fall in the Underlying Stock of 20% or greater during the observation period compared to the reference price, being: (a) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (b) if one or more air bag events have been previously triggered on the same day, the latest new observed price. Investors may refer to pages 40 to 41 of this document for more information;

(s) certain events may, pursuant to the terms and conditions of the Certificates, trigger (A) the implementation of methods of adjustment or (B) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (A) general market conditions and (B) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to Condition 13 on pages 27 to 28 of this document for more information;

(t) investors should note that it is not possible to predict the price at which the Certificates will trade in the secondary market or whether such market will be liquid or illiquid. To the extent Certificates of a particular issue are exercised, the number of Certificates of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Certificates of such issue. A decrease in the liquidity of an issue of Certificates may cause, in turn, an increase in the volatility associated with the price of such issue of Certificates. The Issuer may, but is not obligated to, at any time, purchase Certificates at any price in the open market or by tender or private agreement. Any Certificates so purchased may be held or resold or surrendered for cancellation. To the extent that an issue of Certificates becomes illiquid, an investor may have to exercise such Certificates to realise value;

(u) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(v) investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors should refer to the Taxation Section in the Base Listing Document;

(w) investors should note that the Issuer may enter into discount, commission or fee arrangements with brokers and/or any of its subsidiaries or affiliates with respect to the primary or secondary market in the Certificates. The arrangements may result in the benefit to investors in Certificates buying and selling Certificates through nominated brokers by reducing or eliminating the commission payable by such Certificate Holders. In the event that the commission payable by Certificate Holders is eliminated, fee arrangements between the Issuer and brokers and/or any of its subsidiaries or affiliates will continue to apply. Investors in the Certificates should note that any brokers with whom the Issuer has a commission arrangement does not, and cannot be expected to, deal exclusively in the Certificates, therefore any broker and/or any of its subsidiaries or affiliates may from time to time engage in transactions involving the Underlying Stock and/or structured products of other issuers over the Underlying Stock as the Certificates for their proprietary accounts and/or accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the Certificates and present certain conflicts of interests;

(x) various potential and actual conflicts of interest may arise from the overall activities of the Issuer and any of its subsidiaries and affiliates.

The Issuer and any of its subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer and any of its subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer and any of its subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer and any of its subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(y) in the ordinary course of their business, including without limitation in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer and any of its respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock and/or related derivatives. In addition, in connection with the offering of any Certificates, the Issuer and any of its respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock and/or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and any of its respective subsidiaries and its affiliates, the Issuer and any of its respective subsidiaries and affiliates may enter into transactions in the Underlying Stock and/or related derivatives which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(z) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

(aa) certain risks relating to the Issuer's operating environment and strategy, including those as set out in Appendix 2 of the Base Listing Document, may impact the Issuer's ability to execute its strategy and directly affect its business activities, financial condition, results of operations and prospects. As a broad-based international financial services firm, the Issuer is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which it is not presently aware or which it currently does not consider to be material could also materially affect its business activities, financial condition, results of operations and prospects. The sequence in which the risk factors are set out in Appendix 2 of the Base Listing Document is not indicative of their likehood of occurrence or the potential magnitude of their financial consequences;

(bb) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):-

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the website of the SGX-ST. Investors will need to check the website of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

(cc) Generally, investing in the Certificates may involve risks related to the discontinuance, changes or adjustments to benchmarks generally

Discontinuance of, or changes to, benchmarks may require adjustments to the Issuer's agreements, systems and processes. The interbank offered rate(s) and other interest rate, equity, commodity, foreign exchange and other types of indices which are deemed to be "benchmarks", are the subject of national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be or may be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing such a benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks or any of the international or national reforms in making any investment decision with respect to any Certificates referencing a benchmark.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	6,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of City Developments Limited (the "**Underlying Stock**" or the "**Underlying**")
ISIN:	CH1227876484
Company:	City Developments Limited (RIC: CTDM.SI)
Underlying Price[3] and Source:	S$6.78 (Bloomberg)
Calculation Agent:	UBS AG acting through its London Branch
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.35
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	6.90%, is a hedging cost against extreme market movements overnight.
Funding Cost[6]:	The annualised costs of funding, referencing a publically published reference rate plus spread.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	28 June 2023
Closing Date:	6 July 2023
Expected Listing Date:	7 July 2023

[3] These figures are calculated as at, and based on information available to the Issuer on or about 6 July 2023. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 6 July 2023.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 23 May 2025
Expiry Date:	30 May 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	29 May 2025 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 32 to 46 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from Expected Listing Date to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: "**t**" refers to "**Observation Date**" which means each Exchange Business Day (subject to Market Disruption Event) from (and including) the Exchange Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Exchange Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).

Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 32 to 46 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: $\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$
Initial Reference Level:	1,000
Final Reference Level:	The closing level of the Leverage Strategy (as described below) on the Valuation Date The calculation of the closing level of the Leverage Strategy is set out in the "Specific Definitions relating to the Leverage Strategy" section on pages 14 to 18 below.
Initial Exchange Rate:	1
Final Exchange Rate:	1
Air Bag Mechanism:	The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes of continuous trading after the Air Bag is triggered. The resumption of trading is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour. The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero.

	Please refer to the "Air Bag Mechanism" section on page 18 below and the "Description of Air Bag Mechanism" section on pages 38 to 39 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Singapore Dollar ("**SGD**")
Settlement Currency:	SGD
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited ("**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	The SGX-ST
Business Day, Settlement Business Day and Exchange Business Day:	A "**Business Day**", a "**Settlement Business Day**" or an "**Exchange Business Day**" is a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.
Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and the Rebalancing Cost. The Management Fee may be increased

	up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.
Further Information:	Please refer to the website at http://dlc.ubs.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Strategy Formula

$\mathbf{LSL_t}$ means, the Leverage Strategy Level as at the Leverage Reset Time (t), calculated in accordance with the following formulae:

On Leverage Reset Time (1):

$\mathrm{LSL_1} = 1000$

On each subsequent Leverage Reset Time (t):

$$\mathrm{LSL_t} = \mathrm{Max}\left[\mathrm{LSL_{r(t)}} \times \left(1 + \mathrm{LR_{r(t),t}} - \mathrm{FC_{r(t),t}} - \mathrm{RC_{r(t),t}}\right), 0\right]$$

Leverage Reset Time (t) means

1) the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date; and

2) end of any Intraday Restrike Event Observation Period.

Leverage Reset Time (1) is the scheduled close for the Relevant Stock Exchange for the Underlying Stock on Issue Date.

Leverage Reset Time r(t) means the Leverage Reset Time immediately preceding the Leverage Reset Time (t).

$\mathbf{LR_{r(t),t}}$ means the Leveraged Return of the Underlying Stock between Leverage Reset Time r(t) and Leverage Reset Time (t), calculated as follows:

$$\mathrm{LR}_{\mathrm{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1 \right)$$

$\mathbf{FC_{r(t),t}}$ means, the Funding Cost between the Leverage Reset Time r(t) (included) and the Leverage Reset Time (t) (excluded) calculated as follows:

If the Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date,

$$\mathrm{FC_{r(t),t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{r(t)}} \times \mathrm{ACT(r(t), t)}}{\mathrm{DayCountBasisRate}}$$

Otherwise, $\mathrm{FC_{r(t),t}} = 0$

$\mathbf{RC_{r(t),t}}$ means the Rebalancing Cost of the Leverage Strategy as at Leverage Reset Time (t), calculated as follows:

$$\mathrm{RC_{r(t),t}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left| \frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times \mathrm{Rfactor_t}} - 1 \right| \right) \times \mathrm{TC}$$

TC means the Transaction Costs applicable as determined by the Calculation Agent (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to :

0.04%

"Stamp Duty" refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.

Leverage 5

$\mathbf{S_t}$ means the Underlying Stock Price as of Leverage Reset Time (t) computed as follows, subject to the adjustments and provisions of the Conditions:

If the Leverage Reset Time (t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date,

$\mathrm{S_t}$ is the Closing Price of the Underlying Stock as of such Observation Date.

Otherwise,

$\mathrm{S_t}$ is the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period.

$\mathbf{Rfactor_t}$ means an amount determined by the Calculation Agent, according to the following formula, subject to the adjustments and provisions of the Conditions:

If in respect of the Leverage Reset Time (t), the immediately preceding Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on any Observation Date,

$$\mathrm{Rfactor_t} = 1 - \frac{\mathrm{Div_t}}{\mathrm{S_{r(t)}}}$$

Otherwise,

$$\mathrm{Rfactor_t} = 1$$

Where

$\mathrm{Div_t}$ is the dividend to be paid out in respect of the Underlying Stock on the Observation Date of the Leverage Reset Time (t) if such Observation Date is an ex-dividend date, otherwise is zero. The dividend shall be considered net of any applicable withholding taxes.

$\mathbf{Rate_t}$ means, in respect of the Observation Date of Leverage Reset Time (t), a rate calculated as of such day in accordance with the following formula:

$$\mathrm{Rate_t} = \mathrm{CashRate_t} + \%\mathrm{SpreadLevel_t}$$

$\mathbf{CashRate_t}$ means, in respect of each Observation Date of Leverage Reset Time (t), the daily Singapore Overnight Rate Average (SORA) provided by the Monetary Authority of Singapore as administrator of the benchmark (or a successor administrator), as published on Refinitiv Screen (SORA=MAST) or any successor page, being the rate as of day (t) at 09:00 Singapore time, provided that if such rate is not available, then such rate shall be determined by reference to the last available rate that was published on the relevant Refinitiv page.

$\%\mathbf{SpreadLevel_t}$ means, in respect of the Observation Date of the Leverage Reset Time (t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month CME Term SOFR Reference Rate, as published on Refinitiv RIC .SR1Y and (2) the US SOFR Secured Overnight Financing Rate, as published on Reuters RIC USDSOFR= or any successor page, each being the rate as of the calendar day immediately preceding the Leverage Reset Time (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Refinitiv page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Benchmark Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, **%SpreadLevelt** should be 0%.

Benchmark Event means:

(a) the relevant reference rate has ceased to be published on the relevant screen page as a result of such benchmark ceasing to be calculated or administered; or

(b) a public statement by the administrator of the relevant reference rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such reference rate) it has ceased publishing such reference rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or

(c) a public statement by the supervisor of the administrator of the relevant reference rate that such reference rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or

(d) a public statement by the supervisor of the administrator of the relevant reference rate as a consequence of which Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used, or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Certificates; or

(e) a public statement by the supervisor of the administrator of the relevant reference rate that, in the view of such supervisor, such reference rate is or will, by a specified future date (the "**Specified Future Date**"), be no longer representative of an underlying market or the methodology to calculate such reference rate has materially changed; or

(f) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to any holder of the Certificates using the relevant reference rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the subparagraphs above, where the relevant Benchmark Event is a public statement within subparagraphs (b), (c), (d) or (e) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date.

ACT(r(t),t) ACT(r(t),t) means the number of calendar days between the Observation Date of the Leverage Reset Time r(t) (included) and the Observation Date of the Leverage Reset Time (t) (excluded).

DayCountBasisRate 365

Air Bag Mechanism

Intraday Restrike Event means in respect of an Observation Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the amount of $S_{r(t)} \times \mathrm{Rfactor}_t$ where r(t) means the immediately preceding Leverage Reset Time prior to such Calculation Time.

Calculation Time means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.

TimeReferenceOpening means the scheduled opening time (including pre-opening session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

TimeReferenceClosing means the scheduled closing time (including closing auction session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

Intraday Restrike Event Observation Period means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes of continuous trading after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

Intraday Restrike Event Time means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF

THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 28 June 2023, made by UBS AG (the "**Issuer**") acting through its London Branch; and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time on or before the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The Certificate Holders (as defined below) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

(b) *Status*. The Certificates constitute direct, general and unsecured contractual obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise and, in particular, the Certificates will not be secured by any underlying assets. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

(c) *Transfer*. The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

2. Certificate Rights and Exercise Expenses

(a) *Certificate Rights*. Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount (if positive) payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{Final\ Reference\ Level\ \times Final\ Exchange\ Rate}{Initial\ Reference\ Level\ \times Initial\ Exchange\ Rate} - Strike\ Level\right) \times Hedging\ Fee\ Factor$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

(i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event provided that the Issuer, if applicable, may, but shall not be obliged to, determine such Final Reference Level or the relevant closing level by having regard to the manner in which futures contracts relating to the Underlying Stock are calculated.

"**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange, if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

(b) *Exercise Expenses*. Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

(c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

(b) *Automatic Exercise*. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the Warrant Agent who will then pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be dispatched by the Warrant Agent as soon as practicable and no later than five Settlement Business Days (as defined in the relevant Supplemental Listing Document) following the Expiry Date (subject to extension upon the occurrence of a Market Disruption Event (as defined above) by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment to the Warrant Agent in accordance with the Master Warrant Agent Agreement or Warrant Agent Agreement.

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day (excluding Saturdays, Sundays and public holidays) on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

(a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions. "Potential Adjustment Event" means any of the following:*

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions.* "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Subdivision or Consolidation of the Certificates*. The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(f) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events (including the events as contemplated in Conditions 6(a) to 6(e)) occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) and irrespective of, in substitution for, or in addition to the provisions contemplated in Conditions 6(a) to 6(e) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or as the case may be, amendment provided that such adjustment or as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(g) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given notice as soon as practicable of any adjustment and of the date from which such adjustment is effective in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer or its related corporations may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

(a) *Meetings of Certificate Holders*. The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

(b) *Modification*. The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

(a) *Documents*. All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the website of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the website of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates.

12. Delisting

(a) *Delisting*. If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

(b) *Issuer's Determination*. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

(a) *Early Termination for Illegality etc.* The Issuer shall have the right to terminate the Certificates if it shall have determined in its absolute discretion that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control its performance thereunder shall have become unlawful in whole or in part under any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power ("**Applicable Law**").

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or any of its affiliates involved in the issue of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"**Change in Law**" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

(b) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(c) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction).

(c) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by the Applicable Law, pay to each Certificate Holder in respect of each Certificate held by such Certificate Holder an amount calculated by it as the fair market value of the Certificate immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Certificate Holder in such manner as shall be notified to the Certificate Holder in accordance with Condition 9.

14. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore.

15. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

16. Contracts (Rights of Third Parties) Act 2001 of Singapore

Unless otherwise expressly provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	UBS AG acting through its London Branch
Company:	City Developments Limited
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	6,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 28 June 2023 (the "**Master Instrument**") and executed by the Issuer and a master warrant agent agreement dated 27 February 2008 (the "**Master Warrant Agent Agreement**") and made between the Issuer and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 7 July 2023.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589
Further Issues:	Further issues which will form a single series with the Certificates will be permitted.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO

THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the "**Certificates**") are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

(i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and the Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

Daily Fees	=	**Daily Management Fee Adjustment**
		1 – Management Fee x ACT (t-1;t) / 360
		x
		Daily Gap Premium Adjustment
		1 – Gap Premium (t-1) x ACT (t-1;t) / 360

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

		t[7]=0		t=1		t=2		t=i
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance[8] x Daily Fees	x	Leverage Strategy daily performance x Daily Fees	x …	Leverage Strategy Daily performance x Daily Fees

		t=0		Product of the daily Leverage Strategy Performance		Product of the Daily Fees (Hedging Fee Factor)
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance x Leverage Strategy daily performance	x	Daily Fees x Daily Fees

		t=0				
Final Value of Certificates	=	Notional Amount	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

[7] "t" refers to "**Observation Date**" which means each Exchange Business Day (subject to Market Disruption Event) from (and including) the Exchange Business Day immediately preceding the Expected Listing Date to the Valuation Date.
[8] Leverage Strategy daily performance is computed as the Leverage Strategy Level on Business Day (t) divided by the Leverage Strategy Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	**Ordinary shares of City Developments Limited**
Expected Listing Date:	**01/02/2021**
Expiry Date:	**16/02/2021**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**0.35 SGD**
Notional Amount per Certificate:	**0.35 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**6.90%**
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n^{th} Exchange Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

On Next Calendar Day (assuming it is an Exchange Business Day):

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(\text{t}-1;\text{t})}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(\text{t}-1;\text{t})}{360}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 6.90\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9808\% \approx 99.9797\%$$

Assuming 2nd Exchange Business Day falls 3 Calendar Days after 1st Exchange Business Day:

$$\text{HFF}\ (2) = \text{HFF}\ (1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}\ (\text{t} - 1; \text{t})}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}\ (\text{t} - 1; \text{t})}{360}\right)$$

$$\text{HFF}\ (2) = 99.9797\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 6.90\% \times \frac{3}{360}\right)$$

$$\text{HFF}\ (2) = 99.9797\% \times 99.9967\% \times 99.9425\% \approx 99.9189\%$$

The same principle applies to the following Exchange Business Days:

$$\text{HFF}\ (\text{n}) = \text{HFF}\ (\text{n} - 1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}\ (\text{t} - 1; \text{t})}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}\ (\text{t} - 1; \text{t})}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.6962% as illustrated below:

Date	HFF
2/1/2021	100.0000%
2/2/2021	99.9797%
2/3/2021	99.9594%
2/4/2021	99.9392%
2/5/2021	99.9189%
2/8/2021	99.8581%
2/9/2021	99.8379%
2/10/2021	99.8176%
2/11/2021	99.7974%
2/12/2021	99.7772%
2/15/2021	99.7165%
2/16/2021	99.6962%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

= [(1200 x 1) / (1000 x 1) – 0] x 99.6962%

= 119.64%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

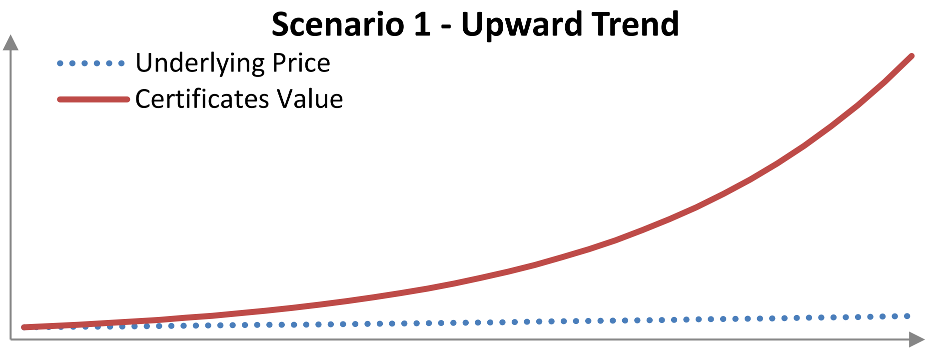
= 119.64% x 0.35 SGD

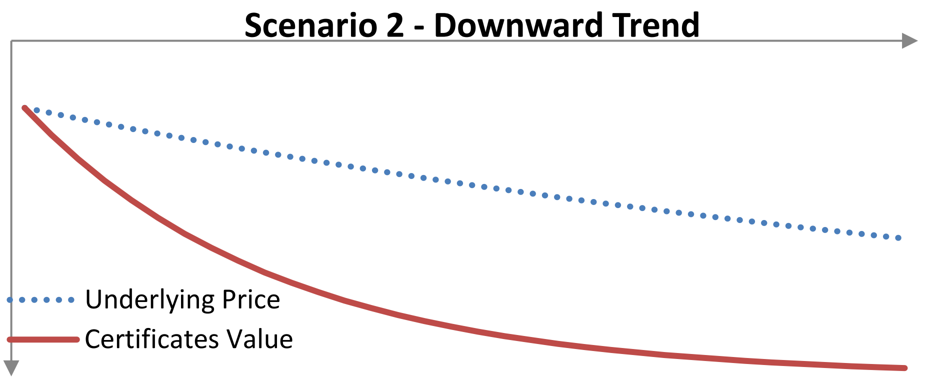
= **0.419 SGD**

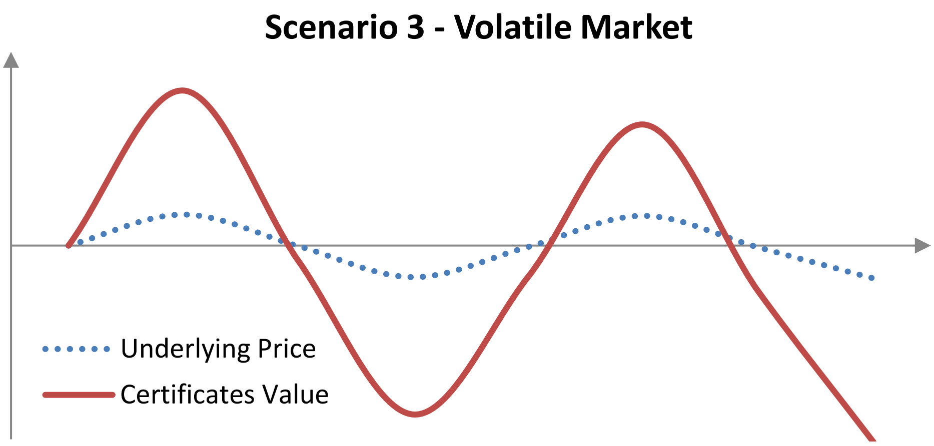
Illustration on how returns and losses can occur under different scenarios

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples







2. Numerical Examples

Scenario 1 – Upward Trend

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	2.00%	2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	10,404.00	10,612.08	10,824.32	11,040.81
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		10.00%	10.00%	10.00%	10.00%	10.00%
Price at end of day	0.35	0.39	0.42	0.47	0.51	0.56
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
Value at end of day	10,000.00	9,800.00	9,604.00	9,411.92	9,223.68	9,039.21
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Price at end of day	0.35	0.32	0.28	0.26	0.23	0.21
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

Underlying						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		2.00%	-2.00%	-2.00%	2.00%	2.00%
Value at end of day	10,000.00	10,200.00	9,996.00	9,796.08	9,992.00	10,191.84
Accumulated Return		2.00%	-0.04%	-2.04%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily Return		10.00%	-10.00%	-10.00%	10.00%	10.00%
Price at end of day	0.35	0.39	0.35	0.31	0.34	0.38
Accumulated Return		10.00%	-1.00%	-10.90%	-1.99%	7.81%

Description of Air Bag Mechanism

The Certificates integrate an "Air Bag Mechanism" which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

In accordance with the Air Bag Mechanism timeline below, when the Air Bag triggers, the following typically occurs:

- Observation Period: the price of the Underlying Stock is observed and its minimum price is recorded (i) during 15 minutes of continuous trading after the Air Bag is triggered, or (ii) until Market Close if there is 15 minutes (or less) of continuous trading until Market Close when the Air Bag is triggered; and

- Reset Period: thereafter, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy.

  During the Observation Period and Reset Period, trading of Certificates is suspended for **at least** 30 minutes of continuous trading after the Air Bag is triggered. Investors cannot sell or purchase any Certificates during this period. The Reset Period (and consequently the resumption of trading) is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.

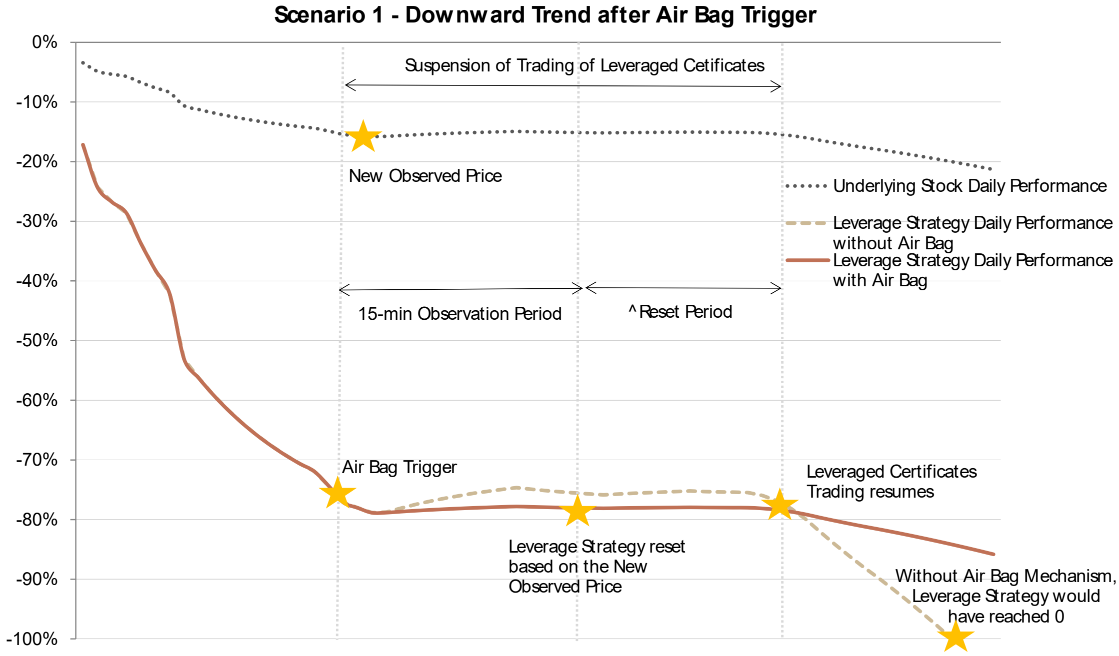
  For the avoidance of doubt, if the Air Bag Mechanism was triggered with more than 60 minutes of continuous trading before Market Close, trading of Certificates will resume the same trading day after the Reset Period has elapsed, subject to the SGX-ST's approval to resume trading. If the Air Bag Mechanism was triggered between 45 minutes and 60 minutes of continuous trading before Market Close, trading of Certificates may or may not resume the same trading day after the Reset Period has elapsed. If the Air Bag Mechanism was triggered with only 45 minutes (or less) of continuous trading before Market Close, trading of Certificates resumes on the next trading day.

With **Market Close** defined as:

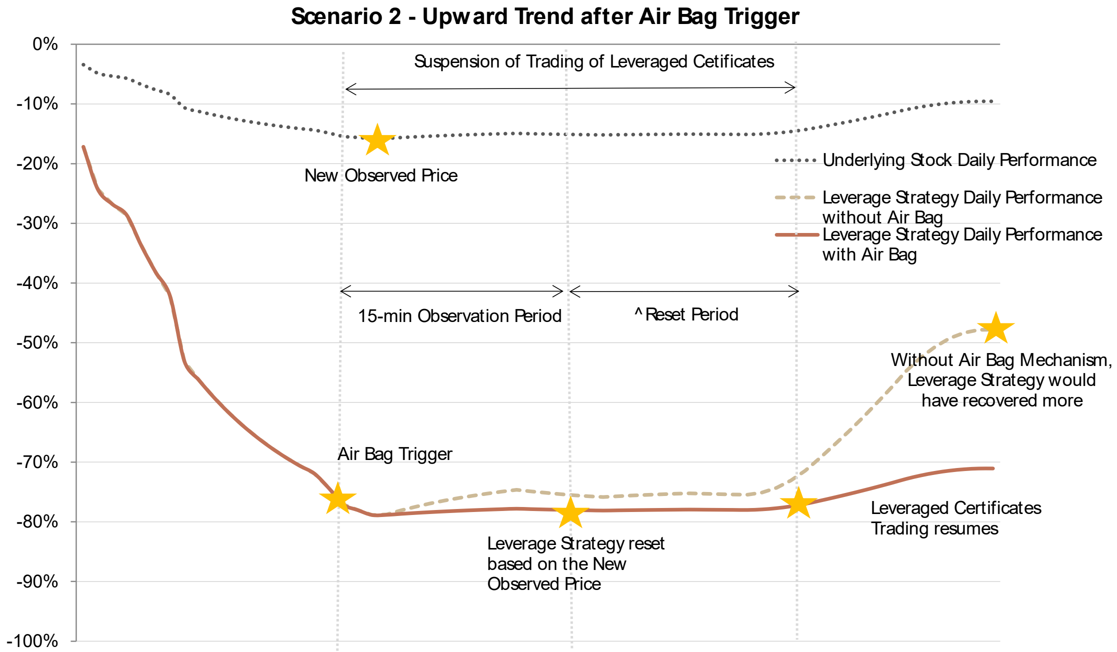
- Underlying Stock closing time with respect to the Observation Period including the closing auction session

- The sooner between Underlying Stock closing time of continuous trading and SGX-ST closing time of continuous trading with respect to the resumption of trading

Illustrative examples of the Air Bag Mechanism[9]



^ The Reset Period (and consequently the resumption of trading) is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.



^ The Reset Period (and consequently the resumption of trading) is subject further to SGX-ST's requirements, including at least 30 minutes from the time of publication of an announcement on the exchange in respect of the Air Bag Mechanism being triggered, and at least 15 minutes after the SGX-ST grants an approval to resume trading, whichever is later, rounded to the next quarter of an hour.

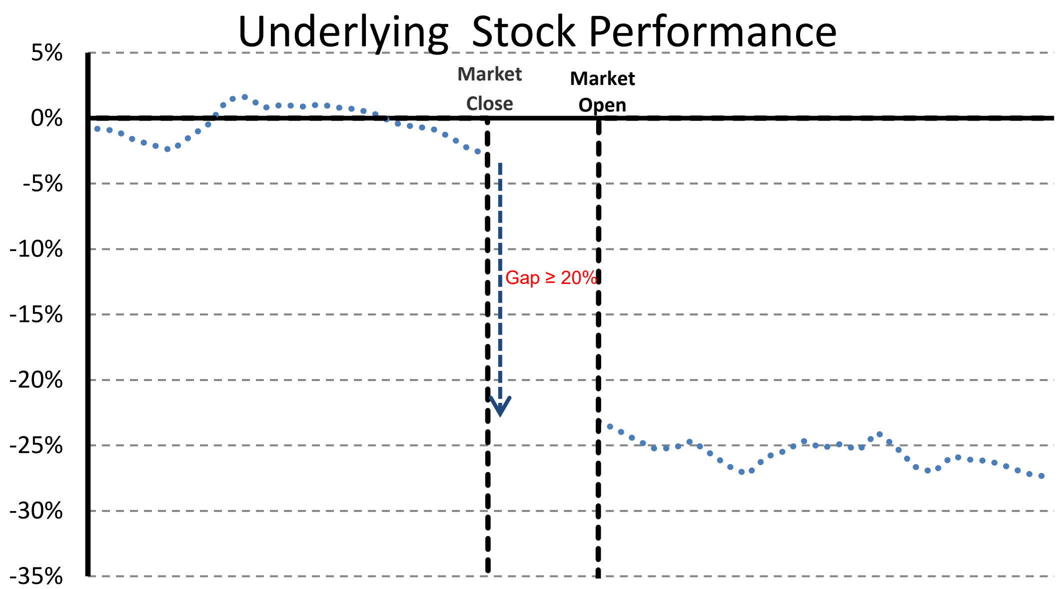
[9] The illustrative examples are not exhaustive.

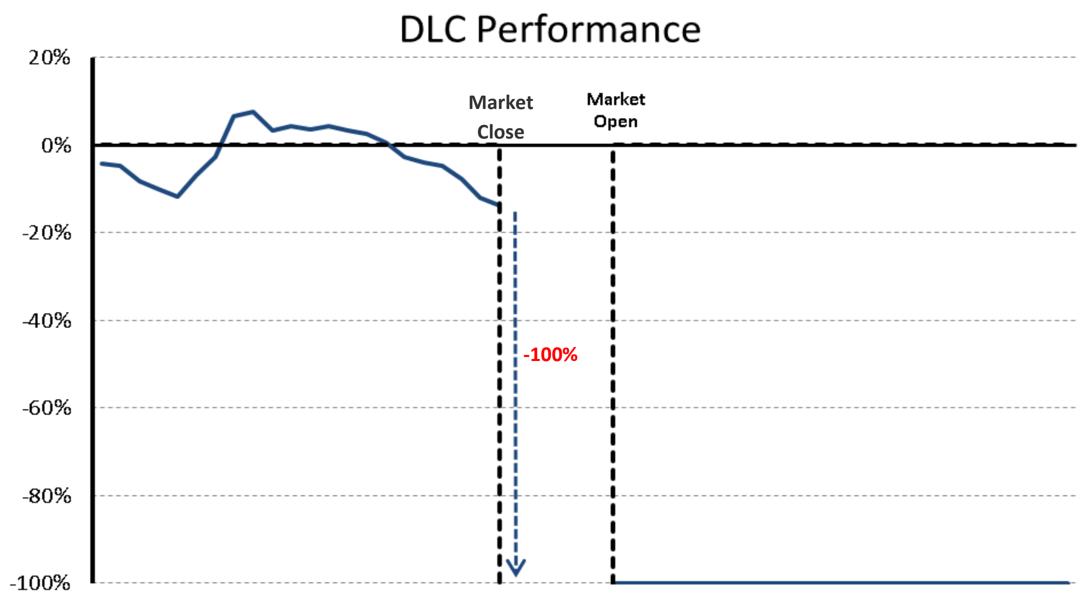
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

Scenario 1 – Overnight fall of the Underlying Stock

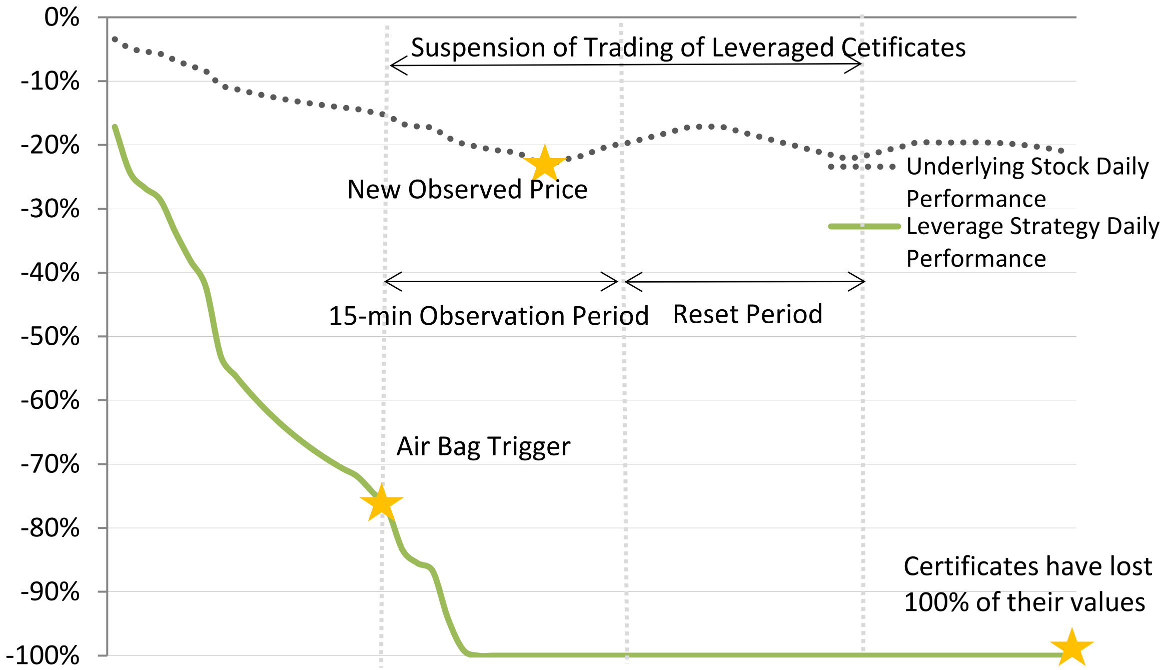
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market (in respect of which the Underlying Stock is listed) opens the following day (including pre-opening trading session and extended auction hours, if applicable), and the Certificates would lose their entire value in such event.





<u>Scenario 2 – Sharp intraday fall of the Underlying Stock</u>

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag event has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag events have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event the Observation Date of the Leverage Reset Time (t) is an ex-date with respect to a corporate action related to the Underlying Stock, and the immediately preceding Leverage Reset Time r(t) is at the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto), the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Leverage Reset Time (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{\mathrm{S}_{\mathrm{r(t)}}}\right] \times \frac{1}{1+M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$\mathrm{DivExc_t}$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. <u>Stock split</u>

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$\mathrm{S_{r(t)}}$ = $100

$\mathrm{S_t}$ = $51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0)}{100}\right] \times \frac{1}{1+1} = 50\%$$

As a consequence:

$\mathrm{LR_{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{51}{100 \times 50\%} - 1\right) = 10\%$

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.35	0.385	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $42.5, which is 15% below $50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$\mathrm{S_{r(t)}}$ = $100

$\mathrm{S_t}$ = $202

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0)}{100}\right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{202}{100 \times 200\%} - 1\right) = 5\%$$

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.35	0.3675	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $170, which is 15% below $200, the Underlying Stock Reference Price.

3. Rights Issues

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of $40.

$\mathrm{S_{r(t)}}$ = $100

$\mathrm{S_t}$ = $84

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

R = $40 (i.e. subscription price of $40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100}\right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.35	0.4375	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

$\mathrm{S}_{\mathrm{r(t)}}$ = $100

S_{t} = $85

$\mathrm{Div}_{\mathrm{t}} = \$0$

$\mathrm{DivExc}_{\mathrm{t}} = \$0$

R = $0

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100}\right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S}_{\mathrm{t}}}{\mathrm{S}_{\mathrm{r(t)}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = 10\%$$

$\mathrm{S}_{\mathrm{r(t)}}$	$\mathrm{S}_{\mathrm{t(t)}} \times Rfactor_t$	S_{t}	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.35	0.385	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $70.83, which is 15% below $83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of $20 (net of taxes) paid in respect of each stock.

$\mathrm{S}_{\mathrm{r(t)}}$ = $100

S_t = \$84

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$20$

R = \$0

M = 0

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100}\right] \times \frac{1}{1+0} = 80\%$$

As a consequence:

$$\mathrm{LR_{r(t),t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{r(t)}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

$\mathrm{S_{r(t)}}$	$\mathrm{S_{r(t)-}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate r(t)	Value of the Certificate (t)	Certificates’ performance (excluding any cost and fees)
0.35	0.4375	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of the SGX-ST at http://www.sgx.com. The Issuer has not independently verified any of such information.

Incorporated in 1963, City Developments Limited ("**CDL**" or the "**Company**") is a leading residential developer. CDL has built over 15,000 fine homes since 1963. It is also one of Singapore's biggest commercial landlords with more than 30 prime commercial buildings. With a stable of 101hotels, the CDL Group is a leading hotel owner and operator. Its portfolio includes the Millennium, Copthorne and Kingsgate chains of hotels.

Operating in 18 countries, CDL has 7 companies listed on stock exchanges in Singapore, London, Amsterdam, Hong Kong, New Zealand and Manila.

The information set out in the Appendix to this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2022 and has been extracted and reproduced from an announcement by the Company released on 28 March 2023 in relation to the same. Further information relating to the Company may be located on the web-site of the SGX-ST at http://www.sgx.com.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

UBS AG, acting through its London Branch, has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

(a)	Maximum bid and offer spread	:	(i) when the best bid price of the Certificate is S$10 and below: 10 ticks or S$0.20 whichever is greater; and (ii) when the best bid price of the Certificate is above S$10: 5% of the best bid price of the Certificate.
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) where the Certificates are suspended from trading for any reason;

(iv) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;

(v) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

(vi) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;

(vii) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;

(viii) if the stock market experiences exceptional price movement and volatility;

(ix) when it is a public holiday in Singapore and/or the SGX-ST is not open for dealings; and

(x) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Business Day immediately preceding the Expiry Date.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

United Kingdom

In relation to each tranche of Certificates, the Issuer has represented, warranted and agreed that:

(a) No deposit-taking: in relation to any Certificates having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Certificates other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Certificates would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) Financial Promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not or would not, if the Issuer was not an authorised person, apply to the Issuer; and

(c) General Compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not offered, sold or otherwise made available such Certificates to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to the public in the United Kingdom except that it may make an offer of such Certificates to the public in the United Kingdom:

a) if the Supplemental Listing Document in relation to the Certificates specifies an offer of those Certificates may be made other than pursuant to Article 1(4) of the UK Prospectus Regulation in the United Kingdom (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Certificates which either (i) has been approved by the UK Financial Conduct Authority ("**FCA**"), or (ii) is to be treated as if it had been approved by the FCA in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation); or

d) at any time in any other circumstances falling within section 86 of the FSMA, provided that no such offer of Certificates to the public referred to in (a) to (c) above shall require the publication of a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation,

provided that no such offer of Certificates referred to in (b) to (d) above shall require the Issuer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Certificates to the public" in relation to any products in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates, and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

United States of America

The Certificates have not been, and will not be, registered under the Securities Act. Subject to certain exceptions, Certificates, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Certificates, or interests therein, in the United States or to U.S. persons would constitute a violation of United States securities laws unless made in compliance with registration requirements of the Securities Act or pursuant to an exemption therefrom. The Certificates will not be offered, sold or delivered within the United States or to U.S. persons. As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means (i) any citizen or resident of the United States, including any corporation, partnership or other entity created or organised in or under the laws of the United States or of any political subdivision thereof, (ii) any estate or trust the income of which is subject to United States income taxation regardless of its source, (iii) "U.S. person" as such term is defined in (a) Regulation S under the Securities Act or (b) the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the U.S. Commodity Futures Trading Commission ("**CFTC**") pursuant to the U.S. Commodity Exchange Act of 1936, as amended, or (iv) a person other than a "Non-United States Person" as defined in CFTC Rule 4.7, in each case, as such definition is amended, modified or supplemented from time to time.

Prohibition of Sales to European Economic Area

If the applicable Supplemental Listing Document in respect of any Certificates specifies the "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", the Issuer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**");

(ii) a customer within the meaning of Directive 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates.

PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS REGULATION

If the Supplemental Listing Document specifies "Prohibition of Sales to European Economic Area Retail Investors" as "Not Applicable", in relation to each member state of the European

Economic Area (each, a "**Relevant State**"), the Issuer has represented, warranted and agreed that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by the Base Listing Document as completed by this Supplemental Listing Document to the public in that Relevant State except that it may make an offer of such Certificates to the public in that Relevant State:

(a) Approved listing document: if the Supplemental Listing Document in relation to the Certificates specifies that an offer of those Certificates may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a listing document in relation to such Certificates which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such listing document has subsequently been completed by the Supplemental Listing Document contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such listing document or Supplemental Listing Document, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) Qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) Fewer than 150 offered: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Issuer for any such offer; or

(d) Other exempt offers: at any time in any other circumstances falling within Article 3(2) of the Prospectus Regulation,

provided that no such offer of Certificates referred to in (b) to (d) above shall require the Issuer to publish a listing document pursuant to Article 3 of the Prospectus Regulation or supplement a listing document pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Certificates to the public**" in relation to any Certificates in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates, as the same may be varied in that Relevant State by any measure implementing the Prospectus Regulation in that Relevant State.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act 2001 of Singapore.

Hong Kong

No person, other than a person permitted to do so under the securities laws of Hong Kong, has issued, or had in its possession for the purposes of issue, or will issue, or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Certificates, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong and any rules made thereunder.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 267 of the Base Listing Document.

1. Save as disclosed in the Base Listing Document and herein, there is no litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates to which the Issuer is a party nor, to the best of its knowledge and belief, is there any threatened litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Certificates which would in either case jeopardise its ability to discharge its obligations in respect of the Certificates.

2. UBS AG, Singapore Branch at 9 Penang Road, Singapore 238459, has been authorised to accept, on behalf of the Issuer, service of process and any other notices required to be served on the Issuer. Any notices required to be served on the Issuer should be sent to UBS AG, Singapore Branch at the above address for the attention of Han-Kiat Tan, Legal & Compliance.

3. Settlement of trades done on a normal "ready basis" on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in board lots of 100 Certificates in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed "Summary of the Issue" above.

4. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

5. There has been no adverse change, material in the context of the issue of the Certificates, in the financial position of the Issuer since 31 March 2023.

6. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and may be material to the issue of the Certificates:

   (a) the Master Instrument; and

   (b) the Master Warrant Agent Agreement.

   None of the directors of the Issuer has any direct or indirect interest in any of the above contracts.

7. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the office of Allen & Gledhill LLP at One Marina Boulevard #28-00, Singapore 018989, during the period of 14 days from the date of this document:

(a) the articles of association of the Issuer;

(b) the latest financial reports (including the notes thereto) of the Issuer;

(c) the Base Listing Document; and

(d) this document.

APPENDIX

REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 OF CITY DEVELOPMENTS LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
CITY DEVELOPMENTS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of City Developments Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 114 to 272.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act), Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

Valuation of hotel assets
(Refer to note 4 to the financial statements)

Risk

The Group has significant hotel assets classified as property, plant and equipment which are carried at cost less accumulated depreciation and impairment losses, and are subject to an annual assessment for impairment indicators. In undertaking the impairment assessment, the Group takes into consideration several factors, including the economic outlook, the quantum of available headroom from previous valuations undertaken (where applicable) and the trading performance of the properties. The properties with indicators of impairment are then subjected to a detailed impairment review whereby their recoverable amounts are estimated.

The Group uses a combination of internal and external valuations to estimate the recoverable amount of its properties identified as at risk of being impaired, which is determined to be the higher of the fair value less costs to sell and value-in-use of these properties. The valuations are sensitive to key assumptions applied and a change in the assumptions may have an impact on the recoverable amounts.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
CITY DEVELOPMENTS LIMITED

Our response

Our procedures included challenging the Group's assessment of the properties at risk of being impaired. These include comparing the actual asset performance to previous forecasts and to market data, and assessing the quantum of available headroom from previous valuations. For a sample of properties selected for a detailed impairment review, we considered the valuation methods used against those applied by valuers for similar property types. We evaluated the key assumptions applied in the valuations, particularly those assumptions relating to occupancy rates, average room rate growth, discount rates and terminal rates, by comparing them to available industry data, taking into consideration comparability and market factors.

Our findings

The Group has a structured process in identifying hotel assets with impairment indicators. We found that the valuation methods used were in line with generally accepted market practices and the key assumptions applied were generally comparable to currently observable market data.

Valuation of development properties
(Refer to note 13 to the financial statements)

Risk

The Group has significant residential development properties held for sale in Singapore, China and the United Kingdom (UK). Development properties held for sale are stated at the lower of cost and net realisable values. The determination of the estimated net realisable value is highly dependent on the Group's expectations of future selling prices of unsold development properties.

In estimating the future selling prices of unsold development properties, the Group has taken into account real estate price trend information, local market conditions, its development plans and sale strategies for the properties and selling prices estimated by external valuers when necessary.

Our response

We focused our work on development properties with low margins.

In assessing the reasonableness of the Group's estimated future selling prices for its development projects, we considered recently transacted prices of units under development sold and/or prices of comparable properties located in the vicinity of the development projects, taking into account the prevailing market trends and the Group's development and selling plans for the properties. Where applicable, we made enquiries of the external valuers to understand the approach adopted in estimating the future selling prices of the development properties.

Our findings

We found the Group's estimated future selling prices, which are used in determining the net realisable values and the resultant allowance for foreseeable losses on its development projects, to be comparable to currently available market data and have taken into consideration prevailing market conditions.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
CITY DEVELOPMENTS LIMITED

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal controls 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 controls.

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

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
CITY DEVELOPMENTS LIMITED

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulations 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Lo Mun Wai.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
24 March 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 $'000	2021 $'000 Restated*	2022 $'000	2021 $'000
Non-current assets					
Property, plant and equipment	4	**4,060,810**	5,361,835	**45,525**	32,543
Investment properties	5	**4,967,014**	4,982,846	**406,491**	413,152
Investments in:					
– subsidiaries	7	**–**	–	**1,949,089**	1,996,087
– associates	8	**1,263,713**	816,979	**–**	–
– joint ventures	9	**1,083,024**	1,037,046	**37,360**	37,360
Financial assets	10	**637,430**	740,686	**431,599**	351,438
Derivative financial assets	11	**40,449**	4,762	**40,449**	–
Other non-current assets	12	**348,924**	177,795	**6,428,732**	6,205,239
		12,401,364	13,121,949	**9,339,245**	9,035,819
Current assets					
Development properties	13	**5,957,597**	5,839,471	**166,106**	175,792
Contract costs	14	**66,877**	74,996	**–**	–
Contract assets	15	**465,018**	402,330	**–**	–
Consumable stocks		**8,131**	10,771	**36**	37
Financial assets	10	**7,104**	26,848	**135**	–
Derivative financial assets	11	**71,800**	21,511	**71,800**	21,511
Trade and other receivables	16	**1,625,538**	1,892,967	**6,477,615**	6,225,891
Cash and cash equivalents	18	**2,363,197**	2,100,700	**614,499**	686,322
		10,565,262	10,369,594	**7,330,191**	7,109,553
Assets held for sale	6	**14,417**	388,726	**–**	–
		10,579,679	10,758,320	**7,330,191**	7,109,553
Total assets		**22,981,043**	23,880,269	**16,669,436**	16,145,372

* Refer to Note 47

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 $'000	2021 $'000 Restated*	2022 $'000	2021 $'000
Equity attributable to owners of the Company					
Share capital	19	**1,991,397**	1,991,397	**1,991,397**	1,991,397
Reserves	20	**7,224,938**	6,409,406	**4,152,180**	4,341,009
		9,216,335	8,400,803	**6,143,577**	6,332,406
Non-controlling interests		**348,487**	918,469	**–**	–
Total equity		**9,564,822**	9,319,272	**6,143,577**	6,332,406
Non-current liabilities					
Interest-bearing borrowings	22	**7,315,400**	5,952,032	**6,091,010**	3,937,631
Employee benefits	26	**7,304**	24,637	**–**	–
Lease liabilities	27	**672,633**	246,003	**26,642**	9,600
Derivative financial liabilities	11	**645**	1,295	**645**	346
Other liabilities	28	**136,143**	220,571	**759,708**	8,041
Provisions	29	**16,147**	22,129	**–**	–
Deferred tax liabilities	30	**350,253**	196,068	**19,384**	18,565
		8,498,525	6,662,735	**6,897,389**	3,974,183
Current liabilities					
Trade and other payables	31	**1,464,929**	1,454,931	**2,241,789**	2,607,125
Derivative financial liabilities	11	**1,560**	14,582	**1,560**	14,582
Contract liabilities	15	**613,598**	724,077	**8,190**	–
Interest-bearing borrowings	22	**2,354,022**	5,187,961	**1,361,234**	3,200,708
Lease liabilities	27	**24,806**	19,324	**5,880**	6,322
Employee benefits	26	**28,563**	33,576	**1,960**	2,960
Provision for taxation		**339,768**	368,682	**7,857**	7,086
Provisions	29	**90,450**	93,928	**–**	–
		4,917,696	7,897,061	**3,628,470**	5,838,783
Liabilities directly associated with the assets held for sale	6	**–**	1,201	**–**	–
		4,917,696	7,898,262	**3,628,470**	5,838,783
Total liabilities		**13,416,221**	14,560,997	**10,525,859**	9,812,966
Total equity and liabilities		**22,981,043**	23,880,269	**16,669,436**	16,145,372

* Refer to Note 47

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000 Restated*
Revenue	32	**3,293,413**	2,625,853
Cost of sales		**(2,046,466)**	(1,648,140)
Gross profit		**1,246,947**	977,713
Other income	33	**1,783,032**	87,979
Administrative expenses		**(593,680)**	(508,922)
Other operating expenses		**(475,882)**	(241,738)
Impairment loss on other receivables and debt investment	42	**(80,688)**	(6,104)
Profit from operating activities		**1,879,729**	308,928
Finance income		**91,554**	36,206
Finance costs		**(284,680)**	(237,823)
Net finance costs	33	**(193,126)**	(201,617)
Share of after-tax profit of associates		**86,832**	30,713
Share of after-tax profit of joint ventures		**83,332**	76,779
Profit before tax		**1,856,767**	214,803
Tax expense	34	**(542,568)**	(87,908)
Profit for the year	33	**1,314,199**	126,895
Profit attributable to owners of the Company:			
– Ordinary shareholders		**1,272,418**	71,809
– Preference shareholders		**12,904**	12,904
		1,285,322	84,713
Non-controlling interests		**28,877**	42,182
Profit for the year		**1,314,199**	126,895
Earnings per share			
– Basic	35	**140.3 cents**	7.9 cents
– Diluted	35	**135.0 cents**	7.9 cents

* Refer to Note 47

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000 Restated*
Profit for the year		**1,314,199**	126,895
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit plan remeasurements		**14,742**	4,582
Net change in fair value of equity investments at FVOCI		**76,462**	3,418
		91,204	8,000
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		**18,272**	473
Exchange differences on hedges of net investment in foreign operations		**(10,694)**	(4,939)
Exchange differences on monetary items forming part of net investments in foreign operations		**(101,310)**	(20,494)
Exchange differences reclassified to profit or loss on disposal of foreign operations	40	**85,302**	–
Share of translation differences of equity-accounted investees		**(55,147)**	25,570
Share of other comprehensive income of equity-accounted investees		**615**	4,637
Translation differences arising on consolidation of foreign operations		**(145,483)**	(18,511)
		(208,445)	(13,264)
Total other comprehensive income for the year, net of tax	34	**(117,241)**	(5,264)
Total comprehensive income for the year		**1,196,958**	121,631
Total comprehensive income attributable to:			
Owners of the Company		**1,200,991**	37,253
Non-controlling interests		**(4,033)**	84,378
Total comprehensive income for the year		**1,196,958**	121,631

* Refer to Note 47

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

	Note	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Hedging reserve $'000	Other reserves $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group												
At 1 January 2022		1,991,397	290,920	997	(1,532)	23,952	15,423	(140,224)	6,219,870	8,400,803	918,469	9,319,272
Total comprehensive income for the year												
Profit for the year		–	–	–	–	–	–	–	1,285,322	1,285,322	28,877	1,314,199
Other comprehensive income												
Defined benefit plan remeasurements		–	–	–	–	–	–	–	14,460	14,460	282	14,742
Changes in fair value of equity investments at FVOCI		–	–	76,462	–	–	–	–	–	76,462	–	76,462
Effective portion of changes in fair value of cash flow hedges		–	–	–	18,272	–	–	–	–	18,272	–	18,272
Exchange differences on hedges of net investment in foreign operations		–	–	–	–	–	–	(17,001)	–	(17,001)	6,307	(10,694)
Exchange differences on monetary items forming part of net investments in foreign operations		–	–	–	–	–	–	(98,244)	–	(98,244)	(3,066)	(101,310)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	40	–	–	–	–	–	–	85,302	–	85,302	–	85,302
Share of translation differences of equity-accounted investees		–	–	–	–	–	–	(55,147)	–	(55,147)	–	(55,147)
Share of other comprehensive income of equity-accounted investees		–	–	–	615	–	–	–	–	615	–	615
Translation differences arising on consolidation of foreign operations		–	–	–	–	–	–	(109,050)	–	(109,050)	(36,433)	(145,483)
Total other comprehensive income		–	–	76,462	18,887	–	–	(194,140)	14,460	(84,331)	(32,910)	(117,241)
Total comprehensive income for the year		–	–	76,462	18,887	–	–	(194,140)	1,299,782	1,200,991	(4,033)	1,196,958
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Capital distribution to non-controlling interests (net)		–	–	–	–	–	–	–	–	–	(8,232)	(8,232)
Dividends paid to owners of the Company	36	–	–	–	–	–	–	–	(203,353)	(203,353)	–	(203,353)
Distribution *in specie*	36	–	–	–	–	–	–	–	(183,124)	(183,124)	–	(183,124)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(20,262)	(20,262)
Share-based payment transactions		–	–	–	–	–	59	–	–	59	–	59
Total contributions by and distributions to owners		–	–	–	–	–	59	–	(386,477)	(386,418)	(28,494)	(414,912)
Changes in ownership interests in subsidiaries												
Disposal of subsidiaries	40	–	(59,198)	–	–	–	–	–	59,198	–	(536,496)	(536,496)
Changes in interests in subsidiaries without loss of control	40	–	959	–	–	–	–	–	–	959	(959)	–
Total changes in ownership interests in subsidiaries		–	(58,239)	–	–	–	–	–	59,198	959	(537,455)	(536,496)
Total transactions with owners		–	(58,239)	–	–	–	59	–	(327,279)	(385,459)	(565,949)	(951,408)
Transfer to statutory reserve		–	–	–	–	699	–	–	(699)	–	–	–
Transfer of fair value reserve to accumulated profits upon disposal of an investment	10	–	–	(4,003)	–	–	–	–	4,003	–	–	–
At 31 December 2022		1,991,397	232,681	73,456	17,355	24,651	15,482	(334,364)	7,195,677	9,216,335	348,487	9,564,822

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

	Note	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Hedging reserve $'000	Other reserves $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group												
At 1 January 2021		1,991,397	284,030	(2,421)	(6,642)	23,927	15,318	(79,696)	6,276,295	8,502,208	740,249	9,242,457
Total comprehensive income for the year												
Profit for the year, restated*		–	–	–	–	–	–	–	84,713	84,713	42,182	126,895
Other comprehensive income												
Defined benefit plan remeasurements		–	–	–	–	–	–	–	4,540	4,540	42	4,582
Changes in fair value of equity investments at FVOCI		–	–	3,418	–	–	–	–	–	3,418	–	3,418
Effective portion of changes in fair value of cash flow hedges		–	–	–	473	–	–	–	–	473	–	473
Exchange differences on hedges of net investment in foreign operations		–	–	–	–	–	–	(5,380)	–	(5,380)	441	(4,939)
Exchange differences on monetary items forming part of net investments in foreign operations		–	–	–	–	–	–	(20,265)	–	(20,265)	(229)	(20,494)
Share of translation differences of equity-accounted investees		–	–	–	–	–	–	25,570	–	25,570	–	25,570
Share of other comprehensive income of equity-accounted investees		–	–	–	4,637	–	–	–	–	4,637	–	4,637
Translation differences arising on consolidation of foreign operations		–	–	–	–	–	–	(60,453)	–	(60,453)	41,942	(18,511)
Total other comprehensive income		–	–	3,418	5,110	–	–	(60,528)	4,540	(47,460)	42,196	(5,264)
Total comprehensive income for the year, restated*		–	–	3,418	5,110	–	–	(60,528)	89,253	37,253	84,378	121,631
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Capital distribution to non-controlling interests (net)		–	–	–	–	–	–	–	–	–	(11,087)	(11,087)
Liquidation of a subsidiary		–	(3,286)	–	–	–	–	–	3,286	–	–	–
Dividends paid to owners of the Company	36	–	–	–	–	–	–	–	(148,939)	(148,939)	–	(148,939)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(26,291)	(26,291)
Share-based payment transactions		–	–	–	–	–	105	–	–	105	–	105
Total contributions by and distributions to owners		–	(3,286)	–	–	–	105	–	(145,653)	(148,834)	(37,378)	(186,212)
Changes in ownership interests in subsidiaries												
Acquisition of subsidiaries with non-controlling interests	40	–	–	–	–	–	–	–	–	–	173,951	173,951
Changes in interests in subsidiaries without loss of control	40	–	10,176	–	–	–	–	–	–	10,176	(42,731)	(32,555)
Total changes in ownership interests in subsidiaries		–	10,176	–	–	–	–	–	–	10,176	131,220	141,396
Total transactions with owners		–	6,890	–	–	–	105	–	(145,653)	(138,658)	93,842	(44,816)
Transfer to statutory reserve		–	–	–	–	25	–	–	(25)	–	–	–
At 31 December 2021, restated*		1,991,397	290,920	997	(1,532)	23,952	15,423	(140,224)	6,219,870	8,400,803	918,469	9,319,272

* Refer to Note 47

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000 Restated*
Cash flows from operating activities			
Profit for the year		**1,314,199**	126,895
Adjustments for:			
Depreciation and amortisation		**276,426**	285,009
Dividend income		**(5,304)**	(5,175)
Finance income		**(200,242)**	(36,206)
Finance costs		**284,680**	217,869
(Gain)/Loss on disposal/liquidation of subsidiaries and dilution of interest in an associate (net)		**(500,348)**	1,088
Impairment loss on other receivables	42	**62,673**	6,104
Impairment loss on debt investment	10	**18,015**	–
Impairment loss/(Reversal of impairment loss) on property, plant and equipment and investment properties		**7,615**	(93,311)
Negative goodwill on acquisition of subsidiaries	40	**(48)**	(35,553)
Profit on sale of property, plant and equipment and investment properties (net)		**(1,257,275)**	(35,896)
Property, plant and equipment and investment properties written off		**15,987**	9,216
Share of after-tax profit of associates		**(86,832)**	(30,713)
Share of after-tax profit of joint ventures		**(83,332)**	(76,779)
Tax expense		**542,568**	87,908
		388,782	420,456
Changes in working capital:			
Development properties		**(90,895)**	561,336
Contract costs		**8,119**	(42,350)
Contract assets		**(62,688)**	102,901
Consumable stocks and trade and other receivables		**29,296**	(115,971)
Trade and other payables and provisions		**(9,312)**	29,585
Contract liabilities		**(54,290)**	279,674
Employee benefits		**3,034**	(1,407)
Cash generated from operations		**212,046**	1,234,224
Tax paid		**(337,558)**	(99,979)
Net cash (used in)/from operating activities		**(125,512)**	1,134,245

* Refer to Note 47

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000 Restated*
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)	40	**(330,540)**	(341,747)
Dividends received:			
– associates		**21,249**	12,350
– joint ventures		**68,964**	3,191
– financial investments		**5,304**	5,175
Increase in investments in associates		**(34,445)**	(70,836)
Increase in investments in joint ventures		**(67,971)**	(1,976)
Return of capital from a joint venture and an associate		**9,587**	113,126
Increase in amounts owing by equity-accounted investees		**(31,345)**	(183,363)
Interest received		**31,266**	21,513
Net cash outflow from disposal of subsidiaries, net of cash disposed	40	**(16,409)**	–
Payments for intangible assets		**–**	(595)
Payments for capital expenditure on investment properties		**(272,805)**	(271,009)
Payments for purchase of property, plant and equipment		**(115,927)**	(143,148)
Payments for purchase of investment properties		**(242,248)**	–
Proceeds from sale of property, plant and equipment and investment properties		**1,568,904**	65,252
Purchase of financial assets (net)		**(21,229)**	(21,264)
Proceeds from distributions from and redemption of investments in financial assets		**161,967**	10,333
Settlement of financial derivatives		**45,649**	(60,409)
Net cash from/(used in) investing activities		**779,971**	(863,407)
Cash flows from financing activities			
Capital distribution to non-controlling interests (net)		**(9,432)**	(12,374)
Dividends paid		**(222,415)**	(173,943)
Payment of lease liabilities and finance lease payables		**(26,032)**	(21,087)
Interest paid (including amounts capitalised in property, plant and equipment, investment properties and development properties)		**(259,930)**	(211,206)
Net increase in amounts owing to related parties and non-controlling interests		**30,266**	36,649
Net repayment of revolving credit facilities		**(145,830)**	(378,003)
Decrease in restricted cash		**115,235**	35,444
Payment for corporate guarantee		**–**	(286,132)
Payment of financing transaction costs		**(10,408)**	(7,214)
Proceeds from bank borrowings		**1,387,441**	1,789,896
Repayment of bank borrowings		**(1,049,008)**	(2,134,997)
Proceeds from issuance of bonds and notes		**–**	335,000
Repayment of bonds and notes		**(100,000)**	(249,132)
Net cash used in financing activities		**(290,113)**	(1,277,099)
Net increase/(decrease) in cash and cash equivalents		**364,346**	(1,006,261)
Cash and cash equivalents at beginning of the year		**1,944,133**	2,955,109
Effect of exchange rate changes on balances held in foreign currencies		**(60,332)**	(4,715)
Cash and cash equivalents at end of the year	18	**2,248,147**	1,944,133

* Refer to Note 47

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

Significant non-cash transactions

During the year ended 31 December 2022, there were the following significant non-cash transactions:

- Dividends amounting to $1,200,000 were paid by a subsidiary to its non-controlling interests in the form of additional shares in that subsidiary.

- In May 2022, the Company distributed 144,191,823 stapled securities in CDL Hospitality Trusts ("CDLHT" and such stapled securities, the "CDLHT units") that it held to its ordinary shareholders at 0.159 CDLHT Unit per ordinary share based on $1.27 per CDLHT Unit, amounting to $183,124,000 (Note 36).

During the year ended 31 December 2021, there were the following significant non-cash transactions:

- Dividends amounting to $1,287,000 were paid by a subsidiary to its non-controlling interests in the form of additional shares in that subsidiary.

- In connection with the Group's disposal of its interest in HCP Chongqing Property Development Co., Ltd (HCP), an offshore investment vehicle that held an indirect 80.01% equity interest in Chongqing Sincere Yuanchuang Industrial Co., Ltd and its subsidiaries (Sincere Property Group), the Group entered into various agreements with HCP Group whereby it was agreed that (i) the amount owing to HCP Group of $263.7 million would be set off against the amounts owing by HCP Group; and (ii) the collateral held by the Group in respect of the amounts owing by HCP Group, which relates to shares in a property-owning entity which had been pledged by HCP Group to the Group, would be transferred to the Group, as settlement of $54.1 million (RMB260.0 million) of the amounts owing by HCP Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 March 2023.

1 DOMICILE AND ACTIVITIES

City Developments Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 9 Raffles Place, #12-01 Republic Plaza, Singapore 048619.

The principal activities of the Company are those of a property developer and owner, and investment holding.

The principal activities of the subsidiaries are those of property developers and owners, hotel owners and operators, a club operator and owner, investment in properties and in shares, property management, project management and provision of consultancy, procurement and laundry services.

The consolidated financial statements for the year ended 31 December 2022 relate to the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and joint ventures.

The directors consider the immediate and ultimate holding company to be Hong Leong Investment Holdings Pte. Ltd., a company incorporated in the Republic of Singapore.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs). SFRS(I)s, issued by the Accounting Standards Council (ASC), comprises standards and interpretations that are equivalents to IFRSs as issued by the International Accounting Standards Board (IASB). All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I) in the financial statements.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the following notes:

Note 3.1(i)	Accounting for acquisitions as business combinations or asset acquisitions
Notes 3.1(iv), 44 and 45	Assessment of ability to control or exert significant influence over partly owned investments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is described in the following notes:

Note 3.19	Estimation of provisions for current and deferred taxation
Notes 4 and 5	Measurement of recoverable amounts of property, plant and equipment, and investment properties
Notes 7 and 42	Measurement of recoverable amounts of investments in subsidiaries and expected credit losses on balances with subsidiaries
Note 10	Measurement of expected credit losses on financial assets – unquoted debt investment at amortised cost
Note 13	Measurement of realisable amounts of development properties
Note 26	Valuation of defined benefit obligations
Note 42	Measurement of expected credit losses on amounts owing by HCP Chongqing Property Development Co., Ltd and its subsidiaries

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a team that regularly reviews significant unobservable inputs and valuation adjustments and reports to the Group Chief Financial Officer who has overall responsibility for all significant fair value measurements. If third party information, such as broker quotes or independent valuers' report, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit & Risk Committee and Board of Directors.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about assumptions made in measuring fair values is included in the following notes:

Note 5	Investment properties
Note 26	Share-based payment arrangements
Note 40	Acquisition of subsidiaries
Note 42	Financial instruments

2.5 CHANGES IN ACCOUNTING POLICIES

New standards and amendments

The Group has applied various new SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2022. In addition, the Group has early adopted the Amendments to SFRS(I) 1-1 *Non-current Liabilities with Covenants*. Under the amendments, only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the entity must comply after the reporting date (future covenants) do not affect a liability's classification at that date. When non-current liabilities are subject to future covenants, information on the risk that the non-current liabilities could become repayable within 12 months after the reporting date is to be disclosed.

The application of these amendments to standards and interpretations did not have a material effect on the financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) **Business combinations**

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) **Business combinations (cont'd)**

Acquisitions from 1 January 2017

For acquisitions from 1 January 2017, the Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests (NCI) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

Acquisitions before 1 January 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

(ii) **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) **Loss of control**

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) **Investments in associates and joint ventures (equity-accounted investees)**

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of that interest, together with any long-term interests that, in substance, form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(v) **Joint operations**

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

The Group is a 51% (2021: 51%) partner in Hong Realty (Private) Limited – Pasir Ris Joint Venture (the Pasir Ris Joint Venture), a joint arrangement formed with two fellow subsidiaries, whose principal activity is that of a property developer and the place of business is in Singapore. The Group is also a 20% (2021: 20%) partner in Park Court Aoyama The Tower, a joint arrangement formed with a third party, whose principal activity is that of a property developer and the place of business is in Japan. The Group has classified both joint arrangements as joint operations as the joint venture partners control the joint arrangements collectively and the joint arrangements are not structured through separate legal vehicles.

(vi) **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investee are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) **Subsidiaries, associates and joint ventures in the separate financial statements**

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

(i) **Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currencies (cont'd)

(i) **Foreign currency transactions (cont'd)**

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currencies at the exchange rates at the dates that the fair values were determined. Non-monetary items in foreign currencies that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Foreign currency differences arising on translation are recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation;
- an investment in equity securities designated at fair value through other comprehensive income (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) **Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the Group's net investment in the foreign operation are recognised in OCI, and are presented within equity in the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment

(i) **Recognition and measurement**

Items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised net in profit or loss.

(ii) **Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

No depreciation is provided on freehold land (including 999-year leasehold land). For freehold and leasehold properties under development and renovation-in-progress, no depreciation is provided until these items have been completed.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

(iii) **Depreciation (cont'd)**

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

Freehold buildings and leasehold land and buildings	
· Core component of hotel buildings	– 50 years, or lease term if shorter
· Surface, finishes and services of hotel buildings	– 30 years, or lease term if shorter
· Leasehold land	– Lease term
Furniture, fittings, plant and equipment and improvements	– 3 to 20 years

Residual values ascribed to the core component of hotel buildings depend on the nature, location and tenure of each hotel property. No residual values are ascribed to surface, finishes and services of hotel buildings and right-of-use assets in respect of leases where the Group is a lessee.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.4 Investment properties

(i) **Recognition and measurement**

Investment properties are properties held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

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

Gains and losses on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amounts of the investment properties) are recognised in profit or loss.

(ii) **Depreciation**

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an investment property. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

No depreciation is provided on freehold land (including 999-year leasehold land) included in the investment properties.

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

Freehold and leasehold properties	– 50 years, or lease term if shorter
Leasehold land	– Lease term ranging from 50 to 96 years
Furniture, fittings, plant and equipment and improvements	– 3 to 20 years

Depreciation methods and useful lives are reviewed, and adjusted as appropriate, at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (cont'd)

As a lessee (cont'd)

Where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 *Financial Instruments* to the net investment in the lease (see note 3.11(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) **Classification and subsequent measurement (cont'd)**

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses (cont'd)

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) **Derecognition**

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred, or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of ownership of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or when they expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(iii) **Derecognition (cont'd)**

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

– the change is necessary as a direct consequence of the reform; and

– the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

(iv) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, restricted cash is excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) **Derivative financial instruments and hedge accounting**

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(vi) **Derivative financial instruments and hedge accounting (cont'd)**

Hedges directly affected by interest rate benchmark reform

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the contractual cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(vi) **Derivative financial instruments and hedge accounting (cont'd)**

Hedges directly affected by interest rate benchmark reform (cont'd)

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform (cont'd)

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and

- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

Hedges directly affected by interest rate benchmark reform (cont'd)

Cash flow hedges (cont'd)

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

(vii) **Share capital**

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference shares

The Group's non-redeemable convertible non-cumulative preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Dividends thereon are recognised as distributions within equity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Development properties

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs (applicable to construction of a development for which revenue is to be recognised at a point in time) and other costs directly attributable to the development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The write-down to net realisable value is presented as allowance for foreseeable losses.

3.8 Contract costs

Incremental costs of obtaining a contract for the sale of a development property are capitalised as contract costs only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue on the contract. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

3.9 Contract assets and liabilities

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction of development properties. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities primarily relate to:

- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

3.10 Consumable stocks

Consumable stocks comprise principally food and beverage and other hotel related consumable supplies. Stocks are valued at the lower of cost and net realisable value. Cost is determined based on the weighted average cost method and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated cost of completion and cost necessary to make the sale.

3.11 Impairment

(i) **Non-derivative financial assets and contract assets**

The Group recognises loss allowances for expected credit losses (ECL) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI;
- contract assets (as defined in SFRS(I) 15); and
- lease receivables.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment (cont'd)

(i) **Non-derivative financial assets and contract assets (cont'd)**

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECL for all trade receivables (including lease receivables) and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

The Group applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

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

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment (cont'd)

(i) **Non-derivative financial assets and contract assets (cont'd)**

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) **Associates and joint ventures**

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment (cont'd)

(iii) **Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than development properties, contract costs, contract assets, consumable stocks and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or a joint venture may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale are generally measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment and investment property once classified as held for sale are not depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale or distribution.

3.13 Employee benefits

(i) **Defined contribution plans**

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 an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) **Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised immediately as an expense in profit or loss.

The Group recognises remeasurement gains or losses within the consolidated statement of comprehensive income in the period in which they occur.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Employee benefits (cont'd)

(iii) **Other long-term service benefits**

The Group's net obligation in respect of long-term service benefits, other than defined contribution and defined benefit plans, is the amount of future benefit that employees have earned in return for their service in current and prior periods. That benefit is discounted to determine its present value. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any plan assets is deducted. Remeasurements are recognised in profit or loss in the period in which they arise.

A provision is recognised for the amount expected to be paid under cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(v) **Share-based payment transactions**

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Group receives goods or services as consideration for its equity instruments of the Group entities are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

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

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, 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 entity or the employee are not met. However, if a new award is substituted for the cancelled award, and 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. All cancellations of equity-settled transaction awards are treated equally.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.15 Financial guarantee contracts

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees contracts are accounted for as insurance contracts. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.16 Revenue recognition

(i) **Development properties for sale**

The Group develops and sells residential and mixed development projects to customers through fixed-price contracts. Revenue is recognised when the control over a development property has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the residential project over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

Where a development property has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment for performance completed to date arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the construction of the development property. The measure of progress is determined based on the stage of completion of construction certified by quantity surveyors. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In respect of contracts where the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised only when the completed property is delivered to the customer and the customer has accepted it in accordance with the sales contract.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue recognition (cont'd)

(i) **Development properties for sale (cont'd)**

Under certain payment schemes, the time when payments are made by the buyer and the transfer of control of the property to the buyer do not coincide and where the difference between the timing of receipt of the payments and the satisfaction of a performance obligation is 12 months or more, the Group adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the Group uses a discount rate that would reflect that of a separate financing transaction between the Group and its customer at contract inception. A finance income or finance expense will be recognised depending on the arrangement. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of goods or services to a customer and the payment date is 12 months or less.

Revenue is measured at the transaction price agreed under the contract entered into with customers. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced based on a payment schedule which is typically triggered upon achievement of specified construction milestones. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised. The accounting policy for contract assets and contract liabilities is set out in note 3.9.

(ii) **Rental income**

Rental income (net of any lease incentives) is recognised on a straight-line basis over the lease term. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period in which it is earned and the amount can be reliably measured.

(iii) **Hotel income**

Revenue from hotel operations is recognised at the point when the accommodation and related services are rendered.

(iv) **Management services, consultancy services and laundry services**

Management and consultancy fees and laundry services are recognised at the point when such services are rendered.

(v) **Dividends**

Dividend income is recognised in profit or loss when the shareholder's right to receive payment is established.

3.17 Government grants

Government grants are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Finance income and costs

The Group's finance income and costs include:

- interest income on amounts owing by associates and joint ventures, debt investment and funds invested;
- interest expense on borrowings, amounts owing to fellow subsidiaries and joint ventures, financial derivatives and lease liabilities;
- amortisation of transaction costs on borrowings capitalised;
- the fair value gains or losses on financial derivatives;
- the net gains or losses on financial assets at FVTPL;
- the foreign currency gains or losses on financial assets and financial liabilities; and
- unwinding of discount on non-current liabilities.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.19 Tax

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Tax (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

The measurement of deferred taxes reflects the consequences that follow the manner in which the Group expects, at the reporting date, to recover the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, for the dilutive effect arising from the conversion of the non-redeemable convertible non-cumulative preference shares.

3.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors and Group Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Board of Directors and Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax assets and liabilities.

3.22 New standards and amendments not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. Except as disclosed in note 2.5, the Group has not early adopted the new or amended standards in preparing these financial statements. The Group is in the process of assessing the impact of the new standards and amendments to standards on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

4 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land and buildings $'000	Leasehold land and buildings $'000	Freehold and leasehold properties under development $'000	Furniture, fittings, plant and equipment and improvements $'000	Renovation-in-progress $'000	Right-of-use assets $'000	Total $'000
Group								
Cost								
At 1 January 2021		4,089,858	1,672,463	299,211	1,864,634	28,648	344,340	8,299,154
Acquisition of subsidiaries	40	–	21,184	–	120	–	–	21,304
Additions		3,597	1,319	70,530	47,383	22,601	27,619	173,049
Disposal/Written off		(14,583)	–	(8,752)	(19,390)	–	(10,082)	(52,807)
Reclassifications		2,299	(116)	–	5,850	(8,033)	–	–
Transfer from investment properties	5	36,527	(1,443)	–	25,318	–	–	60,402
Transfer to assets held for sale		(334,443)	–	–	(82,744)	–	–	(417,187)
Translation differences on consolidation		(1,085)	14,078	4,437	15,757	35	6,459	39,681
At 31 December 2021		3,782,170	1,707,485	365,426	1,856,928	43,251	368,336	8,123,596
At 1 January 2022		3,782,170	1,707,485	365,426	1,856,928	43,251	368,336	8,123,596
Additions		4,874	2,648	54,527	40,056	15,565	562,029	679,699
Disposal/Written off		(19,360)	(20,399)	(1,715)	(43,506)	(352)	(17,044)	(102,376)
Disposal of subsidiaries	40	(750,283)	(713,040)	–	(615,600)	(4,918)	(86,661)	(2,170,502)
Reclassifications		9,418	128,964	(131,804)	7,103	(13,681)	–	–
Transfer from assets held for sale		16,054	–	–	8,950	–	–	25,004
Transfer to investment properties	5	(5,884)	–	–	–	–	–	(5,884)
Transfer to development properties		–	–	(245,291)	–	–	–	(245,291)
Translation differences on consolidation		(140,260)	(89,523)	(3,959)	(78,282)	(3,358)	(17,266)	(332,648)
At 31 December 2022		2,896,729	1,016,135	37,184	1,175,649	36,507	809,394	5,971,598
Accumulated depreciation and impairment losses								
At 1 January 2021		1,045,821	421,220	3,642	1,259,259	–	43,528	2,773,470
Charge for the year		25,763	23,834	–	105,888	–	22,553	178,038
Disposal/Written off		(14,583)	–	–	(15,916)	–	(7,948)	(38,447)
Reclassifications		39,860	–	–	(39,860)	–	–	–
Transfers from investment properties	5	375	(445)	–	12,825	–	–	12,755
Transfer to assets held for sale		(36,439)	–	–	(65,688)	–	–	(102,127)
Impairment losses reversed (net)		(75,356)	(15,311)	–	(4,044)	–	(664)	(95,375)
Translation differences on consolidation		11,613	9,904	73	11,233	–	624	33,447
At 31 December 2021		997,054	439,202	3,715	1,263,697	–	58,093	2,761,761
At 1 January 2022		997,054	439,202	3,715	1,263,697	–	58,093	2,761,761
Charge for the year		21,425	19,954	–	85,962	–	33,377	160,718
Disposal/Written off		(18,552)	(16,518)	–	(42,775)	–	(15,093)	(92,938)
Reclassifications		(7,804)	6,337	–	1,467	–	–	–
Disposal of subsidiaries	40	(138,126)	(214,674)	–	(435,072)	–	(4,366)	(792,238)
Impairment losses reversed (net)		(6,060)	(25,709)	–	3,656	–	–	(28,113)
Transfer from assets held for sale		6,981	–	–	3,661	–	–	10,642
Translation differences on consolidation		(27,668)	(24,851)	(24)	(55,004)	–	(1,497)	(109,044)
At 31 December 2022		827,250	183,741	3,691	825,592	–	70,514	1,910,788
Carrying amounts								
At 1 January 2021		3,044,037	1,251,243	295,569	605,375	28,648	300,812	5,525,684
At 31 December 2021		2,785,116	1,268,283	361,711	593,231	43,251	310,243	5,361,835
At 31 December 2022		2,069,479	832,394	33,493	350,057	36,507	738,880	4,060,810

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	Freehold land $'000	Furniture, fittings and equipment $'000	Right-of-use assets $'000	Total $'000
Company					
Cost					
At 1 January 2021		2,570	37,597	32,293	72,460
Additions		–	4,255	1,942	6,197
Disposal/Written off		–	(5,595)	–	(5,595)
At 31 December 2021		2,570	36,257	34,235	73,062
At 1 January 2022		2,570	36,257	34,235	73,062
Additions		–	4,905	21,905	26,810
Transfer to investment properties	5	(2,570)	–	–	(2,570)
At 31 December 2022		–	41,162	56,140	97,302
Accumulated depreciation					
At 1 January 2021		–	22,757	12,264	35,021
Charge for the year		–	4,749	6,267	11,016
Disposal/Written off		–	(5,518)	–	(5,518)
At 31 December 2021		–	21,988	18,531	40,519
At 1 January 2022		–	21,988	18,531	40,519
Charge for the year		–	4,997	6,261	11,258
At 31 December 2022		–	26,985	24,792	51,777
Carrying amounts					
At 1 January 2021		2,570	14,840	20,029	37,439
At 31 December 2021		2,570	14,269	15,704	32,543
At 31 December 2022		–	14,177	31,348	45,525

Right-of-use assets classified within property, plant and equipment

	Leasehold land and buildings $'000	Furniture, fittings, plant and equipment and improvements $'000	Total $'000
Group			
Balance at 1 January 2021	296,007	4,805	300,812
Depreciation charge for the year	(21,204)	(1,349)	(22,553)
Additions to right-of-use assets	27,139	480	27,619
Reversal of impairment loss	664	–	664
Disposal/Written off	(2,130)	(4)	(2,134)
Translation differences on consolidation	5,764	71	5,835
Balance at 31 December 2021	306,240	4,003	310,243

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land and buildings $'000	Furniture, fittings, plant and equipment and improvements $'000	Total $'000
Group			
Balance at 1 January 2022	306,240	4,003	310,243
Depreciation charge for the year	(32,145)	(1,232)	(33,377)
Additions to right-of-use assets	561,117	912	562,029
Disposal/Written off	(1,948)	(3)	(1,951)
Disposal of subsidiaries	(82,238)	(57)	(82,295)
Translation differences on consolidation	(15,741)	(28)	(15,769)
Balance at 31 December 2022	735,285	3,595	738,880

	Buildings $'000
Company	
Balance at 1 January 2021	20,029
Depreciation charge for the year	(6,267)
Additions to right-of-use assets	1,942
Balance at 31 December 2021	15,704
Balance at 1 January 2022	15,704
Depreciation charge for the year	(6,261)
Additions to right-of-use assets	21,905
Balance at 31 December 2022	31,348

(a) Included in property, plant and equipment are certain hotel properties of the Group with carrying amount totalling $381,711,000 (2021: $584,019,000) which are mortgaged to certain financial institutions to secure credit facilities (refer to notes 23 and 24 for more details of the facilities).

(b) During 2022, the Group transferred the reversionary interest of three hotels leased to CDL Hospitality Trusts (CDLHT) from property, plant and equipment to investment properties located in Singapore, following the deconsolidation of CDLHT (refer to note 40). The Group also reclassified a hotel under development from property, plant and equipment to development properties, as the hotel was developed with the intention for sale to CDLHT.

(c) During 2021, the Group transferred two hotel properties located in Australia held by the Group's non wholly-owned subsidiary, CDLHT, from investment properties to property, plant and equipment, when CDLHT became both the owner and operator of the properties.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) The Group undertook its annual review of the carrying amounts of hotels and property assets for indicators of impairment. Where indicators of impairment were identified, the recoverable amounts were estimated based on internal or external valuations undertaken by the Group. The cash generating units (CGU) are individual hotels.

The recoverable amounts of the individual hotels, being the higher of the fair value less costs to sell and the value-in-use, were predominantly determined using the fair value less costs to sell approach and were estimated using the discounted cashflow method (2021: discounted cash flow and income capitalisation methods). Under these methodologies, the fair value measurement reflects current market expectations about an efficient third party operator's future cash flows. The discounted cash flows method involves estimating each hotel's future cash flows and discounting the cash flows with an internal rate of return to arrive at the market value, taking into consideration the assumptions in respect of revenue growth (principally factoring in room rate and occupancy growth) and major expense items for each hotel. The future cash flows are based on assumptions about competitive growth rates for hotels in that area, as well as the internal business plan for the hotel in the relevant market. These plans and forecasts include management's most recent view of trading prospects for the hotel in the relevant market. The income capitalisation method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.

Where appropriate, the Group sought guidance on the fair values of the hotels from independent external valuers with appropriate professional qualifications and recent experience in the location and category of the properties being valued. In relying on the valuation reports, the Group has exercised its judgement and is satisfied that the valuation method and estimates are reflective of current market conditions. Certain valuation reports obtained from the external valuers have highlighted that a combination of global inflationary pressures, recent geopolitical events, and remaining effects of Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short to medium term. The importance of the valuation date must be stressed as property values may change over a relatively short period of time.

The fair value measurement was categorised as a Level 3 fair value based on the inputs to the valuation technique used.

In 2022, the Group recognised a net reversal of impairment loss of $28,113,000 on certain hotel properties, comprising reversal of impairment losses of $33,778,000 on four hotels in United States of America (US) and three hotels in Europe, net of impairment losses made of $5,665,000 in respect of one hotel in New Zealand and a club in Asia. The impairment losses reversed during the year mainly arose from the improved trading performances of certain hotel properties, following the progressive recovery of the hospitality sector in the countries in which these hotels are located. The impairment loss recognised on the club in Asia was a result of its weak financial performance. The estimated total recoverable amounts of the properties on which impairment losses were reversed or impaired during the year were $615,980,000 as at 31 December 2022.

In 2021, the Group recognised a net reversal of impairment loss of $95,375,000 on its hotel properties, comprising reversal of impairment losses of $96,317,000 on five hotels in United States of America (US), two hotels in Europe, and four hotels in Asia, net of impairment losses made of $942,000 in respect of a club and a restaurant in Asia. The impairment losses reversed during the year mainly arose from the improved trading performances of certain hotel properties, following the progressive recovery of the hospitality sector in the countries in which these hotels are located. The estimated total recoverable amounts of the properties on which impairment losses were reversed or impaired during the year were $743,871,000 as at 31 December 2021.

The fair value measurement was categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Impairment losses recognised or reversed were included in "other operating expenses" in the consolidated statement of profit or loss and the hotel operations segment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The key assumptions used in estimating the recoverable amounts are set out below:

	US	Europe	Asia	New Zealand
Occupancy rate				
2022	65.0% to 95.0%	70.0% to 76.0%	N/A	62.6% to 69.1%
2021	45.0% to 95.0%	54.0% to 84.0%	36.4% to 73.0%	N/A
Average room rate growth				
2022	2.0% to 10.0%	1.1% to 9.1%	N/A	2.0% to 3.0%
2021	1.4% to 56.4%	1.1% to 12.2%	2.0% to 8.2%	N/A
Discount rate				
2022	8.3% to 10.5%	7.3% to 11.3%	N/A	10.3%
2021	7.5% to 11.8%	6.6% to 8.3%	11.8% to 12.0%	N/A
Terminal rates				
2022	6.0% to 8.5%	4.0% to 7.8%	N/A	9.5%
2021	5.5% to 9.8%	4.0% to 6.3%	9.0% to 10.0%	N/A
Capitalisation rates				
2021	N/A	N/A	8.8%	N/A

The cash flow forecasts under the discounted cash flow method cover a five to ten years period, and cash flows beyond this period are extrapolated using a growth rate ranging between 2.2% and 3.4% (2021: 1.5% and 3.1%), which is based upon the expected trading growth for each hotel and inflation in the country in which the hotel is located.

Sensitivity analysis

The Group's impairment review is sensitive to changes in the key assumptions used. An increase in occupancy rate and/or average room rate growth in isolation would result in a higher recoverable amount. An increase in discount rate, terminal rate or capitalisation rate in isolation would result in a lower recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

5 INVESTMENT PROPERTIES

	Note	Group $'000 Restated*	Company $'000
Cost			
At 1 January 2021		5,760,958	603,648
Acquisition of subsidiaries	40	341,753	–
Additions		279,723	3,099
Disposal/Written off		(59,630)	(797)
Transfers to property, plant and equipment	4	(60,402)	–
Transfers to non-current assets held for sale		(55,839)	–
Translation differences on consolidation		8,470	–
At 31 December 2021		6,215,033	605,950
At 1 January 2022		6,215,033	605,950
Acquisition of subsidiaries, including acquisition costs	40	387,791	–
Additions		532,671	4,973
Disposal/Written off		(111,747)	–
Transfers to development properties		(90,685)	–
Transfers from development properties		8,179	–
Transfers from property, plant and equipment	4	5,884	2,570
Disposal of subsidiaries	40	(496,882)	–
Translation differences on consolidation		(312,865)	–
At 31 December 2022		6,137,379	613,493
Accumulated depreciation and impairment losses			
At 1 January 2021		1,192,261	178,693
Charge for the year		107,457	14,886
Disposal/Written off		(51,403)	(781)
Transfers to property, plant and equipment	4	(12,755)	–
Transfers to non-current assets held for sale		(2,001)	–
Impairment loss recognised		2,064	–
Translation differences on consolidation		(3,436)	–
At 31 December 2021		1,232,187	192,798
At 1 January 2022		1,232,187	192,798
Charge for the year		115,954	14,204
Disposal/Written off		(91,924)	–
Transfers to development properties		(38,758)	–
Disposal of subsidiaries	40	(63,561)	–
Impairment loss recognised		35,728	–
Translation differences on consolidation		(19,261)	–
At 31 December 2022		1,170,365	207,002
Carrying amounts			
At 1 January 2021		4,568,697	424,955
At 31 December 2021		4,982,846	413,152
At 31 December 2022		4,967,014	406,491
Fair value			
At 1 January 2021		8,901,489	1,114,435
At 31 December 2021		10,966,900	1,662,892
At 31 December 2022		10,899,043	1,820,028

* Refer to Note 47

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

5 INVESTMENT PROPERTIES (CONT'D)

(a) Investment properties comprise commercial, residential, hotel and industrial properties that are leased to external customers. Generally, each of the leases is fixed for a period of 1 to 16 years (2021: 1 to 29 years), and subsequent renewals are negotiated at prevailing market rates and terms.

(b) During 2022, the Group transferred a portion of an investment property to development properties for redevelopment as residential units for sale. In addition, the Group transferred a development property to investment properties arising from inception of an operating lease for the property. The Group also disposed of certain investment properties arising from the deconsolidation of CDLHT following the distribution *in specie* of CDLHT units during the current financial year (note 40).

During 2021, the Group transferred two hotel properties located in Australia held by CDLHT to property, plant and equipment, when CDLHT became both the owner and operator of the properties. In addition, the Group transferred an industrial warehouse to non-current assets held for sale (note 6).

(c) As at 31 December 2022, investment properties of the Group with a total carrying amount of $1,236,481,000 (2021: $1,453,630,000) were mortgaged to certain financial institutions to secure credit facilities (refer to notes 23 and 24 for more details of the facilities).

(d) The Group undertook its annual review of the carrying amounts of investment properties for indicators of impairment. Where indicators of impairment were identified, the recoverable amounts were estimated based on internal or external valuations undertaken. The cash generating units (CGU) are individual properties.

The recoverable amounts of the investment properties, being the higher of the fair value less costs to sell and value-in-use, were predominantly determined using the fair value less costs to sell approach, and were estimated using the income capitalisation, standardised land value adjustment and residual methods (2021: discounted cash flow and income capitalisation).

Based on the impairment assessment undertaken in 2022, the Group recognised an impairment loss of $35,728,000 on one commercial property in the United Kingdom (UK), one purpose-built student accommodation in UK and one commercial project in China. The aforesaid commercial project in China is undergoing phased construction. The impairment loss recognised during the year was mainly due to the increase in capitalisation rates arising from higher interest rates in UK and the subdued real estate market in China, along with higher than expected development costs incurred on the property in China.

In 2021, the Group recognised a net impairment loss of $2,064,000 on its investment properties, comprising reversal of impairment losses of $3,416,000 on one hotel in Maldives and one hotel in Italy, both of which are held by CDLHT, and impairment loss of $5,480,000 on one commercial property in the UK. The impairment losses reversed mainly arose from the improved trading performances, following the progressive recovery of the hospitality sector in the countries in which these hotels are located. The impairment loss recognised was due to the decrease in recoverable amount by the amount of stamp duty and land tax payable by the Group, which would not be payable had the Group proceeded with the initial public offering of a real estate investment trust (note 47).

The impairment loss reversed or recognised was recognised in "other operating expenses" and the investment properties segment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

5 INVESTMENT PROPERTIES (CONT'D)

The key assumptions used in estimating the recoverable amounts are set out below:

2022

	China	UK
Capitalisation rate	N/A	5.6% to 9.0%
Rental rate per bed	N/A	$290
Gross development value	$119 million	N/A
Estimated cost to completion	$22 million	N/A
Price per square metre ("psm")	$147 – $3,121 psm	N/A

2021

	Maldives	Italy	UK
Occupancy rate	54.4% to 67.2%	75.0% to 81.0%	N/A
Average room rate growth	1.8%	2.7%	N/A
Discount rate	11.8%	5.3% to 6.3%	N/A
Terminal rates	8.8%	4.0% to 5.0%	N/A
Capitalisation rate	8.5%	N/A	5.0%

As at 31 December 2021, the forecasts under the discounted cash flow method covered a ten-year period, and cash flows beyond this period are extrapolated using a growth rate ranging between 1.2% and 2.0%, which was based upon the expected trading growth for each hotel and inflation in the country in which the property was located.

Sensitivity analysis

The Group's impairment review is sensitive to changes in the key assumptions used. An increase in occupancy rate, average room rate growth, price psm or gross development value in isolation would result in a higher recoverable amount. An increase in discount rate, terminal rate, capitalisation rate or estimated cost to completion in isolation would result in a lower recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

5 INVESTMENT PROPERTIES (CONT'D)

(e) Determination of fair value

The fair values for a majority of the Group's investment properties are determined by independent external valuers who have appropriate recognised professional qualifications and recent experience in the location and category of the investment properties being valued. The fair values of certain investment properties located in Singapore are based on in-house valuations conducted by a licensed valuer who is also an officer of the Company. The internal valuer has appropriate recognised professional qualifications and experience in the location and category of the investment properties being valued.

The fair values of the investment properties were estimated using the discounted cash flow, income capitalisation, direct comparison, standardised land value adjustment and residual methods. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The income capitalisation method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The direct comparison method involves an analysis of comparable sales of similar properties and adjusting the transacted prices to those reflective of the investment properties of the Group. The standardised land value adjustment method considers the price of standard land in the current situation of development and utilisation, under normal market conditions within legal maximum use term as at a special date, that is assessed and approved by the local government. The residual method involves deducting the estimated cost to complete as of valuation date and other relevant costs from gross development value of the proposed development assuming satisfactory completion and accounting for developer's profit.

The fair value disclosure for the investment properties for the Group and the Company of $10,899,043,000 (2021 (restated): $10,966,900,000) and $1,820,028,000 (2021: $1,662,892,000) respectively has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

6 ASSETS HELD FOR SALE

	Group	
	2022 $'000	2021 $'000 Restated*
Assets held for sale		
Property, plant and equipment	**14,417**	334,190
Investment properties	–	53,837
Trade and other receivables	–	68
Cash and cash equivalents	–	631
	14,417	388,726
Liabilities directly associated with the assets held for sale		
Trade and other payables	–	412
Other liabilities	–	425
Provision for taxation	–	257
Deferred tax liabilities	–	107
	–	1,201

* Refer to Note 47

At 31 December 2022, assets held for sale relates to the proposed disposal by an indirect subsidiary of the Group, Millennium & Copthorne Hotels Limited (M&C), of Millennium Harvest House Boulder (which is in the hotel operations segment), to a third party for a sale consideration of $96.7 million. The sale is expected to be completed within the next one year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

6 ASSETS HELD FOR SALE (CONT'D)

At 31 December 2021, assets held for sale and liabilities directly associated with the assets held for sale relate to the following proposed divestments:

(a) The above-mentioned proposed disposal of Millennium Harvest House Boulder by M&C.

(b) M&C had entered into a sale and purchase agreement to sell a hotel, Copthorne Orchid Penang (which was in the hotel operations segment), to a third party. The agreement was terminated in December 2021 and the Group continued to explore the sale of the property with other prospective buyers. During 2022, the Group ceased to explore further sale opportunities and the property was reclassified to property, plant and equipment. Accordingly, a depreciation expense of $318,000 was recognised at the date of the reclassification.

(c) A wholly-owned subsidiary of the Group, Singapura Developments (Private) Limited, had entered into a share sale agreement to sell its interest in an industrial warehouse in Singapore (which was in the investment properties segment) for a sale consideration of $82 million. The sale was completed on 7 March 2022 and the Group recognised a gain of $27.3 million on the sale.

(d) M&C entered into a sale and purchase agreement to sell a hotel, Millennium Hilton Seoul (which was in the hotel operations segment), for a sale consideration of KRW1.1 trillion (S$1.25 billion). The sale was completed on 24 February 2022 and the Group recognised a gain on disposal of $489.2 million, net of taxes and related transaction costs.

7 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES

	Company	
	2022	**2021**
	$'000	**$'000**
Investments in subsidiaries		
Unquoted shares, at cost	**1,989,926**	2,028,374
Impairment losses	**(40,837)**	(32,287)
	1,949,089	1,996,087
Balances with subsidiaries		
Amounts owing by subsidiaries:		
– trade	**17,241**	16,481
– non-trade, interest-free	**6,666,056**	6,489,376
– non-trade, interest-bearing	**6,230,689**	5,868,079
	12,913,986	12,373,936
Impairment losses	**(257,245)**	(183,563)
	12,656,741	12,190,373

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

7 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES (CONT'D)

		Company	
	Note	**2022**	**2021**
		$'000	**$'000**
Receivable:			
– Within 1 year	16	**6,228,009**	5,985,134
– After 1 year	12	**6,428,732**	6,205,239
		12,656,741	12,190,373
Amounts owing to subsidiaries:			
– trade		**1,927**	968
– non-trade, interest-free		**1,578,494**	2,006,511
– non-trade, interest-bearing		**1,288,837**	490,579
		2,869,258	2,498,058
Repayable:			
– Within 1 year	31	**2,119,114**	2,498,058
– After 1 year	28	**750,144**	–
		2,869,258	2,498,058

The Company assessed the carrying amount of its investments in subsidiaries for indicators of impairment. Based on the assessment, the Company recognised a net impairment loss of $10,277,000 (2021: $17,270,000) on its investments in four (2021: three) wholly-owned subsidiaries, following a decline in their financial position. The recoverable amounts of the subsidiaries were estimated taking into consideration the fair values of the underlying assets and the liabilities of the companies. The fair value measurement was categorised as a Level 3 in the fair value hierarchy based on the inputs in the valuation techniques used.

The non-trade amounts owing by and to subsidiaries are unsecured. In respect of interest-bearing amounts owing by and to subsidiaries, interest was charged at 1.00% to 4.98% (2021: 0.39% to 4.18%) per annum and at 1.00% to 3.00% (2021: 1.00% to 3.00%) per annum respectively, as at 31 December 2022.

The non-trade balances with subsidiaries that are presented as receivable or repayable within one year are receivable or repayable on demand. The non-trade amounts owing by subsidiaries receivable after one year are loans to subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investments in subsidiaries.

Information about the Company's exposure to credit risk on the amounts owing by subsidiaries is included in note 42.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

7 INVESTMENTS IN AND BALANCES WITH SUBSIDIARIES (CONT'D)

Impairment losses

The movements in impairment losses in respect of investments in subsidiaries and amounts owing by subsidiaries during the year are as follows:

	Investments in subsidiaries		Amounts owing by subsidiaries Lifetime ECL – not credit impaired	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January	**32,287**	33,663	**183,563**	125,600
Impairment loss recognised	**10,277**	17,270	**73,682**	57,963
Impairment loss utilised	**(1,727)**	(18,646)	**–**	–
At 31 December	**40,837**	32,287	**257,245**	183,563

The increase in loss allowance on amounts owing by subsidiaries was due to a decline in the financial positions of the subsidiaries.

Further details regarding the Group's subsidiaries are set out in note 44.

8 INVESTMENTS IN AND BALANCES WITH ASSOCIATES

	Note	Group		Company	
		2022 $'000	2021 $'000	2022 $'000	2021 $'000
Investments in associates					
Investments in associates		**1,276,368**	832,378	**–**	–
Impairment loss		**(12,655)**	(15,399)	**–**	–
		1,263,713	816,979	**–**	–
Balances with associates					
Amounts owing by associates receivable within 1 year:					
– trade		**9,520**	22	**1,540**	3
– non-trade, interest-bearing		**1,188**	1,120	**–**	–
– non-trade, interest free		**528**	–	**–**	–
		11,236	1,142	**1,540**	3
Impairment losses		**(320)**	–	**–**	–
	16	**10,916**	1,142	**1,540**	3
Amount owing to an associate payable within 1 year:					
– trade		**4,790**	–	**6**	–
– non-trade, interest-free		**2,605**	2	**–**	–
	31	**7,395**	2	**6**	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

8 INVESTMENTS IN AND BALANCES WITH ASSOCIATES (CONT'D)

The non-trade amounts owing by associates are unsecured and repayable on demand. In respect of interest-bearing amounts owing by associates, interest of 6.00% (2021: 6.00%) per annum was charged by the Group.

The non-trade amount owing to an associate is unsecured and repayable on demand.

Included in the Group's investments in associates are investments in three associates (2021: two associates) which are listed on the Mainboard of Singapore Exchange Securities Trading Limited (SGX-ST). As at the reporting date, the aggregate carrying amount of these investments were $1,181.6 million (2021: $764.5 million) and the fair values based on the published price quotation (Level 1 in the fair value hierarchy) was $950.6 million (2021: $612.7 million). In respect of these associates, management had assessed the recoverable amounts of the investments and determined that as their net asset value based on the latest available audited financial statements of the associates are higher than the carrying amount as at the reporting date, no impairment loss for these investments is considered necessary.

During 2021, the Group assessed the carrying amount of its investments in associates for indicators of impairment. Based on the assessment, the Group recognised an impairment loss of $12,125,000 on its investment in certain associates as a result of their weak financial performance. The recoverable amount was estimated taking into account the fair values of the underlying assets and the liabilities of the associates. The fair value measurement was categorised as a Level 3 in the fair value hierarchy as it is derived from unobservable inputs.

The movements in impairment losses in respect of investments in associates and amounts owing by associates are as follows:

	Investments in associates		Amounts owing by associates Lifetime ECL – not credit-impaired	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Group				
At 1 January	**15,399**	3,000	**–**	–
Impairment loss recognised	**–**	12,125	**339**	–
Impairment loss utilised	**(1,703)**	–	**–**	–
Translation differences on consolidation	**(1,041)**	274	**(19)**	–
At 31 December	**12,655**	15,399	**320**	–

The impairment loss recognised was included in "Share of after-tax profit of associates" in the consolidated statement of profit or loss.

Accounting for investment in CDLHT

In May 2022, the Company distributed 144,191,823 units in CDLHT ("CDLHT units") that it held to its ordinary shareholders, which resulted in CDLHT, which was a subsidiary in prior year, becoming an associate of the Group thereafter (notes 40, 44 and 45). The Group's retained interest in CDLHT has been remeasured to fair value and accounted for as a business combination, which requires the purchase price to be allocated to the fair value of the identifiable assets acquired and liabilities assumed, including any contingent liabilities (purchase price allocation or "PPA"). A significant portion of the purchase price was allocated to CDLHT's underlying property portfolio comprising property, plant and equipment and investment properties, based on the valuation amounts in the valuation reports undertaken by an internal valuer with appropriate recognised professional qualifications and experience in the location and category of the properties being valued.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

8 INVESTMENTS IN AND BALANCES WITH ASSOCIATES (CONT'D)

Accounting for investment in CDLHT (cont'd)

The valuations of the property, plant and equipment and investment properties involve judgement in determining both the valuation methods to be used and the key assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions may have a significant impact on the valuations.

Measurement of fair values

The valuation techniques used in measuring the fair values of the underlying significant assets and liabilities were as follows:

Assets acquired and liabilities assumed	Valuation technique
Property, plant and equipment and investment properties	*Discounted cash flow, income capitalisation, and residual methods:* The discounted cash flow method involved forecasting the properties' income stream and discounting the income stream at the market rate of interest at the acquisition date. The income capitalisation method capitalised an income stream into a present value using revenue multipliers or single-year capitalisation rates. The residual method involved deducting the estimated costs to complete as of valuation date and other relevant costs from gross development value of a proposed development assuming satisfactory completion and accounting for developer profit.
Interest-bearing borrowings	The fair value was estimated as the present value of future principal and interest cash flows, discounted at the market rates of interest at the acquisition date.

In relying on the valuation reports for the property, plant and equipment and investment properties, the Group had exercised its judgement and was satisfied that the valuation methods and estimates were reflective of prevailing market conditions.

The fair value measurements were categorised as Level 3 in the fair value hierarchy based on the inputs in the valuation techniques used.

The PPA exercise resulted in a negative goodwill of $18,003,000, which has been recognised as part of the Group's share of after-tax profit of associates in the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

8 INVESTMENTS IN AND BALANCES WITH ASSOCIATES (CONT'D)

Immaterial associates

The Group has interests in a number of individually immaterial associates. The following table summarises, in aggregate, the Group's share of profit and other comprehensive income of these immaterial associates that are accounted for using the equity method:

	Group	
	2022 $'000	**2021 $'000**
Carrying amount of interests in individually immaterial associates	**1,263,713**	816,979
Group's share of:		
– profit from continuing operations	**86,832**	30,713
– other comprehensive income	**(55,147)**	25,570
– total comprehensive income	**31,685**	56,283

Financial guarantee

A wholly-owned subsidiary of the Group had entered into a deed of guarantee in favour of Sunbright Holdings Limited (Sunbright), an associate of the Group, in relation to the residential properties owned by Sunbright. The maximum exposure of the Group under the deed of guarantee at the reporting date is approximately $42.6 million (2021: $20.2 million).

Management do not consider it probable that a claim will be made against the Group under the financial guarantee.

9 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES

		Group		Company	
	Note	**2022 $'000**	**2021 $'000**	**2022 $'000**	**2021 $'000**
Investments in joint ventures					
Investments in joint ventures		**1,083,024**	1,037,046	**37,360**	37,360
Balances with joint ventures					
Amounts owing by joint ventures:					
– trade		**10,317**	2,714	**46**	35
– non-trade, interest-bearing		**880,031**	831,736	**–**	–
– non-trade, interest-free		**475,220**	458,736	**237,614**	236,614
		1,365,568	1,293,186	**237,660**	236,649
Impairment losses		**(4,431)**	(4,431)	**(5,246)**	(5,050)
		1,361,137	1,288,755	**232,414**	231,599
Receivable:					
– Within 1 year	16	**1,086,805**	1,288,755	**232,414**	231,599
– After 1 year	12	**274,332**	–	**–**	–
		1,361,137	1,288,755	**232,414**	231,599
Amounts owing to joint ventures payable within 1 year:					
– trade		**428**	332	**–**	–
– non-trade, interest-free		**90,705**	97,570	**22,727**	22,727
	31	**91,133**	97,902	**22,727**	22,727

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

9 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (CONT'D)

(a) At the reporting date, included in the carrying amount of the Group's investments in joint ventures is goodwill amounting to $27.2 million (2021: $28.4 million) relating to the Group's interests in two (2021: two) joint ventures.

(b) The movement in impairment losses in respect of investments in joint ventures are as follows:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January	**–**	806,371	**–**	–
Impairment loss utilised	**–**	(806,371)	**–**	–
At 31 December	**–**	–	**–**	–

(c) The non-trade amounts owing by joint ventures are unsecured. In respect of interest-bearing amounts owing by joint ventures, interest at rates ranging from 1.38% to 7.5% (2021: 0.99% to 7.5%) per annum were charged by the Group.

The non-trade amounts presented as receivable within one year are receivable on demand.

The non-trade amounts owing by joint ventures after one year were loans to joint ventures for which settlement was neither planned nor likely to occur in the foreseeable future.

(d) The movements in impairment losses in respect of balances with joint ventures are as follows:

		Group Lifetime ECL		Company Lifetime ECL	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January		**4,431**	328,595	**5,050**	5,050
Impairment loss recognised		**–**	6,104	**196**	–
Impairment loss utilised		**–**	(8,153)	**–**	–
Reclassified to other receivables	42	**–**	(329,481)	**–**	–
Translation differences on consolidation		**–**	7,366	**–**	–
At 31 December		**4,431**	4,431	**5,246**	5,050

The impairment loss recognised by the Group in prior year related to the impairment loss recognised on the amounts owing by HCP Chongqing Property Development Co., Ltd ("HCP") and its subsidiaries ("HCP Group"). Following the Group's disposal of its investment in HCP in prior year, as at 31 December 2021, the amounts owing by HCP Group were classified as other receivables (note 16). Impairment losses recognised were included on the face of the consolidated statement of profit or loss.

(e) The non-trade amounts owing to joint ventures are unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

9 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (CONT'D)

Immaterial joint ventures

The Group has interests in a number of individually immaterial joint ventures. The following table summarises, in aggregate, the share of profit and other comprehensive income of these immaterial joint ventures that are accounted for using the equity method:

	Group	
	2022 $'000	2021 $'000
Carrying amount of interests in individually immaterial joint ventures	**1,083,024**	1,037,046
Group's share of:		
– profit from continuing operations	**83,332**	76,779
– other comprehensive income	**615**	4,637
– total comprehensive income	**83,947**	81,416

The Group's share of the joint ventures' commitments and contingent liabilities is as follows:

	Group	
	2022 $'000	2021 $'000
Commitments		
Development expenditure contracted but not provided for in the financial statements	**576,059**	514,917
Capital expenditure contracted but not provided for in the financial statements	**42,666**	59,367

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

10 FINANCIAL ASSETS

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current investments					
Unquoted debt investments mandatorily at FVTPL					
– non-related companies	(a), (b)	**20,011**	175,409	**–**	–
Unquoted equity investments at FVOCI					
– fellow subsidiaries		**407,903**	327,577	**407,903**	327,577
– non-related companies		**24,261**	30,293	**–**	–
		432,164	357,870	**407,903**	327,577
Unquoted equity investments mandatorily at FVTPL					
– other related parties		**61,175**	57,307	**–**	–
– non-related companies		**75,538**	73,158	**–**	–
		136,713	130,465	**–**	–
Quoted equity investments at FVOCI					
– fellow subsidiaries		**26,006**	26,006	**21,868**	21,868
– non-related companies		**–**	11,174	**–**	–
		26,006	37,180	**21,868**	21,868
Quoted equity investments mandatorily at FVTPL					
– an associate		**18,910**	32,857	**–**	–
– non-related companies		**3,626**	6,905	**1,828**	1,993
		22,536	39,762	**1,828**	1,993
Total non-current financial assets		**637,430**	740,686	**431,599**	351,438
Current investments					
Quoted equity investments mandatorily at FVTPL					
– an associate		**135**	–	**135**	–
– non-related companies		**6,969**	9,105	**–**	–
		7,104	9,105	**135**	–
Unquoted debt investment at amortised cost					
– a non-related company	(c)	**309,488**	311,512	**–**	–
Impairment loss		**(309,488)**	(293,769)	**–**	–
		–	17,743	**–**	–
Total current financial assets		**7,104**	26,848	**135**	–
Total financial assets		**644,534**	767,534	**431,734**	351,438

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

10 FINANCIAL ASSETS (CONT'D)

(a) Unquoted debt investments mandatorily at FVTPL with total carrying amount of $142,486,000 as at 31 December 2021 bore interest at 2.46% per annum and mature within 1 to 2 years.

(b) Included in the unquoted debt investments mandatorily at FVTPL were $20,011,000 (2021: $32,923,000) relating to the Group's investment in property-linked notes issued for the development of a luxury retirement village in New South Wales, Australia.

In addition, included in the unquoted debt investments mandatorily at FVTPL as at 31 December 2021 were $142,486,000 relating to the Group's investment in a note due 2023 issued by Summervale Properties Pte. Ltd. (Summervale) for Nouvel 18, a 156-unit luxury freehold residential development on Anderson Road, Singapore. In October 2016, the Group established its third Profit Participation Securities (PPS) by entering into an investment agreement, and an asset management and marketing agreement with an unrelated party, Green 18 Pte. Ltd. (Green 18), to exit its entire interest in Summervale. As part of the investment agreement, the Group subscribed for a note of $140 million issued by Summervale. According to the asset management and marketing agreement, Summervale appointed Trentwell Management Pte. Ltd. (Trentwell), a wholly-owned subsidiary of the Group, as the asset manager and marketing agent of Summervale to manage and lease out Nouvel 18, as well as to market and divest units in Nouvel 18 for a period of five years (with an option to extend to seven years). The option for extension of the duration of the asset management and marketing agreement for a further 2-year period has been exercised with effect from 20 October 2021. The note was fully redeemed during the current year.

(c) Unquoted debt investment at amortised cost with gross carrying amount of $309,488,000 (US$230 million) (2021: $311,512,000 (US$230 million)) relates to the Group's investment in a US$ bond issued by Sincere Property Group. The bond bore interest at 10% (2021: 10%) per annum up till the effective date of commencement of Sincere Property's bankruptcy reorganisation on 14 October 2021. The bond which has a maturity date on 27 June 2022, may be redeemed by the holder on or before 27 June 2021. During 2021, the Group exercised its put option and issued a put notice to the issuer for full repayment. As at 31 December 2022, the bond remained unpaid. As at 31 December 2022, the bond has been fully impaired. As at 31 December 2021, an impairment loss of $293,769,000 was recognised on the bond. The Group has no collateral in respect of this investment.

The movement in the allowance for impairment for debt investments at amortised cost during the year was as follows:

	Lifetime ECL credit-impaired 2022 $'000	Lifetime ECL credit-impaired 2021 $'000
Balance as at 1 January	**293,769**	288,000
Impairment loss recognised	**18,015**	–
Translation differences on consolidation	**(2,296)**	5,769
Balance as at 31 December	**309,488**	293,769

The impairment loss recognised was included on the face of the consolidated statement of profit or loss.

The Group undertook an impairment assessment of the investment in the bond.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

10 FINANCIAL ASSETS (CONT'D)

2022

During 2022, certain subsidiaries within Sincere Property Group entered into consolidated bankruptcy reorganisation in addition to Sincere Property which entered into bankruptcy reorganisation in 2021 (see below). Discussions between the bankruptcy administrator, creditors of Sincere Property Group and potential investors are ongoing. The Group has filed its claims against Sincere Property with the bankruptcy administrator.

As at 31 December 2022, the Group assessed that the investment in the bond continue to be credit-impaired. The Group assessed the lifetime ECL to be recognised, taking into consideration the latest developments of Sincere Property Group based on available information, prevailing market conditions and price trends of corporate bonds issued by other China real estate developers with credit ratings similar to that of Sincere Property Group and face similar debt and liquidity challenges as those faced by Sincere Property Group.

The key parameter applied in estimating the ECL to be recognised include assuming a loss given default ("LGD") of 100% which was estimated based on the range of decline in trading prices of bonds issued by other China real estate developers with credit ratings similar to that of Sincere Property Group and face similar debt and liquidity challenges as those faced by Sincere Property Group. The Group also considered the increased uncertainty surrounding the complex bankruptcy reorganisation with the passage of time, which pose challenges to the recovery of the investment in the bond.

Based on the assessment undertaken, the Group recognised an additional impairment of $18 million on the investment in the bond during the year. As at 31 December 2022, the investment in the bond has been fully impaired.

As the bankruptcy reorganisation for Sincere Property Group is ongoing, its outcome is uncertain and evolving. Changes to circumstances and estimates may impact the ECL recognised on the investment in the bond. The ECL on the investment in the bond is also sensitive to the assumptions used. As the investment in bond has been fully impaired, any decrease in LGD in isolation would result in a higher recoverable amount.

2021

Having considered that Sincere Property had entered into bankruptcy reorganisation and its credit rating and domestic corporate bonds were downgraded by a local credit rating agency during 2021 (see note 42), the Group assessed that the investment in the bond continued to be credit-impaired.

At 31 December 2021, the Group assessed the lifetime ECL to be recognised, taking into account the latest developments of Sincere Property Group based on publicly available information as described in note 42, prevailing market conditions and price trends of corporate bonds issued by other China real estate developers with credit ratings similar to that of Sincere Property Group and face similar debt and liquidity challenges as those faced by Sincere Property Group, following regulatory tightening and systemic changes on financing imposed on China's real estate sector.

The key parameter applied in estimating the ECL to be recognised included assuming a LGD of approximately 90% which was based on the range of decline in trading prices of bonds issued by other China real estate developers with credit ratings similar to that of Sincere Property Group and faced similar debt and liquidity challenges as those faced by Sincere Property Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

10 FINANCIAL ASSETS (CONT'D)

2021 (cont'd)

Based on the assessment undertaken, the Group assessed that no additional impairment was required on the investment in the bond. At 31 December 2021, the carrying value of the bond was $17.7 million (net of impairment loss). As the bankruptcy reorganisation for Sincere Property Group is ongoing, its outcome is uncertain and evolving. Changes to circumstances and estimates may impact the ECL recognised on the investment in the bond. The ECL on the investment in the bond is also sensitive to the assumptions used. A decrease in LGD in isolation would result in a higher recoverable amount. An increase in LGD in isolation would result in a lower recoverable amount.

(d) Equity investments designated at FVOCI

The Group designated the equity investments shown below as equity investments at FVOCI because these equity investments represent investments that the Group intends to hold for the long-term for strategic purposes.

	Group		Company	
	Fair value $'000	**Dividend income recognised $'000**	**Fair value $'000**	**Dividend income recognised $'000**
2022				
Unquoted investment in a fellow subsidiary:				
– Hong Leong Holdings Limited	407,903	2,295	407,903	2,295
Unquoted investment in a non-related company:				
– Singapore-Suzhou Township Development Pte. Ltd.	24,261	905	–	–
Quoted investment in a fellow subsidiary:				
– Hong Leong Finance Limited	26,006	1,306	21,868	1,098
2021				
Unquoted investment in a fellow subsidiary:				
– Hong Leong Holdings Limited	327,577	1,890	327,577	1,890
Unquoted investment in a non-related company:				
– Singapore-Suzhou Township Development Pte. Ltd.	30,293	880	–	–
Quoted investment in a fellow subsidiary:				
– Hong Leong Finance Limited	26,006	1,387	21,868	1,167

Other equity investments designated at FVOCI not included in the table above are insignificant to the Group and the Company.

During the year, the Group disposed one of the other equity investments designated at FVOCI due to privatisation of the investee. The investment had a fair value of $13,342,000 at the date of disposal, and the cumulative gain on disposal amounted to $4,003,000. The cumulative gain on disposal was reclassified from fair value reserve to accumulated profits.

Information about the Group's and the Company's exposures to credit and market risks, and fair value measurement, is included in note 42.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

11 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Derivative financial assets				
Cross currency swaps	**43,696**	8,788	**43,696**	4,026
Forward exchange contracts	**49,636**	17,485	**49,636**	17,485
Interest rate swaps	**18,917**	–	**18,917**	–
	112,249	26,273	**112,249**	21,511
Non-current	**40,449**	4,762	**40,449**	–
Current	**71,800**	21,511	**71,800**	21,511
	112,249	26,273	**112,249**	21,511
Derivative financial liabilities				
Cross currency swaps	**(780)**	(14,936)	**(780)**	(14,928)
Forward exchange contracts	**(780)**	–	**(780)**	–
Interest rate swaps	**(645)**	(941)	**(645)**	–
	(2,205)	(15,877)	**(2,205)**	(14,928)
Non-current	**(645)**	(1,295)	**(645)**	(346)
Current	**(1,560)**	(14,582)	**(1,560)**	(14,582)
	(2,205)	(15,877)	**(2,205)**	(14,928)

As at the reporting date, the Group has cross-currency swaps, forward exchange contracts and interest rate swaps with a total notional amount of $559,484,000 (2021: $536,104,000), $1,008,329,000 (2021: $1,308,617,000) and $840,952,000 (2021: $88,036,000) respectively. The Company has cross-currency swaps, forward exchange contracts and interest rate swaps with a total notional amount of $559,484,000 (2021: $378,777,000), $1,008,329,000 (2021: $1,308,617,000) and $840,952,000 (2021: $Nil) respectively.

12 OTHER NON-CURRENT ASSETS

	Note	Group		Company	
		2022 $'000	2021 $'000	2022 $'000	2021 $'000
Amounts owing by subsidiaries	7	**–**	–	**6,428,732**	6,205,239
Amount owing by joint ventures	9	**274,332**	–	**–**	–
Deposits		**11,946**	3,395	**–**	–
Other receivables		**6,682**	13,307	**–**	–
Restricted bank deposits	18	**6,494**	89,630	**–**	–
		299,454	106,332	**6,428,732**	6,205,239
Prepayments		**288**	282	**–**	–
Intangible assets		**1,714**	1,879	**–**	–
Deferred tax assets	30	**47,468**	69,302	**–**	–
		348,924	177,795	**6,428,732**	6,205,239

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

13 DEVELOPMENT PROPERTIES

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Properties under development, for which revenue is to be recognised over time	**1,519,313**	1,649,627	**–**	–
Properties under development, for which revenue is to be recognised at a point in time	**3,100,118**	2,518,357	**–**	–
Completed units	**1,465,230**	1,739,574	**166,106**	175,792
	6,084,661	5,907,558	**166,106**	175,792
Allowance for foreseeable losses	**(127,064)**	(68,087)	**–**	–
Total development properties	**5,957,597**	5,839,471	**166,106**	175,792

(i) Allowance for foreseeable losses

Movements in allowance for foreseeable losses are as follows:

	Note	Group		Company	
		2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January		**68,087**	62,097	**–**	–
Allowance made	33	**61,766**	5,641	**–**	–
Translation differences on consolidation		**(2,789)**	349	**–**	–
At 31 December		**127,064**	68,087	**–**	–

The allowance for foreseeable losses is determined after taking into account estimated selling prices, estimated total construction costs and selling expenses. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing property market conditions. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. The allowance made for foreseeable losses is included in "cost of sales".

(ii) Development properties of the Group recognised as cost of sales, excluding allowance for foreseeable losses, amounted to $1,081,031,000 (2021: $961,314,000) for the year.

(iii) Development properties of the Group with carrying amounts of $565,080,000 (2021: $1,661,321,000) are mortgaged to financial institutions to secure credit facilities (refer to note 23).

14 CONTRACT COSTS

The amount relates to commission fees paid to property agents for securing sale contracts for the Group's development properties. During the year, $43,664,000 (2021: $75,218,000) of commission fees paid were capitalised as contract costs.

Capitalised commission fees are amortised when the related revenue is recognised. During the year, $51,316,000 (2021: $32,990,000) was amortised. There is no impairment loss in relation to such costs capitalised.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

15 CONTRACT ASSETS/(LIABILITIES)

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Contract assets	**465,018**	402,330	**–**	–
Contract liabilities	**(613,598)**	(724,077)	**(8,190)**	–

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	Group 2022 $'000	Group 2021 $'000
Contract liabilities at the beginning of the year recognised as revenue during the year	**278,174**	68,036
Increases due to cash received, excluding amounts recognised as revenue during the year	**(191,595)**	(525,738)
Contract assets reclassified to trade receivables	**(402,324)**	(505,231)
Changes in measurement of progress	**465,018**	402,330

16 TRADE AND OTHER RECEIVABLES

	Note	Group 2022 $'000	Group 2021 $'000 Restated*	Company 2022 $'000	Company 2021 $'000
Trade receivables		**242,698**	212,784	**8,905**	1,310
Impairment losses		**(15,723)**	(17,025)	**(82)**	(135)
		226,975	195,759	**8,823**	1,175
Other receivables	(a)	**489,499**	544,875	**2,053**	3,726
Impairment losses		**(389,091)**	(336,476)	**(1,048)**	(1,116)
		100,408	208,399	**1,005**	2,610
Accrued rent receivables		**49,671**	48,532	**2,778**	2,389
Impairment losses		**(19,914)**	–	**–**	–
		29,757	48,532	**2,778**	2,389
Deposits		**5,911**	11,901	**288**	288
Amounts owing by:					
– subsidiaries	7	**–**	–	**6,228,009**	5,985,134
– associates	8	**10,916**	1,142	**1,540**	3
– joint ventures	9	**1,086,805**	1,288,755	**232,414**	231,599
– fellow subsidiaries	17	**250**	194	**–**	–
Reimbursement asset	(b)	**59,505**	70,773	**–**	–
		1,520,527	1,825,455	**6,474,857**	6,223,198
Prepayments		**100,483**	61,616	**2,758**	2,161
Grant receivables		**480**	1,339	**–**	532
Tax recoverable		**4,048**	4,557	**–**	–
		1,625,538	1,892,967	**6,477,615**	6,225,891

* Refer to Note 47

(a) Included in other receivables of the Group as at 31 December 2022 is a receivable of $382.7 million (2021: $395.1 million) with related impairment loss of $382.7 million (2021: $331.2 million) from HCP Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

16 TRADE AND OTHER RECEIVABLES (CONT'D)

(b) The reimbursement asset relates to reimbursements from the buyer of Millennium Hilton Seoul for costs that the Group would incur under certain contracts in respect of the hotel arising from the sale of the hotel (note 29). The sale was completed during 2022.

Information about the Group's and Company's exposure to credit risk on other receivables is included in note 42.

17 AMOUNTS OWING BY AND TO FELLOW SUBSIDIARIES

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Amounts owing by fellow subsidiaries:					
– trade	16	**250**	194	**–**	–
Amounts owing to fellow subsidiaries:					
– trade		**123**	88	**–**	–
– non-trade, interest-free		**110,406**	105,956	**–**	–
– non-trade, interest-bearing		**183,511**	142,604	**–**	–
	31	**294,040**	248,648	**–**	–

Fellow subsidiaries are subsidiaries of the immediate holding company. The non-trade amounts owing to fellow subsidiaries are unsecured and repayable on demand. In respect of interest-bearing amounts owing to fellow subsidiaries, interest was charged at 2.00% (2021: 2.00%) per annum.

18 CASH AND CASH EQUIVALENTS

	Note	Group 2022 $'000	Group 2021 $'000 Restated*	Company 2022 $'000	Company 2021 $'000
Fixed deposits		**1,484,627**	1,216,718	**425,488**	556,085
Cash at banks and in hand**		**878,570**	883,982	**189,011**	130,237
Cash and cash equivalents in the statements of financial position		**2,363,197**	2,100,700	**614,499**	686,322
Restricted deposits included in other non-current assets	12	**6,494**	89,630		
Cash and cash equivalents included in assets held for sale	6	**–**	631		
	19	**2,369,691**	2,190,961		
Restricted cash		**(121,544)**	(246,828)		
Cash and cash equivalents in the consolidated statement of cash flows		**2,248,147**	1,944,133		

* Refer to Note 47
** Net of cash pool overdrafts

As at 31 December 2022, cash and cash equivalents of $272,110,000 (2021: $220,808,000) of the Group were held under project accounts and withdrawals from which are restricted to payments for expenditure incurred on the Group's development projects.

Cash at banks and fixed deposits for the Group and Company bore interest at 0.10% to 5.70% (2021: 0.01% to 2.93%) and 3.00% to 4.51% (2021: 0.02% to 2.36%) per annum respectively as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

18 CASH AND CASH EQUIVALENTS (CONT'D)

	Note	Group 2022 $'000	Group 2021 $'000
Restricted cash:			
– Current		**115,050**	157,198
– Non-current	12	**6,494**	89,630
		121,544	246,828

As at 31 December 2022, restricted cash comprise mainly deposits pledged to financial institutions as collateral for credit facilities granted (see note 23).

As at 31 December 2021, restricted cash comprise mainly deposits pledged to financial institutions as collateral for credit facilities granted (see note 23) and restricted deposit received from the buyer for the sale of a hotel property.

19 SHARE CAPITAL

	Company 2022 Number of shares	Company 2022 $'000	Company 2021 Number of shares	Company 2021 $'000
Issued and fully paid ordinary share capital with no par value:				
At 1 January and 31 December	906,901,330	1,661,179	906,901,330	1,661,179
Issued and fully paid non-redeemable convertible non-cumulative preference share capital with no par value:				
At 1 January and 31 December	330,874,257	330,218	330,874,257	330,218
		1,991,397		1,991,397

At the reporting date, the Company held 2,400,000 (2021: 2,400,000) ordinary shares as treasury shares.

Ordinary share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at General Meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Preference share capital

The Company has in issue 330,874,257 (2021: 330,874,257) non-redeemable convertible non-cumulative preference shares (Preference Shares), listed on the Official List of Singapore Exchange Securities Trading Limited. The Preference Shares are convertible only at the option of the Company, into fully-paid ordinary shares of the Company at the conversion ratio of 0.136 ordinary share for each Preference Share.

In the event the Company exercises its right of conversion, the Company shall pay to preference shareholders a one-off preference cash dividend at the fixed rate of 64% (net) of the issue price for each Preference Share (Additional Preference Dividend) and any preference dividend accrued but unpaid.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

19 SHARE CAPITAL (CONT'D)

Preference share capital (cont'd)

As at 31 December 2022, a maximum number of 44,998,898 (2021: 44,998,898) ordinary shares are issuable upon full conversion at the sole option of the Company of all the Preference Shares.

Holders of Preference Shares have no voting rights, except under certain circumstances provided for in the Singapore Companies Act and as set out in the Company's Constitution.

The Preference Shares rank:

(i) *pari passu* without any preference or priority among themselves; and

(ii) in priority over the ordinary shares (a) in respect of payment of the preference dividend (when, as and if declared) and the Additional Preference Dividend; and (b) in the event of a winding-up of or return of capital by the Company, payment of any preference dividend that has accrued to holders of Preference Shares and is unpaid, the Additional Preference Dividend (whether or not then due) as well as the amount paid up on the Preference Shares (including the premium paid thereon).

Capital management policy

The Group's primary objective in capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to continue to maintain the future development and growth of the business.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. For this purpose, the Group defines "capital" as including all components of equity, including non-controlling interests. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares or other financial instruments.

The Group monitors capital using a net debt equity ratio, which is defined as net borrowings divided by total capital employed.

	Note	2022 $'000	2021 $'000 Restated*
Gross borrowings		**10,381,801**	11,422,435
Cash and bank balances (including restricted cash and cash and cash equivalents included in assets held for sale)	18	**(2,369,691)**	(2,190,961)
Net debt		**8,012,110**	9,231,474
Total capital employed		**9,564,822**	9,319,272
Net debt equity ratio		**0.84**	0.99

* Refer to Note 47

No changes were made to the above objectives, policies and processes during the years ended 31 December 2022 and 2021.

The Group derives income from its investments in the PRC. The conversion of the Chinese Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

19 SHARE CAPITAL (CONT'D)

Capital management policy (cont'd)

As at 31 December 2021, the Group had a subsidiary, CDL Hospitality Real Estate Investment Trust (H-REIT), which is part of CDLHT, a stapled group comprising H-REIT and CDL Hospitality Business Trust (HBT), a business trust. H-REIT was subject to the aggregate leverage limit as defined in the Property Funds Appendix of the Code on Collective Investment Schemes (CIS Code) issued by the Monetary Authority of Singapore (MAS). The CIS Code stipulated that the total borrowings and deferred payments (together the Aggregate Leverage) of a property fund should not exceed 50.0% of its Deposited Property under a single-tier leverage limit provided. In the prior year, H-REIT had a credit rating of BB+ from Fitch Ratings. The Aggregate Leverage of H-REIT as at 31 December 2021 was 39.1% of H-REIT's Deposited Property. This complied with the aggregate leverage limit as described above. Following the Company's distribution *in specie* of part of the CDLHT units that it held, to ordinary shareholders in May 2022 (notes 40, 44 and 45), CDLHT became an associate of the Group.

The Group has a subsidiary, CDL Real Estate Asset Managers Pte. Ltd. (CREAM), which is required to maintain at least $250,000 of base capital at all times pursuant to the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (Rg13) of the Securities and Futures Act (Cap. 289). The Monetary Authority of Singapore defines base capital as the sum of all paid-up capital, reserve funds, any unappropriated profit or loss in the latest audited accounts, and less any interim loss in the latest accounts of the company. CREAM has complied with the capital requirements during the current and prior year.

Under the Housing Developers (Control and Licensing) Act, in order to qualify for a housing developer's licence, certain subsidiaries of the Group are required to maintain a minimum paid-up capital. These entities complied with the capital requirement during the current and prior year.

Except for the above, neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

20 RESERVES

	Group		Company	
	2022 $'000	2021 $'000 Restated*	2022 $'000	2021 $'000
Capital reserve	**232,681**	290,920	**63,743**	63,743
Fair value reserve	**73,456**	997	**49,966**	(30,358)
Hedging reserve	**17,355**	(1,532)	**18,272**	–
Other reserves	**24,651**	23,952	**–**	–
Share option reserve	**15,482**	15,423	**–**	–
Foreign currency translation reserve	**(334,364)**	(140,224)	**–**	–
Accumulated profits	**7,195,677**	6,219,870	**4,020,199**	4,307,624
	7,224,938	6,409,406	**4,152,180**	4,341,009

* Refer to Note 47

The capital reserve comprises mainly:

(a) negative goodwill on the consolidation of subsidiaries which arose prior to 1 January 2017 under the previous accounting standards adopted;

(b) issue expenses; and

(c) reserves arising from the Group's acquisition of non-controlling interests in subsidiaries.

The fair value reserve comprises the cumulative net change in the fair value of equity instruments designated at FVOCI.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

20 RESERVES (CONT'D)

The hedging reserve comprises the effective portion of the cumulative net changes in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred (net of tax).

Other reserves comprise mainly reserves set aside by certain subsidiaries in compliance with the relevant regulations in the People's Republic of China and share of other reserves of associates and joint ventures.

The share option reserve comprises the cumulative value of employee services received for the issue of share options of a subsidiary and a joint venture.

The foreign currency translation reserve comprises mainly:

(a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Company;

(b) the gain or loss on financial instruments used to hedge the Group's net investment in foreign operations that are determined to be effective hedges; and

(c) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

21 EQUITY COMPENSATION BENEFITS

By a subsidiary

Millennium & Copthorne Hotels Limited (M&C)

The M&C Group used to operate a number of share option schemes, a majority of which were designed to link remuneration to the future performance of M&C Group.

There were no options granted by M&C Group since 2020 in line with the final cash offer made by the Company to acquire the remaining interest in M&C at £6.85 per share (the "Final Offer") in 2019 and any outstanding options are to close out per the final vesting dates.

(i) Annual Bonus Plan

Under the Annual Bonus Plan ("ABP"), deferred share awards were granted annually to selected employees of the M&C Group. Shares in M&C were to be transferred to participants as follows if they continue to be employed by the M&C Group:

- 25% after years one and two; and
- 50% after three years

Following the cancellation of M&C ordinary shares on the London Stock Exchange's main market for listed securities on 11 October 2019 (the "Delisting"), the shares awarded under the ABP will be cash settled at a fixed price of £6.85 per share in line with the Final Offer.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

21 EQUITY COMPENSATION BENEFITS (CONT'D)

(ii) Executive Share Plan

The Executive Share Plan ("ESP") was approved by M&C on 18 February 2016 to replace participation in the Long-Term Incentive Plan by senior executive management. These awards would vest over a three-year period (25% after years one and two, 50% after three years), subject to the rules of the Executive Share Plan.

Following the Delisting, the shares awarded under the ESP will be cash settled at a fixed price of £6.85 per share in line with the Final Offer.

Details of the options granted under the M&C Group option schemes on the unissued ordinary shares of £0.30 each in M&C Group, as at the end of the financial year, presented in Sterling Pound, are as follows:

(i) Annual Bonus Plan

Date of award	Balance at beginning of year	Awards vested during the year	Awards forfeited during the year	Balance at end of year	Share price prevailing on date of grant £	Fair value £	Vesting date
2022							
13.08.2019	10,040	(9,171)	(869)	–	6.80	6.85	13.08.2020/21/22
2021							
13.05.2016	196	–	(196)	–	4.40	4.40	13.05.2017/18/19
14.12.2018	12,990	(12,599)	(391)	–	4.68	4.48 to 4.61	14.12.2019/20/21
13.08.2019	17,551	(6,816)	(695)	10,040	6.80	6.85	13.08.2020/21/22
	30,737	(19,415)	(1,282)	10,040			

(ii) Executive Share Plan

Date of award	Balance at beginning of year	Awards vested during the year	Awards forfeited during the year	Balance at end of year	Share price prevailing on date of grant £	Fair value £	Vesting date
2022							
09.08.2019	2,080	(2,080)	–	–	6.80	6.85	09.08.2020/21/22
2021							
04.12.2018	7,341	(7,341)	–	–	4.66	4.47 to 4.60	04.12.2019/20/21
09.08.2019	9,367	(7,287)	–	2,080	6.80	6.85	09.08.2020/21/22
	16,708	(14,628)	–	2,080			

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

22 INTEREST-BEARING BORROWINGS

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Term loans	23	**5,909,397**	7,337,272	**4,606,286**	4,491,409
Bonds and notes	24	**2,651,786**	2,811,162	**1,971,771**	2,070,486
Bank loans	25	**1,108,239**	991,559	**874,187**	576,444
		9,669,422	11,139,993	**7,452,244**	7,138,339
Non-current		**7,315,400**	5,952,032	**6,091,010**	3,937,631
Current		**2,354,022**	5,187,961	**1,361,234**	3,200,708
		9,669,422	11,139,993	**7,452,244**	7,138,339

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 42.

23 TERM LOANS

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Secured		**622,689**	1,117,601	**–**	–
Unsecured		**5,286,708**	6,219,671	**4,606,286**	4,491,409
	22	**5,909,397**	7,337,272	**4,606,286**	4,491,409

The term loans are obtained from banks and financial institutions.

The secured term loans are generally secured by:

– mortgages on the borrowing subsidiaries' property, plant and equipment, investment properties and development properties (see notes 4, 5 and 13);

– assignment of all rights and benefits to sale, lease and insurance proceeds in respect of certain property, plant and equipment, investment and development properties; and

– pledge on cash deposits of $117.2 million (2021: $115.5 million).

The Group's secured term loans bore interest at 2.97% to 5.56% (2021: 0.84% to 11.00%) per annum as at 31 December 2022.

The Group's unsecured term loans bore interest at 0.36% to 5.22% (2021: 0.35% to 4.11%) per annum as at 31 December 2022. The Company's unsecured term loans bore interest at 1.45% to 5.16% (2021: 0.71% to 4.11%) per annum as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

24 BONDS AND NOTES

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Secured		**680,015**	740,676	**–**	–
Unsecured		**1,971,771**	2,070,486	**1,971,771**	2,070,486
	22	**2,651,786**	2,811,162	**1,971,771**	2,070,486

Secured bonds and notes comprise the following:

(i) $101 million (2021: $118 million) bonds comprising 2 tranches issued by a subsidiary, which holds a Japan hotel (classified under investment properties) through a TMK structure. The bonds bore interest at 0.31% to 0.46% (2021: 0.30% to 0.47%) per annum as at 31 December 2022.

The bondholders, under Article 128 of the Japan Asset Liquidation Law, are under a statutory lien to receive payment of their claims under the bonds prior to other creditors out of the assets of the TMK. The order of priority of such statutory lien shall be immediately after the general statutory liens under the Japan Civil Code. While the assets of the TMK are subject to a statutory preferred right, it is not considered a mortgage under Japan laws.

Unless previously redeemed or purchased and cancelled, the bond is redeemable at its principal amount on its maturity date in March 2025.

(ii) $530 million (2021: $530 million) medium term notes (MTNs) which comprise 2 series (2021: 2 series) of notes issued by a subsidiary as part of a $700 million secured MTN programme established in 2001. The MTNs bore interest at 1.65% to 2.96% (2021: 1.65% to 2.96%) per annum as at 31 December 2022 and are secured by a mortgage over an investment property as well as rental and insurance proceeds to be derived from the said property.

Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from May 2024 to December 2025 (2021: May 2024 to December 2025).

(iii) $51 million (2021: $59 million) bond issued by a subsidiary, which holds a Japan development property through a TMK structure. The bond bore interest at 0.37% (2021: 0.37% to 0.39%) per annum as at 31 December 2022. Unless previously redeemed or purchased and cancelled, the bond is redeemable at its principal amount on its maturity date in March 2023.

The bondholders, under Article 128 of the Japan Asset Liquidation Law, are under a statutory lien to receive payment of their claims under the bonds prior to other creditors out of the assets of the TMK. The order of priority of such statutory lien shall be immediately after the general statutory liens under the Japan Civil Code. While the assets of the TMK are subject to a statutory preferred right, it is not considered a mortgage under Japan laws.

In addition, as at 31 December 2021, secured bonds and notes included $37 million bond issued by an indirectly owned subsidiary of CDLHT. The bond bore interest at a rate of 0.71% per annum. CDLHT's interest in 2 Japan hotels (classified under property, plant and equipment) was held through a Tokutei Mokutei Kaisha (TMK) structure, and such TMK structures are required to issue bonds to fund the acquisition of assets.

The bondholders had a statutory preferred right, under Article 128 of the Japan Asset Liquidation Law, to receive payment of all obligations under the bond prior to other creditors out of the assets of the TMK. Such right shall be junior to the priority of the general statutory lien under the Japan Civil Code. While the assets of the TMK are subject to a statutory preferred right, it is not considered a mortgage under Japan laws.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

24 BONDS AND NOTES (CONT'D)

Unless previously redeemed or purchased and cancelled, the bond is redeemable at its principal amount on its maturity date in September 2025.

Following the Group's distribution *in specie* of part of the CDLHT units that it held, to the Company's ordinary shareholders, CDLHT was deconsolidated and became an associate of the Group (notes 40, 44 and 45).

Unsecured bonds and notes comprise $1,975 million (2021: $2,075 million) medium term notes (MTNs) which comprise 10 series (2021: 11 series) of notes issued by the Company at various interest rates as part of a $5.0 billion unsecured MTN programme established in 1999. The MTNs bore interest at 2.00% to 3.90% (2021: 2.00% to 3.90%) per annum as at 31 December 2022.

Unless previously redeemed or purchased and cancelled, the MTNs are redeemable at their principal amounts on their respective maturity dates from April 2023 to June 2026 (2021: July 2022 to June 2026).

25 BANK LOANS

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Bank loans repayable within 1 year					
– secured		**10,362**	1,648	**–**	–
– unsecured		**1,097,877**	989,911	**874,187**	576,444
	22	**1,108,239**	991,559	**874,187**	576,444

The Group's secured bank loans bore interest at 2.97% to 5.08% (2021: 3.00% to 3.44%) per annum as at 31 December 2022. The loans are secured by mortgages on the borrowing subsidiary's property, plant and equipment and a pledge on cash deposits (note 18).

The Group's unsecured bank loans bore interest at 0.71% to 5.51% (2021: 0.38% to 3.46%) per annum as at 31 December 2022. The Company's unsecured bank loans bore interest at 0.71% to 5.51% (2021: 0.45% to 3.46%) per annum as at 31 December 2022.

26 EMPLOYEE BENEFITS

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Net liability for:				
– defined benefit obligations	**7,276**	24,534	**–**	–
– short-term accumulating compensated absences	**28,196**	32,949	**1,960**	2,960
– other long-term benefits	**395**	730	**–**	–
	35,867	58,213	**1,960**	2,960
Non-current	**7,304**	24,637	**–**	–
Current	**28,563**	33,576	**1,960**	2,960
	35,867	58,213	**1,960**	2,960

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

26 EMPLOYEE BENEFITS (CONT'D)

	Group	
	2022 $'000	2021 $'000
Net liability for defined benefit obligations		
Present value of unfunded obligations	**3,732**	6,267
Present value of funded obligations	**88,682**	152,062
Fair value of plan assets	**(85,138)**	(133,795)
Liability for defined benefit obligations	**7,276**	24,534
Changes in the present value of defined benefit obligations		
Defined benefit obligations at 1 January	**158,329**	166,058
Remeasurements:		
– Experience adjustment	**6,275**	(101)
– Actuarial (gain)/loss from changes in demographic assumptions	**(4,818)**	1,333
– Actuarial gain from changes in financial assumptions	**(51,482)**	(5,289)
Benefits paid	**(5,023)**	(322)
Interest cost	**2,355**	2,222
Current service costs	**329**	852
Past service costs	**(53)**	(1,328)
Translation differences on consolidation	**(13,498)**	(5,096)
Defined benefit obligations at 31 December	**92,414**	158,329
Changes in the fair value of plan assets		
Fair value of plan assets at 1 January	**133,795**	135,919
Return on plan assets, excluding interest income	**(34,025)**	655
Contributions by employer	**4,738**	761
Benefits paid	**(8,892)**	(6,396)
Interest income	**1,977**	1,763
Translation differences on consolidation	**(12,455)**	1,093
Fair value of plan assets at 31 December	**85,138**	133,795

The fair values of plan assets in each category are as follows:

	Group	
	2022 $'000	2021 $'000
Equity	**8,394**	16,200
Bonds	**10,154**	25,409
Cash	**66,590**	92,186
Fair value of plan assets	**85,138**	133,795
Expenses recognised in profit or loss		
Current service costs	**329**	852
Past service costs	**(53)**	(1,328)
Net interest costs	**378**	459
Defined benefit obligation expenses	**654**	(17)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

26 EMPLOYEE BENEFITS (CONT'D)

The expenses are recognised in the following line items in profit or loss:

		Group	
	Note	2022 $'000	2021 $'000
Cost of sales		**124**	(593)
Administrative expenses		**448**	812
Other operating expenses		**82**	(236)
Defined benefit obligation expenses	33	**654**	(17)

The weighted average duration of the defined benefit obligations as at 31 December 2022 was 11 years (2021: 17 years).

The Group expects approximately $8 million (£5 million) (2021: $5 million (£3 million)) contributions to be paid to the defined benefit plans in 2023 (2021: 2022).

The Group operates various funded pension schemes which are established in accordance with local conditions and practices within the countries concerned. The most significant funds are described below:

United Kingdom (UK)

The Group makes contributions to a pension scheme for its UK employees, which was set up in 1993. The plan operates a funded defined benefit arrangement together with a defined contribution plan, both with different categories of membership. The defined benefit section of the plan was closed to new entrants in 2001 and at the same time, rights to a guaranteed minimum pension (GMP) under the defined contribution scheme also ceased. The plan entitles a retired employee to receive an annual pension payment.

The contributions required are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 5 April 2020 and this has been updated on an approximate basis to 31 December 2022. The contributions of the Group during the year were about 36.30% (2021: 11%) of pensionable salary.

As the defined benefit section is closed to new entrants, the current service cost, as a percentage of pensionable payroll is likely to increase as the membership ages, although it will be applied to a decreasing pensionable payroll. The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate and the rates of increase in salaries and pensions.

Taiwan

The Group makes contributions to a defined benefit pension plan for its employees in Taiwan. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2022. The contributions of the Group were no less than 6% (2021: 6%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and the rate of increase in salaries.

The defined benefit plans are administered by pension funds that are legally separated from the Group. The boards of the pension funds are required by law to act in the best interests of the plan participants.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market investment risk.

The above plans are substantially funded by the Group's subsidiary. The funding requirements are based on pension funds' actuarial measurement framework set out in the funding policies of the plans.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

26 EMPLOYEE BENEFITS (CONT'D)

South Korea

During 2021, the Group made contributions to a defined benefit pension plan for its employees in South Korea. The contributions required were determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2021. The assumptions which had the most significant effect on the results of the valuations were those relating to the discount rate and the rate of increase in salaries.

The assets of each scheme have been taken at market value and the liabilities have been calculated using the following principal assumptions:

	2022 UK	2022 Taiwan	2021 UK	2021 South Korea	2021 Taiwan
Inflation rate	3.3%	–	3.5%	–	–
Discount rate	4.9%	1.5%	1.7%	2.8%	0.5%
Rate of salary increase	3.8%	3.0%	4.0%	–	3.0%
Rate of pension increases	3.1%	–	3.3%	–	–
Rate of revaluation	2.8%	–	3.0%	–	–

The methodology for computing the discount rate is the yield range method.

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not necessarily be borne out in practice. The present values of the schemes' liabilities are derived from cash flow projections over long periods and are inherently uncertain.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in one of the relevant actuarial assumptions by one percent, holding other assumptions consistent.

	Defined benefit obligation	
	1 percent increase $'000	1 percent decrease $'000
Group		
2022		
Discount rate	**(9,329)**	11,781
Rate of salary increase	**912**	(683)
2021		
Discount rate	**(21,686)**	27,650
Rate of salary increase	**1,389**	(1,272)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

27 LEASE LIABILITIES

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Lease liabilities	**697,439**	265,327	**32,522**	15,922
Non-current	**672,633**	246,003	**26,642**	9,600
Current	**24,806**	19,324	**5,880**	6,322
	697,439	265,327	**32,522**	15,922

The incremental borrowing rates of the Group's and the Company's lease liabilities range from 0.9% to 14.6% (2021: 0.9% to 14.6%) and 2.7% to 3.1% (2021: 2.2% to 2.8%) per annum respectively, as at 31 December 2022.

Information about the Group's and the Company's exposure to foreign currency and liquidity risk is included in note 42.

28 OTHER LIABILITIES

	Note	Group 2022 $'000	Group 2021 $'000 Restated*	Company 2022 $'000	Company 2021 $'000
Deferred income		**47,874**	122,124	**–**	–
Rental deposits		**52,928**	53,609	**9,564**	8,041
Amounts owing to a subsidiary	7	**–**	–	**750,144**	–
Non-current retention sums payable		**15,560**	26,625	**–**	–
Miscellaneous (principally deposits received and payables)		**19,781**	18,213	**–**	–
		136,143	220,571	**759,708**	8,041

* Refer to Note 47

Included in deferred income are the following:

(i) $7,030,000 (2021: $7,030,000) relating to the deferred gain on the sale of cash flows as disclosed in footnote (a) of note 45.

(ii) $37,970,000 (2021: $105,406,000) relating to the deferred gain arising from the sale of Novotel Singapore Clarke Quay previously owned by CDLHT, to a joint venture. During the current financial year, $62.0 million deferred gain was realised and recognised as part of the gain on disposal of CDLHT under "Other income" in the consolidated statement of profit or loss.

In addition, as at 31 December 2021, deferred income included $6,635,000 relating to the deferred gain arising from the Group's exit of its entire interest in Summervale, an indirect wholly-owned subsidiary of the Group in October 2016. Although the Group lost control in Summervale, the Group assessed that it maintained some continuing involvement through its investment in secured fixed rate notes issued by Summervale (note 10). Accordingly, a portion of the gain on disposal of Summervale by reference to the extent of the amount of continuing involvement retained in Summervale is deferred. During the current financial year, the note issued by Summervale was fully redeemed and the deferred income was recognised as a gain under "Other income" in the consolidated statement of profit or loss (note 33).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

29 PROVISIONS

	Beijing indemnity $'000	Capital expenditure $'000	Legal provisions $'000	Cash flow support $'000	Interest support $'000	Financial guarantee $'000	Korea provision $'000	Others $'000	Total $'000
Group									
At 1 January 2021	15,933	617	4,781	3,479	23,469	283,000	–	320	331,599
Acquisition of subsidiary	–	–	4,108	–	–	–	–	–	4,108
Provision made/(written back)	–	11	1,688	–	(6,036)	–	70,773	(328)	66,108
Provision utilised	–	(18)	–	–	(3,479)	(286,132)	–	–	(289,629)
Unwinding of discount	–	–	–	–	256	–	–	–	256
Translation differences on consolidation	319	10	146	–	–	3,132	–	8	3,615
At 31 December 2021	16,252	620	10,723	3,479	14,210	–	70,773	–	116,057
Non-current									22,129
Current									93,928
									116,057
At 1 January 2022	16,252	620	10,723	3,479	14,210	–	70,773	–	116,057
Disposal of subsidiary	–	(9,242)	–	–	–	–	–	–	(9,242)
Provision made/(written back)	–	14,978	14,915	(3,479)	(10,489)	–	11,013	–	26,938
Provision utilised	–	(4,107)	–	–	–	–	(18,917)	–	(23,024)
Unwinding of discount	–	–	–	–	179	–	–	–	179
Translation differences on consolidation	(105)	(9)	(833)	–	–	–	(3,364)	–	(4,311)
At 31 December 2022	16,147	2,240	24,805	–	3,900	–	59,505	–	106,597
Non-current									16,147
Current									90,450
									106,597

The provision for Beijing indemnity relates to tax indemnity provided to the former shareholders of Grand Millennium Beijing in which the Group acquired an additional 40% interest in 2010.

The provision for capital expenditure relates to the Group's obligations to incur capital expenditure under the terms of certain hotel operating agreements.

The legal provisions relate mainly to provisions made in relation to disputes in several hotels.

The provision for cash flows support relates to the Group's obligation to Sunbright Holdings Limited (refer to footnote (a) of note 45), to fund any shortfall for interest payments and/or annual/daily operational costs.

The interest support relates to the Group's obligation as the asset manager of Summervale to provide support for the coupon payments on fixed rate notes subscribed by third party investors and the Group as well as interest payments for bank borrowings taken up by Summervale (note 10). During the year, the Group's obligation in connection with the interest support has been discharged following the redemption of the fixed rate notes.

The provision for financial guarantee related to the Group's financial guarantee extended to a financial institution in connection with the loan taken up by the HCP Group. During 2021, the Group had fully settled the obligation to the financial institution in connection with the financial guarantee for an aggregate sum of $286,132,000, and the provision was fully utilised. The mortgage on the investment property of the Group that was previously secured for this loan was released by the financial institution in 2021.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

29 PROVISIONS (CONT'D)

The Korea provision relates to the Group's obligations under certain contracts in respect of Millennium Hilton Seoul and represents the estimated costs to be incurred arising from the proposed sale of Millennium Hilton Seoul. As at 31 December 2021, the provision was based on management's best estimate of the expenditure required to settle its obligations under the relevant contracts based on its negotiation with the counterparties to-date. The estimated amount might be revised upon finalisation of the negotiations. The sale of Millennium Seoul Hilton was completed during the current financial year. As at 31 December 2022, further provision was provided as the amount was finalised. The Group has settled part of the costs in 2022 and has settled the remaining amount subsequent to the reporting date. The Group would be fully reimbursed by the buyer of Millennium Hilton Seoul for the amounts incurred in respect of its obligations under the relevant contracts (note 16). The estimated costs recognised during the year of $11.0 million (2021: $70.8 million) has been netted against the corresponding reimbursement from the buyer in the consolidated statement of profit or loss.

30 DEFERRED TAX LIABILITIES

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2021 $'000	Recognised in profit or loss (note 34) $'000	Recognised in the statement of comprehensive income (note 34) $'000	Acquisition of subsidiaries (note 40) $'000	Transfer to liabilities directly associated with the assets held for sale (note 6) $'000	Translation differences on consolidation $'000	At 31 December 2021 $'000
Group							
Deferred tax liabilities							
Property, plant and equipment	151,028	2,967	–	1,206	–	9,797	164,998
Investment properties	33,865	(1,646)	–	28,621	(97)	1,214	61,957
Development properties	2,216	(38,110)	–	51,835	–	910	16,851
Employee benefits	895	351	130	–	–	(225)	1,151
Unremitted earnings	55,908	12,503	–	–	–	(32)	68,379
Others	9,039	(6,022)	–	–	(10)	6,229	9,236
	252,951	(29,957)	130	81,662	(107)	17,893	322,572
Deferred tax assets							
Tax losses	(159,402)	(13,426)	–	–	–	(2,734)	(175,562)
Trade and other payables	(16,522)	(2,103)	–	(1,581)	–	(38)	(20,244)
	(175,924)	(15,529)	–	(1,581)	–	(2,772)	(195,806)
Total	77,027	(45,486)	130	80,081	(107)	15,121	126,766

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

30 DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January 2022 $'000	Recognised in profit or loss (note 34) $'000	Recognised in the statement of comprehensive income (note 34) $'000	Disposal of subsidiaries (note 40) $'000	Reclassifications $'000	Translation differences on consolidation $'000	At 31 December 2022 $'000
Group							
Deferred tax liabilities							
Property, plant and equipment	164,998	2,549	–	(7,479)	(418)	(28,171)	131,479
Investment properties	61,957	(2,085)	–	(326)	(3,156)	(2,954)	53,436
Development properties	16,851	(2,667)	–	–	(396)	(2,128)	11,660
Employee benefits	1,151	(2,087)	1,258	1,297	323	330	2,272
Unremitted earnings	68,379	164,980	–	2,641	(2,641)	(82)	233,277
Others	9,236	4,350	–	2,172	5,685	(3,930)	17,513
	322,572	165,040	1,258	(1,695)	(603)	(36,935)	449,637
Deferred tax assets							
Tax losses	(175,562)	43,041	–	8,487	603	4,264	(119,167)
Trade and other payables	(20,244)	(7,550)	–	–	–	109	(27,685)
	(195,806)	35,491	–	8,487	603	4,373	(146,852)
Total	126,766	200,531	1,258	6,792	–	(32,562)	302,785

	At 1 January 2021 $'000	Recognised in profit or loss $'000	At 31 December 2021 $'000	Recognised in profit or loss $'000	At 31 December 2022 $'000
Company					
Deferred tax liabilities					
Investment properties	11,648	(470)	11,178	(699)	10,479
Unremitted earnings	14,077	(5)	14,072	(5)	14,067
Others	(291)	171	(120)	207	87
	25,434	(304)	25,130	(497)	24,633
Deferred tax assets					
Property, plant and equipment	(4,819)	1,204	(3,615)	1,206	(2,409)
Tax losses	(1,115)	1,115	–	–	–
Development properties	(2,862)	–	(2,862)	53	(2,809)
Trade and other payables	(994)	906	(88)	57	(31)
	(9,790)	3,225	(6,565)	1,316	(5,249)
Total	15,644	2,921	18,565	819	19,384

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

30 DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting, are as follows:

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Deferred tax assets	12	**47,468**	69,302	**–**	–
Deferred tax liabilities		**(350,253)**	(196,068)	**(19,384)**	(18,565)
		(302,785)	(126,766)	**(19,384)**	(18,565)

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

	Group 2022 $'000	Group 2021 $'000
Deductible temporary differences	**380,994**	623,811
Tax losses	**600,782**	745,296
	981,776	1,369,107

The deductible temporary differences do not expire under current tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

The tax losses with expiry dates are as follows:

	Group 2022 $'000	Group 2021 $'000
Expiry dates		
– Within 1 to 5 years	**204,971**	249,484
– After 5 years	**11,119**	6,089
	216,090	255,573

At 31 December 2022, a deferred tax liability of $40,608,000 (2021: $28,651,000) in respect of temporary differences of $424,928,000 (2021: $439,757,000) related to the withholding tax on the distributable profits of the Group's subsidiaries was not recognised because the Group controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

Under SFRS(I) 1-12 *Income Taxes*, deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit or loss. As at 31 December 2022, the Group has not recognised deferred tax liabilities of $18,298,000 (2021: $32,670,000) relating to temporary differences on the initial recognition of assets and liabilities of the subsidiaries acquired.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

31 TRADE AND OTHER PAYABLES

	Note	Group 2022 $'000	Group 2021 $'000 Restated*	Company 2022 $'000	Company 2021 $'000
Trade payables		**249,348**	253,595	**1,858**	2,032
Accruals		**502,098**	464,141	**88,564**	74,507
Deferred income		**60,884**	53,719	**–**	–
Other payables		**60,547**	106,295	**1,096**	988
Rental and other deposits		**56,700**	75,979	**8,424**	8,813
Retention sums payable		**17,518**	11,261	**–**	–
Amounts owing to:					
– subsidiaries	7	**–**	–	**2,119,114**	2,498,058
– associates	8	**7,395**	2	**6**	–
– joint ventures	9	**91,133**	97,902	**22,727**	22,727
– fellow subsidiaries	17	**294,040**	248,648	**–**	–
– non-controlling interests		**125,266**	143,389	**–**	–
		1,464,929	1,454,931	**2,241,789**	2,607,125

* Refer to Note 47

Included in other payables of the Group are unsecured non-trade amounts owing to HCP Group of $5.9 million (2021: $50.3 million). As of 31 December 2021, $27.8 million bore interest ranging from 6.0% to 12.0% per annum.

The non-trade amount owing to non-controlling interests is unsecured and due within one year. $112.2 million of the balance bears interest at rates ranging from 6.0% to 12.0% per annum and the remaining balance is interest-free.

32 REVENUE

Revenue of the Group includes property development income, income from owning and operating hotels, rental income, dividend income and others but excludes intra-group transactions. Property development income consists mainly of sale proceeds of commercial and residential properties. Others include mainly management and consultancy fees, and income from the provision of laundry services.

	Group 2022 $'000	Group 2021 $'000
Revenue from contracts with customers:		
– Hotel operations	**1,380,664**	873,118
– Development properties for which revenue is:		
– recognised over time	**1,072,868**	837,018
– recognised at a point in time	**309,454**	417,452
	2,762,986	2,127,588
Dividends from investments:		
– fellow subsidiaries		
– quoted equity investments – at FVOCI	**1,306**	1,387
– unquoted equity investments – at FVOCI	**2,295**	1,890
– others		
– quoted equity investments – at FVOCI	**334**	334
– quoted equity investments – mandatorily at FVTPL	**464**	684
– unquoted equity investments – at FVOCI	**905**	880
Rental income from investment properties	**341,163**	341,118
Others	**183,960**	151,972
	3,293,413	2,625,853

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

32 REVENUE (CONT'D)

As at 31 December 2022, the Group has property development income of $1,100,870,000 (2021: $1,424,898,000) which is expected to be recognised over the next three years (2021: four years) as construction of the development properties progresses.

The Group has applied the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

Included in rental income from investment properties for the year ended 31 December 2021 were rental rebates granted of approximately $9.0 million to eligible tenants to cushion the impact of the COVID-19 pandemic.

Disaggregation of revenue

In the following table, revenue is disaggregated by geographical markets and timing of revenue recognition. The total disaggregated revenue of the Group excludes rental income from investment properties and dividend income from investments. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Reportable segments: Property development 2022 $'000	Property development 2021 $'000	Hotel operations 2022 $'000	Hotel operations 2021 $'000	Others 2022 $'000	Others 2021 $'000	Total 2022 $'000	Total 2021 $'000
Geographical market								
Singapore	**1,111,261**	853,818	**251,973**	143,878	**183,800**	151,910	**1,547,034**	1,149,606
China	**139,742**	274,829	**15,205**	25,662	**–**	–	**154,947**	300,491
United States	**–**	–	**448,448**	254,997	**–**	–	**448,448**	254,997
United Kingdom	**62,443**	21,305	**354,683**	193,204	**62**	22	**417,188**	214,531
Australasia	**68,876**	104,518	**74,975**	95,661	**98**	40	**143,949**	200,219
Rest of Asia (excluding Singapore and China)	**–**	–	**205,313**	152,997	**–**	–	**205,313**	152,997
Other countries	**–**	–	**30,067**	6,719	**–**	–	**30,067**	6,719
	1,382,322	1,254,470	**1,380,664**	873,118	**183,960**	151,972	**2,946,946**	2,279,560
Timing of revenue recognition								
Products and services transferred at a point in time	**309,454**	417,452	**1,380,664**	873,118	**2,850**	3,994	**1,692,968**	1,294,564
Products and services transferred over time	**1,072,868**	837,018	**–**	–	**181,110**	147,978	**1,253,978**	984,996
	1,382,322	1,254,470	**1,380,664**	873,118	**183,960**	151,972	**2,946,946**	2,279,560

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

33 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Note	Group 2022 $'000	Group 2021 $'000 Restated*
Other income			
Gain on disposal of subsidiaries	40	**501,726**	–
Recognition of deferred gain on subsidiary disposed in prior years	28	**6,635**	–
Negative goodwill on acquisition of subsidiaries	40	**48**	35,553
Gain on liquidation of subsidiaries		**–**	914
Management fees and miscellaneous income		**17,348**	15,616
Profit on sale of property, plant and equipment and investment properties		**1,257,275****	35,896
		1,783,032	87,979
Staff costs			
Contributions to defined contribution plans		**44,485**	36,729
Increase/(Decrease) in liability for defined benefit plans	26	**654**	(17)
(Decrease)/Increase in liability for short-term accumulating compensated absences		**(3,841)**	1,227
Wages and salaries		**689,952**	541,516
		731,250	579,455
Less:			
Staff costs capitalised in:			
– development properties		**(14,101)**	(7,458)
– investment properties		**(1,228)**	(824)
– property, plant and equipment		**(226)**	(268)
Wage grant^		**(3,002)**	(28,961)
		712,693	541,944
Other expenses			
Amortisation of intangible assets		**158**	272
Audit fees paid to:			
– auditors of the Company		**3,509**	3,632
– other auditors		**3,559**	3,440
Non-audit fees:			
– auditors of the Company		**1,238**	1,812
– other auditors		**2,044**	3,368
Depreciation of:			
– property, plant and equipment#	4	**160,314**	177,280
– investment properties	5	**115,954**	107,457
Direct operating expenses arising from rental of investment properties (excluding depreciation)		**109,551**	108,149
Allowance made for foreseeable losses on development properties (net)	13	**61,766**	5,641

** Mainly relates to pre-tax profit on the disposal of the Millennium Hilton Seoul and the collective sale of Tanglin Shopping Centre and Golden Mile Complex.
^ Relates to wage grants received or receivable by the Group under the wage subsidy programmes introduced by various governments in the countries where the Group operates, in response to the COVID-19 pandemic.
# Included grant income of $404,000 (2021: $758,000) deducted against depreciation of right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

33 PROFIT FOR THE YEAR (CONT'D)

	Note	Group 2022 $'000	Group 2021 $'000 Restated*
Other expenses (cont'd)			
(Reversal of impairment losses)/Impairment losses recognised on:			
– property, plant and equipment	4	**(28,113)**	(95,375)
– investment properties	5	**35,728**	2,064
– trade receivables and accrued receivables	42	**22,389**	(2,448)
– amounts owing by associates	8	**339**	–
Loss on dilution of interest in an associate		**1,378**	2,002
Property, plant and equipment and investment properties written off		**15,987**	9,216
Provisions made	29	**26,938**	66,108
Finance income			
Interest income under the effective interest method:			
– amounts owing by associates at amortised cost		**67**	63
– amounts owing by joint ventures at amortised cost		**19,523**	18,539
– unquoted debt investment at amortised cost		**–**	2,064
– cash and cash equivalents		**29,726**	10,800
– others		**3,465**	4,774
Fair value gains on financial derivatives designated at FVTPL (net)		**30,047**	–
Net exchange gain		**8,863**	–
		91,691	36,240
Less: Finance income capitalised in development properties		**(137)**	(34)
Total finance income		**91,554**	36,206
Finance costs			
Amortisation of transaction costs capitalised		**6,428**	8,051
Interest expense:			
– term loans and bank loans		**179,619**	122,189
– bonds and notes		**72,366**	76,922
– amounts owing to fellow subsidiaries		**2,947**	2,786
– amounts owing to joint ventures		**–**	958
– financial derivatives at FVTPL		**4,549**	8,739
– lease liabilities		**20,127**	10,240
– others		**11,821**	10,138
Fair value losses on financial derivatives designated at FVTPL (net)		**–**	27,069
Fair value losses on financial assets mandatorily measured at FVTPL (net)		**38,323**	2,852
Net exchange loss		**–**	18,943
Unwinding of discount on non-current liabilities		**251**	276
Finance costs capitalised in:			
– development properties#		**(30,863)**	(37,182)
– property, plant and equipment		**(1,468)**	(3,297)
– investment properties		**(19,420)**	(10,861)
Total finance costs		**284,680**	237,823
Net finance costs		**193,126**	201,617

Relates to development properties for which revenue is recognised at a point in time. Borrowing costs on development properties where revenue is recognised over time is charged to profit or loss, as incurred.
* Refer to Note 47

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

33 PROFIT FOR THE YEAR (CONT'D)

	Group	
	2022 $'000	2021 $'000
The above finance income and finance costs (including amounts capitalised) include the following interest income and expenses in respect of assets and liabilities not at FVTPL:		
– total interest income on financial assets	**49,488**	31,773
– total finance costs on financial liabilities	**215,002**	160,208

During the year, net finance costs of the Group have been capitalised at rates ranging from 0.36% to 12.00% (2021: 0.36% to 12.00%) per annum, 1.32% to 4.86% (2021: 1.00% to 2.94%) per annum, and 1.00% to 12.00% (2021: 4.90% to 12.00%) per annum for development properties, property, plant and equipment, and investment properties, respectively.

34 TAX EXPENSE

		Group	
	Note	2022 $'000	2021 $'000
Current tax expense			
Current year		**374,638**	116,545
Over provision in respect of prior years		**(56,315)**	(8,462)
		318,323	108,083
Deferred tax expense/(credit)			
Movements in temporary differences		**173,758**	(41,128)
Effect of changes in tax rates and legislation		**1,425**	(6,442)
Under provision in respect of prior years		**25,348**	2,084
	30	**200,531**	(45,486)
Land appreciation tax		**22,037**	22,482
Withholding tax		**1,677**	2,829
Total tax expense		**542,568**	87,908

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

34 TAX EXPENSE (CONT'D)

Tax recognised in other comprehensive income

	2022			2021		
	Before tax $'000	Tax expense (note 30) $'000	Net of tax $'000	Before tax $'000 Restated*	Tax expense (note 30) $'000	Net of tax $'000 Restated*
Group						
Defined benefit plan remeasurements	16,000	(1,258)	14,742	4,712	(130)	4,582
Changes in fair value of equity investments measured at FVOCI	76,462	–	76,462	3,418	–	3,418
Effective portion of changes in fair value of cash flow hedges	18,272	–	18,272	473	–	473
Exchange differences on hedges of net investments in foreign operations	(10,694)	–	(10,694)	(4,939)	–	(4,939)
Exchange differences on monetary items forming part of net investments in foreign operations	(101,310)	–	(101,310)	(20,494)	–	(20,494)
Exchange differences reclassified to profit or loss on disposal of foreign operations	85,302	–	85,302	–	–	–
Share of translation differences of equity-accounted investees	(55,147)	–	(55,147)	25,570	–	25,570
Share of other comprehensive income of equity-accounted investees	615	–	615	4,637	–	4,637
Translation differences arising on consolidation of foreign operations	(145,483)	–	(145,483)	(18,511)	–	(18,511)
	(115,983)	(1,258)	(117,241)	(5,134)	(130)	(5,264)

* Refer to Note 47

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

34 TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group	
	2022 $'000	2021 $'000 Restated*
Profit before tax	**1,856,767**	214,803
Tax using the Singapore tax rate of 17% (2021: 17%)	**315,650**	36,516
Income not subject to tax	**(152,964)**	(93,098)
Expenses not deductible for tax purposes:		
– expenses	**174,894**	80,757
– write-back	**(2,761)**	(4,934)
Effect of changes in tax rates and legislation	**1,425**	(6,442)
Effect of different tax rates in other countries	**50,411**	6,294
Effect of share of results of associates and joint ventures	**(30,274)**	(18,274)
Land appreciation tax	**22,037**	22,482
Effect of tax deduction on land appreciation tax	**(5,509)**	(5,621)
Unrecognised deferred tax assets	**40,414**	88,976
Utilisation of previously unrecognised deferred tax assets	**(7,604)**	(24,909)
Tax effect of losses not allowed to be set off against future taxable profits	**7,862**	9,932
Tax incentives	**–**	(222)
Origination of temporary differences	**158,277**	–
Withholding taxes	**1,677**	2,829
Over provision in respect of prior years	**(30,967)**	(6,378)
	542,568	87,908

35 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated based on:

	Group	
	2022 $'000	2021 $'000 Restated*
Profit attributable to owners of the Company	**1,285,322**	84,713
Less:		
Dividends on non-redeemable convertible non-cumulative preference shares	**(12,904)**	(12,904)
Profit attributable to ordinary shareholders after adjustment for non-redeemable convertible non-cumulative preference dividends	**1,272,418**	71,809

* Refer to Note 47

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

35 EARNINGS PER SHARE(CONT'D)

Basic earnings per share (cont'd)

	Group	
	2022 Number of shares	2021 Number of shares
Weighted average number of ordinary shares		
Weighted average number of ordinary shares during the year	**906,901,330**	906,901,330
Basic earnings per share	**140.3 cents**	7.9 cents

Diluted earnings per share

Diluted earnings per share is calculated based on:

	Group	
	2022 $'000	2021 $'000 Restated*
Profit attributable to ordinary shareholders after adjustment for non-redeemable convertible non-cumulative preference dividends	**1,272,418**	71,809
Add:		
Dividends on non-redeemable convertible non-cumulative preference shares	**12,904**	–
Profit attributable to ordinary shareholders after adjustment for non-redeemable convertible non-cumulative preference dividends	**1,285,322**	71,809

	Group	
	2022 Number of shares	2021 Number of shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**906,901,330**	906,901,330
Potential ordinary shares issuable under non-redeemable convertible non-cumulative preference shares	**44,998,898**	–
Weighted average number of ordinary shares and potential shares assuming full conversion of preference shares	**951,900,228**	906,901,330
Diluted earnings per share	**135.0 cents**	7.9 cents

For the year ended 31 December 2021, the diluted earnings per share was the same as basic earnings per share as the conversion of the non-redeemable convertible non-cumulative preference shares was considered anti-dilutive.

* Refer to Note 47

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

36 DIVIDENDS

	Company	
	2022 $'000	2021 $'000
Final tax exempt (one-tier) ordinary dividend paid of 8.0 cents (2021: 8.0 cents) per ordinary share in respect of the previous financial year	**72,552**	72,552
Special final tax exempt (one-tier) ordinary dividend paid of 1.0 cents (2021: 4.0 cents) per ordinary share in respect of the previous financial year	**9,069**	36,276
Special interim tax exempt (one-tier) ordinary dividend paid of 12.0 cents (2021: 3.0 cents) per ordinary share in respect of the current financial year	**108,828**	27,207
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.93 cents (2021: 1.93 cents) per preference share	**6,399**	6,399
Non-cumulative tax exempt (one-tier) preference dividend paid of 1.97 cents (2021: 1.97 cents) per preference share	**6,505**	6,505
	203,353	148,939
Distribution *in specie* of 20.19 cents (2021: Nil) per ordinary share*	**183,124**	–
	386,477	148,939

After the respective reporting dates, the directors proposed the following ordinary dividends, which have not been provided for:

	Company	
	2022 $'000	2021 $'000
Final tax exempt (one-tier) ordinary dividend of 8.0 cents (2021: 8.0 cents) per ordinary share	**72,552**	72,552
Special final tax exempt (one-tier) ordinary dividend of 8.0 cents (2021: 1.0 cents) per ordinary share	**72,552**	9,069
	145,104	81,621

* In respect of the year ended 31 December 2021, in addition to the proposed ordinary dividends above, the directors had also proposed a distribution *in specie* of the units in CDLHT that the Group holds on the basis of 0.159 unit per ordinary share ("Proposed Distribution"). The Proposed Distribution was subject to and conditional upon, *inter alia*, the following:

- the completion of the Restructuring Exercise (as defined in paragraph 4.1 of the announcement issued by the Company on 25 February 2022);
- Approval of shareholders of the Proposed Distribution at the annual general meeting; and
- All necessary waivers, consents and approvals from, *inter alia*, the SGX-ST and other third parties in connection with the Proposed Distribution being obtained.

The distribution *in specie* was completed on 26 May 2022. The Company distributed 144,191,823 CDLHT units that it held to its ordinary shareholders at 0.159 CDLHT Unit per ordinary share through a distribution *in specie*. The distribution *in specie*, based on $1.27 per CDLHT Unit, amounted to $183,124,000.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

37 LEASES

Leases as lessee

The Group leases hotel properties and office facilities. The leases of hotel properties and office facilities run for periods ranging from 1 to 116 years, with options to renew after lease expiry dates. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The leases for hotel properties were entered into many years ago as combined leases of land and buildings.

The Group also leases IT equipment and motor vehicles under a number of leases.

Amounts recognised in profit or loss

	2022 $'000	2021 $'000
Interest on lease liabilities	**20,127**	10,240
Income from sub-leasing right-of-use assets presented in 'revenue'	**4,015**	3,250
Expenses relating to short-term leases	**5,305**	2,992
Expenses relating to variable leases payments	**23,976**	–
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**181**	138

Amounts recognised in statement of cash flows

	2022 $'000	2021 $'000
Payment of lease liabilities	**26,032**	21,087
Interest expense	**20,127**	10,240
Total cash outflow for leases	**46,159**	31,327

Extension options

Some property leases contain extension options up to 30 years (2021: 30 years) exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $32.5 million (2021: $43.6 million).

Leases as lessor

The Group leases out its investment properties consisting of its owned properties as well as leased properties (see note 5). All leases are classified as operating leases from a lessor perspective.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

37 LEASES (CONT'D)

Operating lease

The Group and the Company lease out some of their investment properties and development properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 5 sets out information about the operating leases of investment properties.

Rental income from investment properties and property subleases recognised by the Group during 2022 was $328,830,000 (2021: $329,454,000).

Contingent rents generally determined based on a percentage of tenants' revenue, of $2,533,000 (2021: $6,851,000) has been recognised as revenue by the Group, in profit or loss during the year.

The following table sets out a maturity analysis of lease rental receivables, showing the undiscounted lease payments to be received after the reporting date.

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Less than one year	**253,196**	280,299	**52,908**	49,726
One to two years	**189,243**	204,207	**35,071**	33,138
Two to three years	**125,151**	147,205	**14,159**	17,158
Three to four years	**79,738**	104,056	**2,171**	3,489
Four to five years	**55,657**	79,376	**499**	681
More than five years	**117,699**	272,436	**–**	–
Total	**820,684**	1,087,579	**104,808**	104,192

Included in the non-cancellable operating lease rental receivables above are commitments with related parties which are set out below.

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-cancellable operating lease rentals receivable from:				
– associates	**27,309**	30,752	**333**	–
– joint ventures	**259**	134	**–**	–
– a fellow subsidiary	**625**	967	**625**	966
– subsidiaries	**–**	–	**1,294**	3,117
	28,193	31,853	**2,252**	4,083

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

38 COMMITMENTS AND CONTINGENT LIABILITIES

(I) Commitments

The Group and the Company have the following commitments as at the reporting date:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Development expenditure contracted but not provided for in the financial statements	578,002	1,221,021	–	–
Capital expenditure contracted but not provided for in the financial statements	59,860	192,097	–	–
Commitments in respect of purchase of properties for which deposits have been paid	3,401	286,475	–	–
Commitments in respect of investments in a joint venture and associates	114,881	70,956	–	–
Commitments in respect of capital contribution to investments in financial assets in:				
– related parties	88,799	36,118	–	–
– third parties	19,969	14,362	–	–

(II) Contingent liabilities

A subsidiary of the Group in China, whose principal activities are the trading of development properties and leasing activities, would in the ordinary course of business act as guarantors for the bank loans taken by the buyers to finance the purchase of properties developed by this subsidiary, covering the period from loan contract date to the property delivery date. As at 31 December 2022, the outstanding notional amount of the guarantees amounted to $8.5 million (2021: $21.3 million).

The Group has claims arising in the ordinary course of business which are being contested, the outcome of which are not presently determinable. At the reporting date, the Group has considered the probability of outflows of economic benefits pertaining to these claims to be remote. The Group continues to monitor the status of the claims.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

39 RELATED PARTIES

Other than as disclosed elsewhere in the financial statements, the transactions with related parties based on terms agreed between the parties are as follows:

	Group	
	2022 $'000	**2021 $'000**
Insurance premium paid and payable to an associate of the ultimate holding company	**(2)**	(100)
Management services fees received and receivable from:		
– fellow subsidiaries	**1,120**	2,529
– associates	**369**	186
– joint ventures	**14,518**	6,624
	16,007	9,339
Maintenance services fees received and receivable from:		
– fellow subsidiaries	**347**	355
– associates	**150**	214
– joint ventures	**1,629**	893
	2,126	1,462
Rental and rental-related income received and receivable from:		
– a fellow subsidiary	**346**	342
– associates	**7,493**	2,758
– joint ventures	**160**	5,943
	7,999	9,043
Management services fees paid and payable to:		
– a fellow subsidiary	**(132)**	(1,022)
– joint ventures	**(16)**	–
	(148)	(1,022)
Rental and rental-related expenses paid and payable to:		
– joint ventures	**(1,640)**	(1,739)
– associates	**(44,003)**	–
	(45,643)	(1,739)
Purchase of property, plant and equipment from an associate	**–**	(88)
Purchase consideration for investment acquired paid and payable to a joint venture	**–**	(54,571)
Compensation paid and payable to key management personnel:		
– short-term employee benefits	**23,730**	16,020
– other long-term benefits	**1,228**	256
	24,958	16,276

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

40 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

(I) Acquisition of subsidiaries

2022

(a) On 28 January 2022, the Group through its indirect wholly-owned subsidiary, City Connected Communities Pte. Ltd., acquired the remaining 70% of the equity interest in Distrii Technology Singapore Pte. Ltd. (subsequently renamed as City Nexus Pte. Ltd. ("City Nexus")), for a consideration of $1, from an associate. Following the acquisition, City Nexus became a wholly-owned subsidiary of the Group. City Nexus was previously accounted for by the Group as an investment in associate.

The acquisition provides the Group with increased exposure to the business of development of software and programming activities such as smart building and smart office applications.

The acquisition was accounted for as a business combination.

From the date of acquisition to 31 December 2022, City Nexus contributed revenue of $17,000 and loss before tax of $317,000 to the Group's results. If acquisition had occurred on 1 January 2022, there is no significant changes to the Group's revenue and profit before tax.

(b) On 22 February 2022, the Group through its then indirect non wholly-owned subsidiary, CDLHT, acquired 100% of the share and voting interest in Roundapple Hotel Partners III Limited (subsequently renamed as CDL HREIT Investments (II) Property Limited) which owns Hotel Brooklyn in Manchester, United Kingdom, for a total consideration of $41.0 million (£22.4 million).

The acquisition was accounted for as an acquisition of assets.

(c) On 14 December 2022, the Group through its indirect wholly-owned subsidiary, Atlasgate UK Holdings Limited (Atlasgate), (i) acquired 100% of the shares and voting interests in New Bath Court Limited, HSU JV Holdco Limited, HSRE Crosslane (Coventry) Limited and HSRE Crosslane (Leeds) Limited, which via its direct/indirect wholly-owned subsidiaries hold 4 student accommodation properties in Birmingham, Canterbury, Coventry and Leeds; and (ii) settled existing indebtedness amounts of the entities acquired, for a total consideration of $294.8 million (£181.2 million).

The acquisition was accounted for as an acquisition of assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

40 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(I) Acquisition of subsidiaries (cont'd)

2022 (cont'd)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Recognised amounts		
	Business combination $'000	Acquisition of assets $'000	Total $'000
Investment properties	–	379,407	379,407
Trade and other receivables	17	698	715
Cash and cash equivalents	75	7,960	8,035
Trade and other payables	(20)	(14,906)	(14,926)
Lease liabilities	–	(37,005)	(37,005)
Provision for taxation	–	(384)	(384)
Net identifiable assets acquired	72	335,770	335,842
Cash flows relating to the acquisition			
Consideration for equity interest	–^	335,770	335,770
Add: Acquisition-related costs	–	8,384	8,384
Less: Acquisition-related costs not yet paid	–	(5,579)	(5,579)
Less: Cash and cash equivalents acquired	(75)	(7,960)	(8,035)
Total net cash outflow	(75)	330,615	330,540

^ Less than $1,000

Negative goodwill

Negative goodwill arising from the acquisition of City Nexus has been recognised as follows:

	Total $'000
Consideration transferred	–^
Fair value of the Group's existing 30% interest in the associate	24
Fair value of identifiable net assets	(72)
Negative goodwill	(48)

^ Less than $1,000

The negative goodwill arising from the acquisition of City Nexus has been recognised in "other income" in the Group's consolidated profit or loss. The negative goodwill was attributed to the competitive pricing negotiated with the seller.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

40 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(I) Acquisition of subsidiaries (cont'd)

2021

In February 2021, the Group through its indirect wholly-owned subsidiary, Chenghao (Shanghai) Investment Co., Ltd., acquired 84.6% of the shares and voting interest in Shenzhen Tusincere Technology Park Development Co. Ltd. ("Shenzhen Tusincere"), which holds a 65% equity interest in Shenzhen Longgang District Qidixiexin Science and Technology Development Park Co., Ltd. ("Shenzhen Longgang"), from Sincere Property Group, a then joint venture of the Group, and two third parties, for a consideration of approximately $174.3 million (RMB853.4 million), together with the assumption of proportionate existing shareholder loans of approximately $173 million (RMB847 million). The acquisition provided the Group an opportunity to enhance its property portfolio in China.

The acquisition was accounted for as a business combination.

From the date of acquisition to 31 December 2021, Shenzhen Tusincere contributed revenue of $222.8 million and profit before tax of $44.0 million to the Group's results. If the acquisition had occurred on 1 January 2021, management estimated the Group's revenue for the period would have been $2,654.4 million, with no significant change to the Group's profit before tax.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Note	Recognised amounts $'000
Property, plant and equipment	4	21,304
Investment properties	5	341,753
Development properties		948,309
Trade and other receivables		17,356
Contract costs		1,003
Cash at bank		5,564
Trade and other payables		(145,525)
Shareholder loans		(297,972)
Contract liabilities		(166,443)
Employee benefits		(813)
Lease liabilities		(2,876)
Provision for tax		(59,567)
Provisions	29	(4,108)
Interest-bearing borrowings		(194,016)
Deferred tax liabilities	30	(80,081)
Net identifiable assets acquired		383,888

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

40 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(I) Acquisition of subsidiaries (cont'd)

2021 (cont'd)

	Recognised amounts $'000
Cash flows relating to the acquisition	
Consideration for equity interest	174,384
Shareholder loans assumed	172,969
Total consideration	347,353
Less: Cash acquired	(5,564)
Add: Consideration not yet paid	(42)
Total net cash outflow	341,747

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired and liabilities assumed as part of business combinations were as follows:

Assets acquired	Valuation technique
Property, plant and equipment and investment properties	*Direct comparison, income capitalisation, standardised land value adjustment and residual methods:* The direct comparison method involved the analysis of comparable sales of similar assets and adjusting the sale prices to that reflective of the properties. The income capitalisation method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The standardised land value adjustment method considers the price of standard land in the current situation of development and utilisation, under normal market conditions within legal maximum use term as at a specific date, that is assessed and approved by the local government. The residual method involves deducting estimated costs to complete as of valuation date and other relevant costs from gross development value of the proposed development assuming satisfactory completion and accounting for developer profit.
Development properties	*Direct comparison, standardised land value adjustment and residual methods*: The direct comparison method involves the analysis of comparable sales of similar assets and adjusting the sale prices to that reflective of the properties. The standardised land value adjustment method considers the price of standard land in the current situation of development and utilisation, under normal market conditions within legal maximum use term as at a specific date, that is assessed and approved by the local government. The residual method involves deducting the estimated costs to complete as of valuation date and other relevant costs from gross development value of the proposed development assuming satisfactory completion and accounting for developer profit.
Interest-bearing borrowings	The fair value of borrowings is estimated as the present value of future principal and interest cash flows, discounted at market rate of interest at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

40 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(I) Acquisition of subsidiaries (cont'd)

2021 (cont'd)

Negative goodwill

Negative goodwill arising from the acquisition of Shenzhen Tusincere has been recognised as follows:

	Total $'000
Consideration transferred	174,384
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	173,951
Fair value of identifiable net assets	(383,888)
Negative goodwill	(35,553)

The negative goodwill arising from the acquisition of Shenzhen Tusincere has been recognised in "other income" in the Group's profit or loss. The negative goodwill was attributed to the competitive pricing negotiated with the joint venture party which was trying to improve its overall liquidity, and two other third parties.

(II) Loss of control in subsidiaries

2022

(a) On 26 May 2022, following the Group's distribution *in specie* of part of the CDLHT units that it held, to the Company's ordinary shareholders (note 36), which reduced the Group's interest in CDLHT from 38.89% to 27.21%, the Group lost control over CDLHT (note 44). CDLHT was deconsolidated on that date and became an associate of the Group.

(b) On 7 March 2022, the Group, through its wholly-owned subsidiary, Singapura Developments (Private) Limited, disposed of its 100% equity interest in Bloomsville Investments Pte. Ltd. (Bloomsville) for a sale consideration (net of transaction costs) of $80.8 million.

The Group recognised a total gain on the above transactions of approximately $501.7 million.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

40 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(II) Loss of control in subsidiaries (cont'd)

2022 (cont'd)

Effects of disposals

The cash flows and net assets of subsidiaries disposed of are provided below:

	Note	CDLHT $'000	Bloomsville $'000	Total $'000
Property, plant and equipment	4	1,378,264	–	1,378,264
Investment properties	5	433,321	–	433,321
Other non-current assets		8,915	–	8,915
Derivative financial assets		20,122	–	20,122
Deferred tax assets	30	3,727	–	3,727
Consumable stocks		2,417	–	2,417
Trade and other receivables		22,125	–	22,125
Cash and cash equivalents		96,408	–	96,408
Assets held for sale		–	55,072	55,072
Trade and other payables		(43,237)	–	(43,237)
Interest-bearing borrowings		(1,107,754)	–	(1,107,754)
Lease liabilities		(128,276)	–	(128,276)
Employee benefits		(310)	–	(310)
Other non-current liabilities		(72,973)	–	(72,973)
Provision for taxation		(6,343)	–	(6,343)
Deferred tax liabilities	30	(10,519)	–	(10,519)
Provisions	29	(9,242)	–	(9,242)
Liabilities directly associated with the assets held for sale		–	(1,583)	(1,583)
Carrying amount of net assets disposed		586,645	53,489	640,134
Sale consideration, net of disposal costs		–	80,836	80,836
Distribution *in specie*		183,124	–	183,124
Non-controlling interest, based on their proportionate interest in the net assets distributed		536,496	–	536,496
Fair value of retained equity interest		426,706	–	426,706
		1,146,326	80,836	1,227,162
Carrying amount of net assets disposed		(586,645)	(53,489)	(640,134)
Realisation of foreign currency translation reserve		(85,302)	–	(85,302)
Gain on disposal of subsidiaries	33	474,379	27,347	501,726
Sale consideration, net of disposal costs		–	80,836	80,836
Less: Cash and cash equivalents of subsidiaries disposed		(96,408)	(837)	(97,245)
Net cash outflow on disposal of subsidiaries		(96,408)	79,999	(16,409)

Included in the gain on disposal of CDLHT is a gain on remeasurement of the Group's retained interest in CDLHT of $331.9 million. In addition, the capital reserve relating to CDLHT of $59.2 million has been reclassified to accumulated profits on its disposal.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

40 ACQUISITION OF AND LOSS OF CONTROL IN SUBSIDIARIES, AND CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL (CONT'D)

(III) Changes in interests in subsidiaries without loss of control

There were the following changes in interests in subsidiaries without loss of control during the year:

2022

(a) In September 2022, the Group's indirect wholly-owned subsidiary, CBM Pte. Ltd., acquired additional interest in Systematic Holdings Pte. Ltd. via a debt capitalisation of $9.0 million, increasing its effective interest from 90% to 98%.

(b) Prior to the Group deconsolidating CDLHT (note (II) above), a subsidiary of M&C, M&C REIT Management Limited (M&C REIT), being the REIT manager for CDLHT, received 4,303,143 units in CDLHT in lieu of management and performance fee income during the year. There was no significant change to the Group's effective interest in CDLHT between 1 January 2022 to the date of its deconsolidation by the Group.

(c) Prior to the Group deconsolidating CDLHT (note (II) above), a subsidiary of M&C, M&C Business Trust Management Limited (MBTM), being a trustee manager for HBT, received 400,301 units in CDLHT in lieu of management fee income during the year. There was no significant change to the Group's effective interest in CDLHT up until the date of the distribution *in specie*.

(d) CDL Investments New Zealand Limited (CDLI), an indirect subsidiary of M&C, declared dividend *in specie* to its minority shareholders. There was no significant change to the Group's effective interest.

2021

(a) In February 2021, the Group acquired an 84.6% equity interest in Shenzhen Tusincere (note (I) above). In September 2021, the Group entered into an agreement with Sincere Property Group to facilitate the transfer of 15.4% equity interest in Shenzhen Tusincere as partial repayment of a loan owing by Sincere Property Group to the Group. The 15.4% equity interest in Shenzhen Tusincere had been pledged by Sincere Property Group to the Group as a security for the loan extended by the Group (note 42). Following the transfer, Shenzhen Tusincere became a wholly-owned subsidiary of the Group.

(b) A subsidiary of M&C, M&C REIT Management Limited (M&C REIT), being a REIT manager for CDLHT, received 8,142,678 units in CDLHT in lieu of management and performance fee income during the year. There was no significant change to the Group's effective interest in CDLHT.

(c) A subsidiary of M&C, M&C Business Trust Management Limited (MBTM), being a trustee manager for HBT, received 370,451 units in CDLHT in lieu of management fee income during the year. There was no significant change to the Group's effective interest in CDLHT.

(d) CDL Investments New Zealand Limited (CDLI), an indirect subsidiary of M&C, declared dividend *in specie* to its minority shareholders. There was no significant change to the Group's effective interest.

The following summarises the effect of changes in the Group's ownership interests in the above subsidiaries:

	2022 $'000	2021 $'000
Consideration paid for acquisition of non-controlling interests	**–**	–
Fair value of 15.4% equity interest in Shenzhen Tusincere	**–**	(32,555)
Net decrease in equity attributable to non-controlling interests	**959**	42,731
Net increase in equity interests attributable to owners of the Company	**959**	10,176
Represented by:		
Increase in capital reserve	**959**	10,176

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

41 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities							
	Interest-bearing borrowings (note 22) $'000	Interest payable^ $'000	Non-trade amounts owing to non-controlling interests^ $'000	Non-trade amounts owing to fellow subsidiaries^ $'000	Non-trade amounts owing to associates^ $'000	Non-trade amounts owing to joint ventures^ $'000	Lease liabilities (note 27) $'000	Provision for financial guarantee (note 29) $'000
Balance at 1 January 2021	11,554,680	32,132	–	234,294	887	346,756	252,041	283,000
Financing cash flows	(644,450)	(200,899)	14,486	11,480	(4)	10,620	(31,327)	(286,132)
Non-cash changes								
Changes arising from acquisition/liquidation of subsidiaries	194,016	213	115,203	–	(881)	41,354	2,876	–
Effect of changes in foreign exchange rates	26,636	(3,503)	5,200	–	–	10,677	2,681	3,132
Liability-related								
New leases	–	–	–	–	–	–	28,816	–
Interest expense/capitalised	–	209,488	8,500	2,786	–	958	10,240	–
Set off against amounts owing from joint ventures (note 42)	–	–	–	–	–	(263,688)	–	–
Reclassified to other payables	–	–	–	–	–	(49,107)	–	–
Others	9,111	(2,405)	–	–	–	–	–	–
Total non-cash changes	229,763	203,793	128,903	2,786	(881)	(259,806)	44,613	3,132
Balance at 31 December 2021	11,139,993	35,026	143,389	248,560	2	97,570	265,327	–
Balance at 1 January 2022	11,139,993	35,026	143,389	248,560	2	97,570	265,327	–
Financing cash flows	82,195	(239,803)	(14,878)	42,410	2,734	–	(46,159)	–
Non-cash changes								
Changes arising from acquisition/deconsolidation of subsidiaries	(1,107,754)	(3,272)	–	–	–	–	(91,271)	–
Effect of changes in foreign exchange rates	(452,642)	(7,860)	(12,854)	–	(131)	(6,865)	(11,733)	–
Liability-related								
New leases	–	–	–	–	–	–	561,148	–
Interest expense/capitalised	–	257,453	10,384	2,947	–	–	20,127	–
Others	7,630	(745)	(775)	–	–	–	–	–
Total non-cash changes	(1,552,766)	245,576	(3,245)	2,947	(131)	(6,865)	478,271	–
Balance at 31 December 2022	9,669,422	40,799	125,266	293,917	2,605	90,705	697,439	–

^ Included in "trade and other payables"

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management is responsible for developing and monitoring the Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group has a system of controls in place to maintain an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken for speculative purposes except for its use as hedging instruments where appropriate and cost efficient.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, amounts owing by associates and joint ventures, other receivables and debt investments.

As at 31 December 2022, the Group had gross amounts owing by HCP Group of $382.7 million (2021: $395.1 million) (see below) and subscribed for a bond of $309.5 million (2021: $311.5 million) (note 10) issued by Sincere Property Group. As at 31 December 2022, the amounts owing by HCP Group and the investment in bond have been fully impaired. As at 31 December 2021, impairment losses of $331.2 million (note 16 and below) and $293.8 million (note 10) were recognised on the amounts owing by HCP Group and the bonds, respectively. In addition, the amounts owing by subsidiaries and joint ventures represent 92% (2021: 92%) of the Company's financial assets.

Except as disclosed, there is no significant concentration of credit risk for the Group and the Company. The carrying amounts of financial assets and contract assets represent the Group's and the Company's maximum exposures to credit risk, before taking into account any collateral held.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Impairment losses on trade and other receivables, amounts owing by associates and debt investment recognised/(reversed) in profit or loss were as follows:

	Note	Group 2022 $'000	Group 2021 $'000
Other receivables		**62,673**	6,104
Debt investment	10	**18,015**	–
Amounts owing by associates	8	**339**	–
Trade receivables and accrued receivables		**22,389**	(2,448)
		103,416	3,656

Trade and other receivables and contract assets

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of these financial assets.

The Group limits its exposure to credit risk from trade receivables by collecting deposits as collateral, where possible. For trade receivables and contract assets relating to sale of development properties, if a purchaser defaults on payments, the Group may enforce payments via legal proceedings or if the purchaser is assessed to be insolvent, the Group may take possession of the units, retain a portion of the sales consideration, and resell the property.

In monitoring customer credit risk, the Group considers the trade history of the customers with the Group, aging profile, maturity and existence of previous financial difficulties.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables and contract assets at the reporting date by business segment is set out below:

	Group		Company	
	2022 $'000	2021 $'000 Restated*	2022 $'000	2021 $'000
Property development	**1,887,697**	1,813,907	**5,796,323**	5,146,585
Hotel operations	**212,276**	179,976	**2,176,094**	1,635,335
Investment properties	**130,205**	138,570	**1,436,920**	1,734,717
Others	**48,327**	112,034	**3,494,252**	3,911,800
	2,278,505	2,244,487	**12,903,589**	12,428,437

* Refer to Note 47

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Expected credit loss assessment on trade receivables

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are based on actual credit loss experience over the past 3 years (2021: 3 years). These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and accrued receivables as at reporting date:

	Group		Company	
	Gross carrying amount $'000	Impairment loss allowance $'000	Gross carrying amount $'000	Impairment loss allowance $'000
2022				
Current (not past due)	183,109	27,278	2,789	–
1 – 30 days past due	43,263	76	8,576	13
31 – 60 days past due	16,601	281	114	3
61 – 90 days past due	16,008	2,497	11	1
More than 90 days past due	33,388	5,505	193	65
	292,369	35,637	11,683	82
2021				
Current (not past due)	171,194	15	2,404	11
1 – 30 days past due	32,540	557	628	44
31 – 60 days past due	5,108	95	118	10
61 – 90 days past due	3,448	30	21	3
More than 90 days past due	49,026	16,328	528	67
	261,316	17,025	3,699	135

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Movements in allowance for impairment in respect of trade and other receivables and accrued receivables

The movements in the allowance for impairment in respect of trade and other receivables (excluding amounts owing by subsidiaries (note 7), associates (note 8) and joint ventures (note 9)) and accrued receivables during the year are as follows:

	Group Lifetime ECL		Company Lifetime ECL	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Allowance for impairment on trade receivables and accrued receivables				
At 1 January	**17,025**	25,212	**135**	716
Impairment loss recognised/ (reversed)	**22,389**	(2,448)	**(46)**	(431)
Impairment loss utilised	**(1,204)**	(5,796)	**(7)**	(150)
Disposal of subsidiaries	**(232)**	–	**–**	–
Translation differences on consolidation	**(2,341)**	57	**–**	–
At 31 December	**35,637**	17,025	**82**	135

Impairment losses (reversed)/recognised on trade receivables were included in "other operating expenses".

		Group Lifetime ECL		Company Lifetime ECL	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Allowance for impairment on other receivables					
At 1 January		**336,476**	5,129	**1,116**	1,129
Reclassified from amounts owing by joint ventures	9	**–**	329,481	**–**	–
Acquisition of subsidiaries		**1,142**	–	**–**	–
Impairment loss recognised		**62,673**	–	**–**	–
Translation differences on consolidation		**(11,200)**	1,866	**(68)**	(13)
At 31 December		**389,091**	336,476	**1,048**	1,116

There is no impairment loss on contract assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

At the reporting date, included in the allowance for impairment on other receivables is an amount of $382.7 million (2021: $331.2 million) relating to amounts owing by HCP Group, as described below.

Impairment of amounts owing by HCP Group

2022

During 2022, certain subsidiaries within Sincere Property Group entered into consolidated bankruptcy reorganisation in addition to Sincere Property which entered into bankruptcy reorganisation in 2021 (see below). Discussions between the bankruptcy administrator, creditors of Sincere Property Group and potential investors are ongoing. The Group has filed its claims against Sincere Property with the bankruptcy administrator.

As at 31 December 2022, the Group assessed that the amounts owing by HCP Group continue to be credit-impaired. The Group assessed the lifetime ECL to be recognised, taking into consideration the latest developments of Sincere Property Group based on available information, prevailing market conditions and price trends of corporate bonds issued by other China real estate developers with credit ratings similar to that of Sincere Property Group and face similar debt and liquidity challenges as those faced by Sincere Property Group.

The key parameter applied in estimating the ECL to be recognised include assuming a loss given default ("LGD") of 100% which was estimated based on the range of decline in trading prices of bonds issued by other China real estate developers with credit ratings similar to that of Sincere Property Group and face similar debt and liquidity challenges as those faced by Sincere Property Group. The Group also considered the increased uncertainty surrounding the complex bankruptcy reorganisation with the passage of time, which pose challenges to the recovery of the amounts owing by HCP Group.

Based on the assessment undertaken, the Group recognised an additional impairment of $62.7 million on the amounts owing by HCP Group during the year. As at 31 December 2022, the amounts owing by HCP Group have been fully impaired.

As the bankruptcy reorganisation for Sincere Property Group is ongoing, its outcome is uncertain and evolving. Changes to circumstances and estimates may impact the ECL recognised on the amounts owing by HCP Group. The ECL on the amounts owing by HCP Group is also sensitive to the assumptions used. As the amounts owing by HCP Group have been fully impaired, any decrease in LGD in isolation would result in a higher recoverable amount.

2021

During 2021, as part of the Group's disposal of its interest in HCP, the Group had entered into various agreements with the HCP Group whereby it was agreed that (i) an amount owing by the Group to HCP Group of $263.7 million would be set off against the amounts owing by HCP Group; and (ii) the collateral held by the Group in respect of the amounts owing by HCP Group, which related to shares in an investment holding company that held an equity interest in a property-owning entity which had been pledged by HCP Group to the Group, in respect of the amounts owing by HCP Group, would be transferred to the Group, as settlement of $54.1 million (RMB260.0 million) of the amounts owing by HCP Group. The above arrangements resulted in a utilisation of $8.2 million (RMB39.2 million) impairment loss previously recognised (note 9(d)).

As at 31 December 2021, after the offset arrangements, the Group had gross amounts owing by HCP Group of $395.1 million (classified under other receivables in note 16) and amounts owing to HCP Group of $50.3 million (note 31).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

2021 (cont'd)

In October 2021, the Chongqing No. 5 Intermediate People's Court accepted the bankruptcy reorganisation application by a creditor against Sincere Property and a bankruptcy administrator was subsequently appointed. In addition, a local credit rating agency downgraded Sincere Property's credit rating and its existing domestic corporate bonds as Sincere Property was unable to redeem its corporate bonds that matured in 2021.

As at 31 December 2021, the Group assessed that the amounts owing by HCP Group continue to be credit-impaired. The Group assessed the lifetime ECL to be recognised, taking into account the latest developments of Sincere Property Group based on publicly available information as described above, prevailing market conditions and price trends of corporate bonds issued by other China real estate developers with credit ratings similar to that of Sincere Property Group and face similar debt and liquidity challenges as those faced by Sincere Property Group, following regulatory tightening and systemic changes on financing imposed on China's real estate sector.

The key parameter applied in estimating the ECL to be recognised include assuming a loss given default ("LGD") of up to 95% which was estimated based on the range of decline in trading prices of bonds issued by other China real estate developers with credit ratings similar to that of Sincere Property Group and face similar debt and liquidity challenges as those faced by Sincere Property Group.

Based on the assessment undertaken, the Group estimated that no additional impairment is required on the amounts owing by HCP Group, other than an impairment loss of $6.1 million on the interest income recognised on the amounts owing by HCP Group during the year. At 31 December 2021, the carrying value of the amount owing by HCP Group was $63.9 million (net of impairment loss of $331.2 million) which was classified as other receivables (note 16).

As the bankruptcy reorganisation for Sincere Property is ongoing, its outcome is uncertain and evolving. Changes to circumstances and estimates may impact the ECL recognised on the amounts owing by HCP Group. The ECL on the amounts owing by HCP Group is also sensitive to the assumptions used. A decrease in the LGD in isolation would result in a higher recoverable amount. An increase in the LGD in isolation would result in a lower recoverable amount.

Non-trade amounts due from subsidiaries, associates and joint ventures

The Group and the Company held non-trade receivables from its associates and joint ventures which were lent to associates and joint ventures to meet their funding requirements. In addition, the Company held non-trade receivables from its subsidiaries which were lent to the subsidiaries to meet their funding requirements. Impairment on these balances has been measured on the 12-month and lifetime expected loss basis. Except as disclosed above, the Group uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, financial statements of the entities, and applying credit judgement. The amount of allowance on the non-trade amounts due from associates was negligible. The amounts of the allowances on the non-trade amounts due from subsidiaries, associates and joint ventures are set out in notes 7, 8 and 9 respectively.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(i) Credit risk (cont'd)

Debt investments

The Group limits its exposure to credit risk on investments held by investing only with counterparties that are of acceptable credit quality.

The exposure to credit risk for debt investments at the reporting date by geographic region was as follows:

	Mandatorily at FVTPL	At amortised cost		
	Carrying amount $'000	Gross amount $'000	Lifetime ECL (credit impaired) $'000	Carrying amount $'000
2022				
China	–	309,488	(309,488)	–
Australia	20,011	–	–	–
	20,011	309,488	(309,488)	–
2021				
China	–	311,512	(293,769)	17,743
Singapore	142,486	–	–	–
Australia	32,923	–	–	–
	175,409	311,512	(293,769)	17,743

Derivatives

Derivatives are only entered into with bank and financial institution counterparties with sound credit ratings.

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents as at 31 December 2022 and 31 December 2021 was negligible.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (cont'd)

As at 31 December 2022 and 31 December 2021, the Group has provided financial guarantees in favour of an associate (note 8) and buyers of overseas development properties (note 38). The Company has provided financial guarantees for borrowings of a subsidiary amounting to $231 million (2021: $270 million) expiring on 31 March 2023. The Group has contractual commitments to incur capital expenditure on its property, plant and equipment and investment properties, purchase properties and to invest in joint ventures, associates and investees (see note 38).

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Group					
31 December 2022					
Non-derivative financial liabilities					
Interest-bearing borrowings	9,669,422	(10,383,102)	(2,596,621)	(7,670,809)	(115,672)
Lease liabilities	697,439	(1,233,686)	(50,585)	(164,189)	(1,018,912)
Trade and other payables^	1,404,045	(1,431,063)	(1,431,063)	–	–
Other liabilities^	88,269	(88,269)	–	(62,660)	(25,609)
	11,859,175	(13,136,120)	(4,078,269)	(7,897,658)	(1,160,193)
Derivative financial instruments					
Derivative liabilities					
Cross-currency swaps (gross-settled):	780				
– Outflow		(16,235)	(16,235)	–	–
– Inflow		15,423	15,423	–	–
Forward exchange contracts (gross-settled):	780				
– Outflow		(48,463)	(48,463)	–	–
– Inflow		47,512	47,512	–	–
Interest rate swaps (net-settled)	645	(853)	129	(982)	–
	2,205	(2,616)	(1,634)	(982)	
Derivative assets					
Cross-currency swaps (gross-settled):	(43,696)				
– Outflow		(501,351)	(215,789)	(285,562)	–
– Inflow		547,091	235,485	311,606	–
Forward exchange contracts (gross-settled):	(49,636)				
– Outflow		(914,487)	(914,487)	–	–
– Inflow		960,816	960,816	–	–
Interest rate swaps (net-settled)	(18,917)	20,443	8,298	12,145	–
	(112,249)	112,512	74,323	38,189	–
	(110,044)	109,896	72,689	37,207	–
	11,749,131	(13,026,224)	(4,005,580)	(7,860,451)	(1,160,193)

^ Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (cont'd)

	Carrying amount $'000 Restated*	Contractual cash flows $'000 Restated*	Within 1 year $'000 Restated*	After 1 year but within 5 years $'000 Restated*	After 5 years $'000 Restated*
Group					
31 December 2021					
Non-derivative financial liabilities					
Interest-bearing borrowings	11,139,993	(11,568,699)	(5,398,360)	(6,112,234)	(58,105)
Lease liabilities	265,327	(445,448)	(26,330)	(51,034)	(368,084)
Trade and other payables^	1,401,212	(1,415,804)	(1,415,804)	–	–
Other liabilities^	98,447	(98,447)	–	(76,881)	(21,566)
	12,904,979	(13,528,398)	(6,840,494)	(6,240,149)	(447,755)
Derivative financial instruments					
Derivative liabilities					
Cross-currency swaps (gross-settled):	14,936				
– Outflow		(400,259)	(329,893)	(70,366)	–
– Inflow		387,741	316,999	70,742	–
Interest rate swaps (gross-settled):	941				
– Outflow		(7,001)	(2,377)	(4,624)	–
– Inflow		3,681	1,250	2,431	–
	15,877	(15,838)	(14,021)	(1,817)	
Derivative assets					
Forward exchange contracts (gross-settled):	(17,485)				
– Outflow		(1,294,556)	(1,294,556)	–	–
– Inflow		1,308,617	1,308,617	–	–
Cross-currency swaps (gross-settled):	(8,788)				
– Outflow		(140,241)	(42,176)	(98,065)	–
– Inflow		149,917	46,884	103,033	–
	(26,273)	23,737	18,769	4,968	–
	(10,396)	7,899	4,748	3,151	–
	12,894,583	(13,520,499)	(6,835,746)	(6,236,998)	(447,755)

^ Excluding deferred income
* Refer to Note 47

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Company					
31 December 2022					
Non-derivative financial liabilities					
Interest-bearing borrowings	7,452,244	(8,059,612)	(1,554,860)	(6,504,752)	–
Lease liabilities	32,522	(34,731)	(6,660)	(28,071)	–
Trade and other payables^	2,241,789	(2,262,592)	(2,262,592)	–	–
Other liabilities^	759,708	(764,965)	–	(764,965)	–
	10,486,263	(11,121,900)	(3,824,112)	(7,297,788)	–
Derivative financial instruments					
Derivative liabilities					
Cross-currency swaps (gross-settled):	780				
– Outflow		(16,235)	(16,235)	–	–
– Inflow		15,423	15,423	–	–
Forward exchange contracts (gross-settled):	780				
– Outflow		(48,463)	(48,463)	–	–
– Inflow		47,512	47,512	–	–
Interest rate swaps (net-settled)	645	(853)	129	(982)	–
	2,205	(2,616)	(1,634)	(982)	–
Derivative assets					
Cross-currency swaps (gross-settled):	(43,696)				
– Outflow		(501,351)	(215,789)	(285,562)	–
– Inflow		547,091	235,485	311,606	–
Forward exchange contracts (gross-settled):	(49,636)				
– Outflow		(914,487)	(914,487)	–	–
– Inflow		960,816	960,816	–	–
Interest rate swaps (net-settled)	(18,917)	20,443	8,298	12,145	–
	(112,249)	112,512	74,323	38,189	–
	(110,044)	109,896	72,689	37,207	–
	10,376,219	(11,012,004)	(3,751,423)	(7,260,581)	–

^ Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000
Company					
31 December 2021					
Non-derivative financial liabilities					
Interest-bearing borrowings	7,138,339	(7,409,749)	(3,284,188)	(4,125,561)	–
Lease liabilities	15,922	(16,475)	(6,666)	(9,597)	(212)
Trade and other payables^	2,607,125	(2,607,125)	(2,607,125)	–	–
Other liabilities^	8,041	(8,041)	–	(8,041)	–
	9,769,427	(10,041,390)	(5,897,979)	(4,143,199)	(212)
Derivative financial instruments					
Derivative liabilities					
Cross-currency swaps (gross-settled):	14,928				
– Outflow		(344,991)	(329,578)	(15,413)	–
– Inflow		331,691	316,267	15,424	–
	14,928	(13,300)	(13,311)	11	–
Derivative assets					
Cross-currency swaps (gross-settled):	(4,026)				
– Outflow		(41,543)	(41,543)	–	–
– Inflow		45,489	45,489	–	–
Forward exchange contracts (gross-settled):	(17,485)				
– Outflow		(1,294,556)	(1,294,556)	–	–
– Inflow		1,308,617	1,308,617	–	–
	(21,511)	18,007	18,007	–	–
	(6,583)	4,707	4,696	11	–
	9,762,844	(10,036,683)	(5,893,283)	(4,143,188)	(212)

^ Excluding deferred income

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed represent the contractual undiscounted cash flows relating to derivative financial instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement e.g. forward exchange contracts. Net-settled derivative financial assets are included in the maturity analyses as they are held to hedge the cash flow variability of the Group's floating rate loans.

The interest payments on variable interest rate loans and bonds and notes in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates changes. It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its interest-bearing financial assets and debt obligations. The Group adopts a policy of managing its interest rate exposure by maintaining a debt portfolio with both fixed and floating interest rates.

Derivative financial instruments are used to manage interest rate risk, to the extent that the perceived cost of variable rate borrowings is considered to outweigh the benefits of their flexibility, and the Group actively monitors the need and timing for such derivatives.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Group applies Phase 1 amendments and assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of the uncertainty about when and how replacement may occur for the relevant hedged item and hedging instrument due to the interest rate benchmark reform transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group had exposures to USD LIBOR and SGD SOR on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. These benchmark rates will lose representativeness or discontinue and be replaced with alternative interest rates benchmarks in US and Singapore with effect from 1 July 2023. In 2022, the Group has undertaken amendments to its financial instruments with contractual terms indexed to USD LIBOR or SGD SOR such that they incorporate the new benchmark rates. As at 31 December 2022, the Group's remaining IBOR exposure is indexed to USD LIBOR and SGD SOR.

Management monitors and manages the Group's transition to alternative rates. Management evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Non-derivative financial liabilities

The Group's IBOR exposures to non-derivative financial liabilities as at 31 December 2022 were secured and unsecured borrowings indexed to USD LIBOR and SGD SOR. The Group is in the process of communicating with counterparties to progressively transition non-derivative financial liabilities which are indexed to the affected interest rate benchmarks to alternative risk-free rates.

Derivatives

The Group holds interest rate swaps and cross currency swaps for risk management purposes. As at 31 December 2022, the Group has no unreformed interest rate swaps and cross currency swaps contracts.

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language at 31 December 2022. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

	USD LIBOR		SGD SOR	
	Total amount of unreformed contracts $'000	**Amount with appropriate fallback clause $'000**	**Total amount of unreformed contracts $'000**	**Amount with appropriate fallback clause $'000**
Group				
31 December 2022				
Financial liabilities				
Term loans	443,316	255,356	1,442,051	–
31 December 2021				
Financial liabilities				
Bank loans	213,359	–	–	–
Term loans	822,880	417,398	2,672,760	90,247
Derivatives				
Cross currency swaps	157,327	–	146,450	–
Interest rate swaps	88,036	–	–	–
Company				
31 December 2022				
Financial liabilities				
Term loans	–	–	1,442,051	–
31 December 2021				
Financial liabilities				
Term loans	41,764	–	2,025,666	–
Derivatives				
Cross currency swaps	–	–	146,450	–

Fair value sensitivity analysis for fixed rate instruments

The Group has fixed rate debt instruments measured at FVTPL. A change in interest rates at the reporting date would not have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates on the variable rate instruments held by the Group and the Company at the reporting date would have increased/(decreased) profit or loss (before any tax effect) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation.

	Group		Company	
	31 December 2022 $'000	**31 December 2021 $'000**	**31 December 2022 $'000**	**31 December 2021 $'000**
100 bp increase				
(Reduction)/Increase in profit before tax	**(48,872)**	(59,458)	**(19,778)**	(7,328)

A 100bp decrease in interest rates at the reporting date would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily the United States Dollar, Singapore Dollar, Hong Kong Dollar, Australian Dollar, Sterling Pound, Renminbi, Japanese Yen, Euro, Thai Baht and New Zealand Dollar.

The Group has a decentralised approach to the management of foreign currency risk. The Group manages its foreign currency exposure by adopting a natural hedge policy of matching receipts and payments, and asset purchases and borrowings, in the currency of the relevant entity, where possible. Entities in the Group may have different approaches to the identification and management of this risk. Entities in the Group may borrow in currencies other than their functional currencies to fund investments that are denominated in their borrowing currencies. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. Where feasible, the Group may put in place certain financial derivative instruments including forward exchange contracts and cross currency swaps to minimise the Group's exposure to movements in exchange rates on firm commitments and specific transactions.

The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- The effect of the counterparty and the Group's own credit risk on the fair value of the swaps and forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- Changes in the timing of the hedged transactions.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

The Group's and the Company's exposure to foreign currencies are as follows:

	United States Dollar $'000	Singapore Dollar $'000	Hong Kong Dollar $'000	Australian Dollar $'000	Sterling Pound $'000	Renminbi $'000	Japanese Yen $'000	Euro $'000	Thai Baht $'000	New Zealand Dollar $'000	Others $'000
Group											
31 December 2022											
Financial assets	16,410	–	–	4,548	–	–	–	–	–	–	–
Trade and other receivables*	266	865	–	103	2,955	2,928	–	21,839	–	–	391
Cash and cash equivalents (net of cash pool overdrafts)	(176,383)	5,240	165	195	6,730	2,681	1,319	(62,964)	2	–	216
Amounts owing by subsidiaries (net)	815,565	73,544	209,597	125,302	3,440,526	489,210	289,631	10	165,287	8,939	258
Interest-bearing borrowings	(697,248)	–	(19,208)	(139,552)	(2,396,571)	(146,579)	(90,817)	–	–	–	–
Trade and other payables**	(1,133)	(193)	(97)	(284)	(7,508)	(388)	(115)	–	–	–	(9)
Net statement of financial position exposure	(42,523)	79,456	190,457	(9,688)	1,046,132	347,852	200,018	(41,115)	165,289	8,939	856
Forward exchange contracts	–	–	–	–	(928,587)	–	–	(34,364)	–	–	–
Cross-currency swaps	–	–	–	(49,298)	(130,120)	(217,082)	(109,063)	–	–	–	–
Net exposure	(42,523)	79,456	190,457	(58,986)	(12,575)	130,770	90,955	(75,479)	165,289	8,939	856
31 December 2021											
Financial assets	32,680	–	–	–	7,279	–	–	–	–	–	–
Trade and other receivables*	22,841	773	–	5	1,786	2,633	–	21,068	–	–	319
Cash and cash equivalents (net of cash pool overdrafts)	(60,436)	1,912	164	38,070	5,157	3,436	47	(67,611)	2	17,370	273
Amounts owing by/(to) subsidiaries (net)	1,284,874	(547,877)	211,158	150,686	3,381,844	547,750	245,387	139,148	169,703	10,168	–
Interest-bearing borrowings	(1,082,468)	–	(19,175)	(88,015)	(2,995,566)	(146,800)	(54,417)	(4,599)	–	–	–
Trade and other payables**	(1,719)	(863)	(44)	(64)	(2,951)	(403)	(11)	–	–	–	(10)
Net statement of financial position exposure	195,772	(546,055)	192,103	100,682	397,549	406,616	191,006	88,006	169,705	27,538	582
Forward exchange contracts	–	–	–	–	(571,093)	(603,117)	(85,852)	(34,493)	–	–	–
Cross-currency swaps	157,327	–	–	–	–	(347,429)	(41,772)	(157,327)	–	–	–
Net exposure	353,099	(546,055)	192,103	100,682	(173,544)	(543,930)	63,382	(103,814)	169,705	27,538	582

* Excluding prepayments
** Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

	United States Dollar $'000	Hong Kong Dollar $'000	Japanese Yen $'000	Sterling Pound $'000	Renminbi $'000	Australian Dollar $'000	Euro $'000	Others $'000
Company								
31 December 2022								
Trade and other receivables*	–	–	–	–	–	–	–	100
Cash and cash equivalents	5	14	–	6,026	85	12	–	128
Amounts owing by subsidiaries (net)	532,648	21,342	206,377	3,445,580	1,319,356	203,604	34,077	–
Interest-bearing borrowings	(54,590)	(19,208)	(90,817)	(2,396,571)	(146,579)	(139,552)	–	–
Trade and other payables**	(116)	(32)	(115)	(7,484)	(326)	(284)	–	(9)
Net statement of financial position exposure	477,947	2,116	115,445	1,047,551	1,172,536	63,780	34,077	219
Forward exchange contracts	–	–	–	(928,587)	–	–	(34,364)	–
Cross-currency swaps	–	–	(109,063)	(130,120)	(217,082)	(49,298)	–	–
Net exposure	477,947	2,116	6,382	(11,156)	955,454	14,482	(287)	219
31 December 2021								
Trade and other receivables*	–	–	–	–	–	–	–	60
Cash and cash equivalents	24	14	–	–	93	–	–	175
Amounts owing by subsidiaries (net)	524,464	21,589	148,573	3,304,947	1,435,148	105,322	34,187	–
Interest-bearing borrowings	(41,788)	(19,175)	(15,865)	(2,732,605)	(146,800)	(88,015)	–	–
Trade and other payables**	(17)	(4)	(7)	(1,832)	(288)	(59)	–	(10)
Net statement of financial position exposure	482,683	2,424	132,701	570,510	1,288,153	17,248	34,187	225
Forward exchange contracts	–	–	(85,852)	(571,093)	(603,117)	–	(34,493)	–
Cross-currency swaps	–	–	(41,772)	–	(347,429)	–	–	–
Net exposure	482,683	2,424	5,077	(583)	337,607	17,248	(306)	225

* Excluding prepayments
** Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis

A 5% strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date held by the Group and the Company would (decrease)/increase profit and other components of equity before any tax effect by the amounts shown below. Similarly, a 5% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2022		2021	
	Profit before tax $'000	Equity $'000	Profit before tax $'000	Equity $'000
Group				
United States Dollar	7,805	(9,931)	36,040	(18,386)
Singapore Dollar	3,972	–	(27,302)	–
Hong Kong Dollar	9,523	–	9,605	–
Australian Dollar	(2,950)	–	5,034	–
Sterling Pound	(627)	–	(79)	(8,599)
Renminbi	7,255	(716)	(26,406)	(789)
Japanese Yen	4,548	–	4,877	(1,710)
Euro	(746)	(3,028)	(1,742)	(3,449)
Thai Baht	8,264	–	8,485	–
New Zealand Dollar	447	–	1,377	–
Company				
United States Dollar	23,897	–	24,134	–
Hong Kong Dollar	106	–	121	–
Japanese Yen	319	–	254	–
Sterling Pound	(558)	–	(29)	–
Renminbi	47,773	–	16,880	–
Australian Dollar	724	–	862	–
Euro	(14)	–	(15)	–

Equity price risk

The Group and the Company are exposed to equity price changes arising on its quoted equity investments at FVOCI and FVTPL. A change in the underlying equity prices of the quoted investments at the reporting date by 5% for the Group and the Company would impact profit and other components of equity (before any tax effect) by the amounts shown below. Similarly, a change in the revalued net asset values of the unquoted equity investments at FVOCI and FVTPL and a change in the price-to-sales multiple for the unquoted equity investments at FVTPL by 5% for the Group and the Company would impact profit and other components of equity (before any tax effect) by the amounts shown below.

This analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(iii) Market risk (cont'd)

Equity price risk (cont'd)

Equity investments

	Increase by 5% Group $'000	Decrease by 5% Group $'000	Increase by 5% Company $'000	Decrease by 5% Company $'000
2022				
Quoted equity investments at FVOCI and FVTPL				
Equity	1,300	(1,300)	1,093	(1,093)
Profit before tax	1,482	(1,482)	98	(98)
Unquoted equity investments at FVOCI and FVTPL				
Equity	21,608	(21,608)	20,395	(20,395)
Profit before tax	6,836	(6,836)	–	–
2021				
Quoted equity investments at FVOCI and FVTPL				
Equity	1,859	(1,859)	1,093	(1,093)
Profit before tax	2,445	(2,445)	100	(100)
Unquoted equity investments at FVOCI and FVTPL				
Equity	17,894	(17,894)	16,379	(16,379)
Profit before tax	6,523	(6,523)	–	–

(iv) Hedge accounting

Net investment hedges

A foreign currency exposure arises from the Group's net investments in subsidiaries that have a different functional currency from that of the Company. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiaries and the Company's functional currency, which causes the amount of the net investments to vary in the consolidated financial statements of the Group. The hedged risk in the net investment hedges is the risk of a weakening of the United States Dollar, Euro, Renminbi, Japanese Yen and Sterling Pound against Singapore Dollar that will result in a reduction in the carrying amount of the Group's net investments in subsidiaries. An economic relationship exists between the hedged net investment and hedging instrument due to the shared foreign currency risk exposure.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Hedge accounting (cont'd)

Net investment hedges (cont'd)

The Group uses a mixture of foreign currency-denominated debt, forward exchange contracts and cross-currency swaps as hedging instruments. When the hedging instrument is foreign currency-denominated debt, the Group assesses effectiveness by comparing past changes in the carrying amount of the debt that are attributable to a change in the spot rate with past changes in the investment in the foreign operation due to movement in spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal. When the hedging instrument is a forward exchange contract or cross-currency swap, the Group establishes a hedge ratio where the notional on the forward foreign exchange contract and cross-currency swap matches the carrying amount of the designated net investment. The Group ensures that the foreign currency in which the hedging instrument is denominated is the same as the functional currency of the net investment. This qualitative assessment is supplemented quantitatively using the hypothetical derivative method for the purposes of assessing hedge effectiveness. The Group assesses effectiveness by comparing past changes in the fair value of the derivative with changes in the fair value of a hypothetical derivative. The hypothetical derivative is constructed to have the same critical terms as the net investment designated as the hedged item and a fair value of zero at inception. The Group's policy is to hedge the net investment only to the extent of the nominal amount of the foreign exchange or cross-currency swap leg of the derivative.

The Group held the following instruments to hedge exposures to changes in foreign currencies:

	Notional amount	Carrying amount – Liabilities $'000	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI $'000	Hedge ineffectiveness recognised in profit or loss $'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from reserve to profit or loss $'000	Hedged foreign exchange rate	Year of maturity
Group									
Net investment hedges									
2022									
Foreign exchange risk									
– Borrowings to hedge net investments in foreign operations	$347,007,000 equivalent	(347,007)	Interest-bearing borrowings and cash pool overdrafts	(20,346)	–	Not applicable	–	Not applicable	2023 to 2024
– Cross-currency swaps to hedge net investments in foreign operations	RMB74,190,000	(780)	Derivative financial liabilities	(450)	15	Finance income	–	SGD/RMB 4.81	2023
2021									
Foreign exchange risk									
– Borrowings to hedge net investments in foreign operations	$721,426,000 equivalent	(721,426)	Interest-bearing borrowings and cash pool overdrafts	(2,288)	–	Not applicable	–	Not applicable	2022 to 2025
– Cross-currency swaps to hedge net investments in foreign operations	RMB74,190,000	(347)	Derivative financial liabilities	(331)	(16)	Finance costs	–	SGD/RMB 4.81	2023

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Hedge accounting (cont'd)

Net investment hedges (cont'd)

	Change in value used for calculating hedge ineffectiveness $'000	Foreign currency translation reserve $'000	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied $'000
2022			
Net investments in certain foreign subsidiaries whose functional currencies are denominated in United States Dollar, Euro, Renminbi, Japanese Yen and Sterling Pound	10,694	4,007	–
2021			
Net investments in certain foreign subsidiaries whose functional currencies are denominated in United States Dollar, Euro, Renminbi, Japanese Yen and Sterling Pound	4,939	17,015	–

Cash flow hedges

At 31 December 2022, the Group held certain interest rate swaps to hedge exposures to changes in interest rates.

	Notional amount	Carrying amount – Assets/(Liabilities) $'000	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI $'000	Hedge ineffectiveness recognised in profit or loss $'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss $'000	Fixed interest rate	Year of maturity
Group									
<u>**Cash flow hedges**</u>									
2022									
Interest rate risk									
– Interest rate swaps	$703,300,000 equivalent	18,917	Derivative financial assets	18,917	–	Not applicable	–	2.48% to 3.06%	2025 to 2026
– Interest rate swaps	$137,652,000 equivalent	(645)	Derivative financial liabilities	(645)	–	Not applicable	–	3.46%	2025

At 31 December 2021, the Group did not designate any financial derivatives as hedging instruments for cash flow hedges.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Trade and other receivables and trade and other payables classified as held for sale are not included in the table below (see note 6). Further, the fair value disclosure of lease liabilities is also not required.

	Note	Mandatorily at FVTPL $'000	FVOCI – equity investments $'000	Fair value – hedging instruments $'000	Amortised cost $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Group										
31 December 2022										
Financial assets measured at fair value										
Unquoted debt investments – mandatorily at FVTPL	10	20,011	–	–	–	20,011	–	–	20,011	20,011
Unquoted equity investments – at FVOCI	10	–	432,164	–	–	432,164	–	–	432,164	432,164
Unquoted equity investments – mandatorily at FVTPL	10	136,713	–	–	–	136,713	–	–	136,713	136,713
Quoted equity investments – at FVOCI	10	–	26,006	–	–	26,006	26,006	–	–	26,006
Quoted equity investments – mandatorily at FVTPL	10	29,640	–	–	–	29,640	29,640	–	–	29,640
Derivative financial assets	11	–	–	112,249	–	112,249	–	112,249	–	112,249
		186,364	458,170	112,249	–	756,783				
Financial assets not measured at fair value										
Other non-current assets^	12	–	–	–	299,454	299,454				
Trade and other receivables#	16	–	–	–	1,520,527	1,520,527				
Cash and cash equivalents	18	–	–	–	2,363,197	2,363,197				
		–	–	–	4,183,178	4,183,178				

	Note	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Group								
31 December 2022								
Financial liabilities measured at fair value								
Derivative financial liabilities	11	2,205	–	2,205	–	2,205	–	2,205
Financial liabilities not measured at fair value								
Interest-bearing borrowings	22	–	9,669,422	9,669,422	–	9,545,514	–	9,545,514
Other liabilities@	28	–	88,269	88,269				
Trade and other payables@	31	–	1,404,045	1,404,045				
		–	11,161,736	11,161,736				

^ Excluding prepayments, intangible assets and deferred tax assets
\# Excluding prepayments, grant receivables and tax recoverable
@ Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values (cont'd)

	Note	Mandatorily at FVTPL $'000	FVOCI – equity investments $'000	Fair value – hedging instruments $'000	Amortised cost $'000 Restated*	Total carrying amount $'000 Restated*	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Group										
31 December 2021										
Financial assets measured at fair value										
Unquoted debt investments – mandatorily at FVTPL	10	175,409	–	–	–	175,409	–	142,486	32,923	175,409
Unquoted equity investments – at FVOCI	10	–	357,870	–	–	357,870	–	–	357,870	357,870
Unquoted equity investments – mandatorily at FVTPL	10	130,465	–	–	–	130,465	–	–	130,465	130,465
Quoted equity investments – at FVOCI	10	–	37,180	–	–	37,180	37,180	–	–	37,180
Quoted equity investments – mandatorily at FVTPL	10	48,867	–	–	–	48,867	48,867	–	–	48,867
Derivative financial assets	11	–	–	26,273	–	26,273	–	26,273	–	26,273
		354,741	395,050	26,273	–	776,064				
Financial assets not measured at fair value										
Unquoted debt investments – amortised cost	10	–	–	–	17,743	17,743				
Other non-current assets^	12	–	–	–	106,332	106,332				
Trade and other receivables#	16	–	–	–	1,825,455	1,825,455				
Cash and cash equivalents	18	–	–	–	2,100,700	2,100,700				
		–	–	–	4,050,230	4,050,230				

	Note	Fair value – hedging instruments $'000	Other financial liabilities $'000 Restated*	Total carrying amount $'000 Restated*	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Group								
31 December 2021								
Financial liabilities measured at fair value								
Derivative financial liabilities	11	15,877	–	15,877	–	15,877	–	15,877
Financial liabilities not measured at fair value								
Interest-bearing borrowings	22	–	11,139,993	11,139,993	–	11,186,537	–	11,186,537
Other liabilities@	28	–	98,447	98,447				
Trade and other payables@	31	–	1,401,212	1,401,212				
		–	12,639,652	12,639,652				

^ Excluding prepayments, intangible assets and deferred tax assets
# Excluding prepayments, grant receivables and tax recoverable
@ Excluding deferred income

* Refer to Note 47

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values (cont'd)

	Note	Mandatorily at FVTPL $'000	Fair value – hedging instruments $'000	Amortised cost $'000	FVOCI – equity investments $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Company											
31 December 2022											
Financial assets measured at fair value											
Unquoted equity investments – at FVOCI	10	–	–	–	407,903	–	407,903	–	–	407,903	407,903
Quoted equity investments – at FVOCI	10	–	–	–	21,868	–	21,868	21,868	–	–	21,868
Quoted equity investments – mandatorily at FVTPL	10	1,963	–	–	–	–	1,963	1,963	–	–	1,963
Derivative financial assets	11	–	112,249	–	–	–	112,249	–	112,249	–	112,249
		1,963	112,249	–	429,771	–	543,983				
Financial assets not measured at fair value											
Other non-current assets	12	–	–	6,428,732	–	–	6,428,732				
Trade and other receivables#	16	–	–	6,474,857	–	–	6,474,857				
Cash and cash equivalents	18	–	–	614,499	–	–	614,499				
		–	–	13,518,088	–	–	13,518,088				
Financial liabilities measured at fair value											
Derivative financial liabilities	11	–	2,205	–	–	–	2,205	–	2,205	–	2,205
Financial liabilities not measured at fair value											
Interest-bearing borrowings	22	–	–	–	–	7,452,244	7,452,244	–	7,347,810	–	7,347,810
Other liabilities@	28	–	–	–	–	759,708	759,708				
Trade and other payables@	31	–	–	–	–	2,241,789	2,241,789				
		–	–	–	–	10,453,741	10,453,741				

\# Excluding prepayments and grant receivables
@ Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values (cont'd)

	Note	Mandatorily at FVTPL $'000	Fair value – hedging instruments $'000	Amortised cost $'000	FVOCI – equity investments $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Company											
31 December 2021											
Financial assets measured at fair value											
Unquoted equity investments – at FVOCI	10	–	–	–	327,577	–	327,577	–	–	327,577	327,577
Quoted equity investments – at FVOCI	10	–	–	–	21,868	–	21,868	21,868	–	–	21,868
Quoted equity investments – mandatorily at FVTPL	10	1,993	–	–	–	–	1,993	1,993	–	–	1,993
Derivative financial assets	11	–	21,511	–	–	–	21,511	–	21,511	–	21,511
		1,993	21,511	–	349,445	–	372,949				
Financial assets not measured at fair value											
Other non-current assets	12	–	–	6,205,239	–	–	6,205,239				
Trade and other receivables#	16	–	–	6,223,198	–	–	6,223,198				
Cash and cash equivalents	18	–	–	686,322	–	–	686,322				
		–	–	13,114,759	–	–	13,114,759				
Financial liabilities measured at fair value											
Derivative financial liabilities	11	–	14,928	–	–	–	14,928	–	14,928	–	14,928
Financial liabilities not measured at fair value											
Interest-bearing borrowings	22	–	–	–	–	7,138,339	7,138,339	–	7,162,323	–	7,162,323
Other liabilities@	28	–	–	–	–	8,041	8,041				
Trade and other payables@	31	–	–	–	–	2,607,125	2,607,125				
		–	–	–	–	9,753,505	9,753,505				

\# Excluding prepayments and grant receivables
@ Excluding deferred income

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values (cont'd)

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at Level 3 fair value

Type	Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Unquoted debt investments – mandatorily at FVTPL	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	Discount rate: 2022: 0% to 12% 2021: 0% to 11%	The estimated fair value would increase/(decrease) if the discount rate was lower/(higher).
Unquoted equity investments – at FVOCI	The fair value is calculated using the net asset value (NAV) of the investee entity adjusted for the fair value of the underlying properties, where applicable. A discount is applied to take into consideration the non-marketable nature of the investment, where applicable.	NAV Discount rate: 2022: 0% to 20% 2021: 0% to 30%	The estimated fair value would increase/(decrease) if the NAV was higher/(lower). The estimated fair value would increase/(decrease) if the discount rate was lower/(higher).
Unquoted equity investments – mandatorily at FVTPL	The fair value is calculated using the NAV of the investee entity adjusted for the fair value of the underlying properties, where applicable.	NAV	The estimated fair value would increase/(decrease) if the NAV was higher/(lower).
	The fair value is calculated using the market approach of weighted price-to-sales multiples of comparable companies. A discount is applied to take into consideration the non-marketable nature of the investment, where applicable.	Price-to-sales multiple: 2022: 8.0 times 2021: 26.5 times Discount rate: 2022: 20% 2021: 30%.	The estimated fair value would increase/(decrease) if the price-to-sales multiple was higher/(lower). The estimated fair value would increase/(decrease) if the discount rate was lower/(higher).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values (cont'd)

Measurement of fair values (cont'd)

Financial instruments measured at Level 2 fair value

Unquoted debt investments – mandatorily at FVTPL

The fair value of unquoted debt investments are calculated based on the present value of the expected future payments, discounted using a risk-adjusted discount rate.

Financial derivatives

The fair values of forward exchange contracts, cross-currency swaps and interest rate swaps are based on banks' quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Interest-bearing borrowings

The fair value of borrowings which reprice at the intervals of six months or less determined for disclosure purposes are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Transfers between levels in the fair value hierarchy

The Group and Company did not reclassify any investments between various levels in the fair value hierarchy during the year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

42 FINANCIAL INSTRUMENTS (CONT'D)

(v) Accounting classifications and fair values (cont'd)

Measurement of fair values (cont'd)

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Group			Company
	Unquoted debt investments mandatorily at FVTPL $'000	Unquoted equity investments at FVOCI $'000	Unquoted equity investments mandatorily at FVTPL $'000	Unquoted equity investments at FVOCI $'000
At 1 January 2022	32,923	357,870	130,465	327,577
Additions	–	–	30,867	–
Distribution of income and return of capital	–	–	(21,960)	–
Total loss recognised in profit or loss – finance costs	(11,119)	–	(1,769)	–
Total gain for the period included in other comprehensive income – net change in fair value of equity investments at FVOCI	–	74,294	–	80,326
Translation differences on consolidation	(1,793)	–	(890)	–
At 31 December 2022	20,011	432,164	136,713	407,903
At 1 January 2021	45,115	356,729	90,073	324,877
Additions	–	–	31,652	–
Redemption on maturity	(10,395)	–	–	–
Distribution of income and return of capital	(419)	–	(9,914)	–
Reclass to investment in an associate	–	–	(436)	–
Reclassification from interest receivable	(1,311)	–	–	–
Total gain recognised in profit or loss – finance costs	720	–	17,313	–
Total gain for the period included in other comprehensive income – net change in fair value of equity investments at FVOCI	–	1,141	–	2,700
Translation differences on consolidation	(787)	–	1,777	–
At 31 December 2021	32,923	357,870	130,465	327,577

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

43 OPERATING SEGMENTS

Information reported to the Board of Directors for the purposes of resource allocation and assessment of segment performances is specifically focused on the functionality of services provided. The following summary describes the operations in each of the Group's reportable segments:

- Property development – *develops and purchases properties for sale*
- Hotel operations – *owns and manages hotels*
- Investment properties – *develops and purchases investment properties for lease*

Others comprises mainly investment in shares, management and consultancy services, and provision of laundry services. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2022 and 2021.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Property development $'000	Hotel operations $'000	Investment properties $'000	Total $'000	Others $'000	Total $'000
2022						
Total revenue (including inter-segment revenue)	1,382,322	1,394,936	375,991	3,153,249	221,788	3,375,037
Inter-segment revenue	–	(14,272)	(34,828)	(49,100)	(32,524)	(81,624)
External revenue	1,382,322	1,380,664^	341,163	3,104,149	189,264	3,293,413
Profit from operating activities	119,685	1,406,099	430,354	1,956,138	(76,409)	1,879,729
Share of after-tax profit/(loss) of associates and joint ventures	121,132	(1,340)	20,235	140,027	30,137	170,164
Finance income	19,636	61,434	2,869	83,939	7,615	91,554
Finance costs	(99,154)	(82,972)	(69,908)	(252,034)	(32,646)	(284,680)
Net finance costs	(79,518)	(21,538)	(67,039)	(168,095)	(25,031)	(193,126)
Reportable segment profit/(loss) before tax	161,299	1,383,221	383,550	1,928,070	(71,303)	1,856,767
Depreciation and amortisation	3,551	120,598	125,218	249,367	27,059	276,426

^ Hotel operations for 2022 comprise revenue and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) attributable to hotel rooms owned by the Group of $960.9 million and $165.6 million respectively.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

43 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Investment properties $'000	Total $'000	Others $'000	Total $'000
2022						
Other material non-cash items						
Negative goodwill on acquisition of subsidiaries	–	–	–	–	48	48
Impairment loss on other receivables and debt investment	–	–	–	–	(80,688)	(80,688)
Impairment losses reversed/ (recognised) on property, plant and equipment and investment properties	–	31,770	(35,728)	(3,958)	(3,657)	(7,615)
Allowance made for foreseeable losses on development properties	(61,766)	–	–	(61,766)	–	(61,766)
Investments in associates and joint ventures	792,971	568,531	598,566	1,960,068	386,669	2,346,737
Other segment assets	8,906,928	5,062,464	5,704,233	19,673,625	909,165	20,582,790
Reportable segment assets	9,699,899	5,630,995	6,302,799	21,633,693	1,295,834	22,929,527
Deferred tax assets						47,468
Tax recoverable						4,048
Total assets						22,981,043
Reportable segment liabilities	5,844,929	3,412,622	3,125,032	12,382,583	343,617	12,726,200
Deferred tax liabilities						350,253
Provision for taxation						339,768
Total liabilities						13,416,221
Additions to non-current assets**	6,351	662,054	935,752	1,604,157	98,413	1,702,570

** Non-current assets include property, plant and equipment, investment properties, investments in associates and joint ventures, and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

43 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Investment properties $'000 Restated*	Total $'000 Restated*	Others $'000	Total $'000 Restated*
2021						
Total revenue (including inter-segment revenue)	1,254,470	883,784	407,155	2,545,409	193,959	2,739,368
Inter-segment revenue	–	(10,666)	(66,037)	(76,703)	(36,812)	(113,515)
External revenue	1,254,470	873,118	341,118	2,468,706	157,147	2,625,853
Profit from operating activities	203,917	16,299	76,607	296,823	12,105	308,928
Share of after-tax profit/ (loss) of associates and joint ventures	114,606	(36,578)	(5,297)	72,731	34,761	107,492
Finance income	22,443	3,153	4,342	29,938	6,268	36,206
Finance costs	(96,201)	(53,922)	(64,285)	(214,408)	(23,415)	(237,823)
Net finance costs	(73,758)	(50,769)	(59,943)	(184,470)	(17,147)	(201,617)
Reportable segment profit/ (loss) before tax	244,765	(71,048)^	11,367	185,084	29,719	214,803
Depreciation and amortisation	3,895	131,337	123,389	258,621	26,388	285,009

^ Hotel operations for 2021 comprise revenue and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) attributable to hotel rooms owned by the Group amounting to $577.0 million and $75.2 million respectively.

	Property development $'000	Hotel operations $'000	Investment properties $'000 Restated*	Total $'000 Restated*	Others $'000	Total $'000 Restated*
2021						
Other material non-cash items						
Negative goodwill on acquisition of subsidiaries	25,776	–	9,777	35,553	–	35,553
Impairment loss on other receivables	(2,449)	(272)	(1,814)	(4,535)	(1,569)	(6,104)
Impairment losses reversed/ (recognised) on property, plant and equipment and investment properties	–	95,742	(2,043)	93,699	(388)	93,311
Allowance made for foreseeable losses on development properties	(5,641)	–	–	(5,641)	–	(5,641)

* Refer to Note 47

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

43 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Property development $'000	Hotel operations $'000	Investment properties $'000 Restated*	Total $'000 Restated*	Others $'000	Total $'000 Restated*
2021						
Investments in associates and joint ventures	702,285	410,195	316,654	1,429,134	424,891	1,854,025
Other segment assets	9,100,033	5,661,662	6,291,414	21,053,109	899,276	21,952,385
Reportable segment assets	9,802,318	6,071,857	6,608,068	22,482,243	1,324,167	23,806,410
Deferred tax assets						69,302
Tax recoverable						4,557
Total assets						23,880,269
Reportable segment liabilities	6,361,148	3,471,262	3,886,978	13,719,388	276,859	13,996,247
Deferred tax liabilities						196,068
Provision for taxation						368,682
Total liabilities						14,560,997
Additions to non-current assets**	11,138	121,016	638,016	770,170	97,762	867,932

** Non-current assets include property, plant and equipment, investment properties, investments in associates and joint ventures, and intangible assets.

Geographical segments

	Singapore $'000	United States $'000	United Kingdom $'000	China $'000	Other countries $'000	Total $'000
2022						
Revenue	1,763,288	466,048	480,561	179,062	404,454	3,293,413
Non-current assets#	3,475,223	1,511,372	2,484,298	1,859,406	2,046,264	11,376,563
Reportable segment assets	11,221,486	1,759,335	3,338,901	3,261,454	3,348,351	22,929,527

	Singapore $'000	United States $'000	United Kingdom $'000 Restated*	China $'000	Other countries $'000	Total $'000 Restated*
2021						
Revenue	1,363,442	261,888	276,008	330,573	393,942	2,625,853
Non-current assets#	3,901,080	1,511,311	2,419,442	1,995,527	2,373,507	12,200,867
Reportable segment assets	10,801,397	1,680,666	3,500,376	3,679,606	4,144,365	23,806,410

Include property, plant and equipment, investment properties, investments in associates and joint ventures, prepayments (non-current portion) and intangible assets.
* Refer to Note 47

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

44 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES

The following are the Group's significant investments in subsidiaries:

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
	Direct/Indirect Subsidiaries of the Company				
(1)	Allinvest Holding Pte Ltd	Property owner and investment holding	Singapore	**100**	100
(1)	Adelanto Investments Pte. Ltd.	Investment holding	Singapore	**100**	100
(1)	Aquarius Properties Pte. Ltd.	Property owner and developer	Singapore	**80**	80
(6)	Atlasgate UK Properties Limited	Property owner	United Kingdom	**100**	–
(7)	Beaumont Properties Limited	Property owner and developer	Jersey	**100**	100
(1)	Bloomsville Investments Pte Ltd	Property owner, developer and investment holding	Singapore	**–**	100
(7)	Busy Bee Ventures Limited	Investment holding	British Virgin Islands	**100**	100
(6)	Canterbury Riverside Propco Limited	Property owner	United Kingdom	**100**	–
(6)	Canterbury Riverside Opco Limited	Operating company	United Kingdom	**100**	–
(1)	CBM Pte. Ltd.	Provision of building maintenance, security, cleaning and related services to commercial and residential buildings	Singapore	**100**	100
(1)	CBM Parking Pte. Ltd.	Provision of car park operation, management, civil, construction and electrical works related to parking systems and related services	Singapore	**100**	100
(1)	CBM International Pte. Ltd.	Investment holding and provision of consultancy services	Singapore	**100**	100
(1)	CBM Security Pte. Ltd.	Provision of security services, consultancy services related to security matters, supply of equipment, security escort services and facilities management services	Singapore	**100**	100
(1)	CBM Solutions Pte. Ltd.	Provision of consultancy, facilities management and building construction services	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

44 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	2021 %
	Direct/Indirect Subsidiaries of the Company (cont'd)				
(2)	CBM (Taiwan) Co., Ltd.	Carpark management services	Taiwan	**100**	100
(1)	CDL Aries Pte. Ltd.	Property owner and developer	Singapore	**100**	100
(1)	CDL Land Pte Ltd	Property owner and developer	Singapore	**100**	100
(1)	CDL Libra Pte. Ltd.	Property owner and developer	Singapore	**100**	100
(1)	CDL Management Services Pte. Ltd.	Provision of project and property management and consultancy services	Singapore	**100**	100
(1)	CDL Properties Ltd	Property owner and investment holding	Singapore	**100**	100
(1)	CDL Regulus Pte. Ltd.	Property owner and developer	Singapore	**100**	100
(1)	CDL Pegasus Pte. Ltd.	Property owner and developer	Singapore	**100**	100
(1)	CDL Perseus Pte. Ltd.	Property owner and developer	Singapore	**100**	100
(1)	CDL Pisces Commercial Pte. Ltd.	Investment holding	Singapore	**100**	100
(1)	CDL Pisces Serviced Residences Pte. Ltd.	Investment holding	Singapore	**100**	100
(1)	Central Mall Pte Ltd	Property owner	Singapore	**100**	100
(1)	Centro Property Holding Pte. Ltd.	Property owner	Singapore	**100**	100
(1)	Cideco Pte. Ltd.	Property owner	Singapore	**100**	100
(1)	City Condominiums Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
(1)	City Developments Realty Limited	Investment in shares and investment holding	Singapore	**100**	100
(1)	City Gemini Pte. Ltd.	Investment holding	Singapore	**100**	100
(1)	City Serviced Offices Pte. Ltd.	Operating serviced offices	Singapore	**100**	100
(1)	City Thrive Pte. Ltd.	Investment holding	Singapore	**100**	–
(1)	Citydev Real Estate (Singapore) Pte Ltd	Property owner	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

44 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	2021 %
	Direct/Indirect Subsidiaries of the Company (cont'd)				
(1)	CDL Real Estate Asset Managers Pte. Ltd.	Asset management	Singapore	**100**	100
(1)	City REIT Management Pte. Ltd.	Investment holding	Singapore	**100**	100
(1)	City Strategic Equity Pte. Ltd.	Investment holding	Singapore	**100**	100
(1)	City Lux Pte. Ltd.	Investment holding	Singapore	**100**	100
(1)	City Boost Pte. Ltd.	Investment holding	Singapore	**100**	100
(1)	City Delta Pte. Ltd.	Investment holding	Singapore	**100**	100
(1)	Cityview Place Holdings Pte. Ltd.	Property owner and developer	Singapore	**100[a]**	100[a]
(1)	Crescent View Developments Pte. Ltd.	Property owner and developer	Singapore	**60**	60
(2)	Educado Company Limited	Investment holding and share dealing	Hong Kong	**100**	100
(1)	Ellinois Management Services Pte. Ltd.	Asset/portfolio management	Singapore	**100**	100
(1)	Empire City Consultant Pte Ltd	Management of properties	Singapore	**100**	100
(7)	Finite Properties Investment Limited	Property owner and developer	Jersey	**100**	100
(6)	Friars Road Manco Limited	Operating company	United Kingdom	**100**	–
(1)	Glades Properties Pte. Ltd.	Property owner, developer and investment holding	Singapore	**100**	100
(1)	Gemini One Pte. Ltd.	Hotel operator	Singapore	**100**	100
(1)	Gemini One Trust	Property owner and developer	Singapore	**100**	100
(1)	Grange 100 Pte. Ltd.	Property owner	Singapore	**100**	100
(1)	Guan Realty (Private) Limited	Property owner and developer	Singapore	**100**	100
(6)	HSRE Crosslane (Coventry) Limited	Property owner	Jersey	**100**	–
(6)	HSRE Crosslane (Leeds) Limited	Property owner	Jersey	**100**	–
(7)	Hoko Mina Pty Ltd	Property owner and developer	Australia	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

44 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
	Direct/Indirect Subsidiaries of the Company (cont'd)				
(1)	Hong Leong Properties Pte. Limited	Property owner	Singapore	**100**	100
(2)	Highline Investments LP	Property owner	United Kingdom	**100**	100
(2)	Iconique Tokutei Mokuteki Kaisha	Asset management	Japan	**100**	100
(1)	Ingensys Pte. Ltd.	Systems integration activities	Singapore	**100**	100
(7)	Jayland Properties Limited	Property owner and developer	Jersey	**100**	100
(2)	Krungthep Rimnam Limited	Hotel business	Thailand	**49** (b)	49 (b)
(7)	Landco Properties Limited	Property owner	Jersey	**100**	100
(1)	Land Equity Development Pte Ltd	Property owner	Singapore	**100**	100
(2)	Lingo Enterprises Limited	Property holding and property investment	Singapore/ Hong Kong	**100**	100
(7)	Melvale Holdings Limited	Investment holding and property developer	Jersey	**100**	100
(2)	Millennium & Copthorne Hotels Limited	Investment holding	United Kingdom	**100**	100
(2)	125 OBS Limited Partnership	Property holding	United Kingdom	**100**	100
(6)	New Bath Court Limited	Property owner	United Kingdom	**100**	–
(6)	New Bath Court (OpCo) Limited	Operating company	United Kingdom	**100**	–
(1)	Novel Developments Pte. Ltd.	Property owner and developer	Singapore	**100**	100
(7)	Paradise Investments Limited	Property owner and developer	Jersey	**100**	100
(1)	Pavo Properties Pte. Ltd.	Property owner and developer	Singapore	**60**	60
(2)	Phuket Square Co., Ltd.	Retail and hotel business	Thailand	**49** (b)	49 (b)
(7)	Pinenorth Properties Limited	Property owner and developer	Jersey	**100**	100
(7)	Rehi Normanby Pty Ltd	Trustee	Australia	**100**	–
(7)	Reselton Properties Limited	Property owner and developer	Jersey	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

44 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
	Direct/Indirect Subsidiaries of the Company (cont'd)				
(1)	Republic Plaza City Club (Singapore) Pte Ltd	Owner and operator of clubs	Singapore	**100**	100
(7)	Reach Across International Limited	Investment holding	British Virgin Islands	**100**	100
(2)	Shanghai Anting Waratah Real Estate Development Co., Ltd.	Property owner	People's Republic of China	**100**	100
(2)	Shanghai Fusion Enterprise Management Co., Ltd.	Property owner	People's Republic of China	**100**	100
(2)	Shanghai Galaxy Enterprise Management Co., Ltd.	Property owner	People's Republic of China	**100**	100
(3)	Shanghai Jingwen Zhaoxiang Real Estate Limited	Property owner and developer	People's Republic of China	**100**	100
(3)	Shanghai Meidao Investment Co., Ltd.	Property owner and developer	People's Republic of China	**100**	100
(2)	Shanghai Rainbow Enterprise Management Co., Ltd.	Property owner	People's Republic of China	**100**	100
(2)	Shanghai Star Enterprise Management Co., Ltd.	Property owner	People's Republic of China	**100**	100
(2)	Shanghai Yulan Real Estate Development Co., Ltd.	Property owner and developer	People's Republic of China	**100**	100
(4)	Shenzhen Longgang District Tusincere Science and Technology Development Park Co Ltd	Property owner and developer	People's Republic of China	**65**	65
(1)	Singapura Developments (Private) Limited	Property owner, developer and investment holding	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

44 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	2021 %
	Direct/Indirect Subsidiaries of the Company (cont'd)				
(1)	Sunshine Plaza Pte Ltd	Property owner, developer and investment holding	Singapore	**100**	100
(2)	Suzhou Global City Genway Properties Co., Ltd.	Property owner and developer	People's Republic of China	**100**	100
(6)	Sycamore House Manco Limited	Operating company	United Kingdom	**100**	–
(1)	Systematic Laundry & Healthcare Services Pte. Ltd.	Laundry and dry cleaning services, washing and other cleaning preparations	Singapore	**98**	90
(1)	Systematic Laundry & Uniform Services Pte. Ltd.	Laundry and dry cleaning services	Singapore	**98**	90
(2)	Tempus Platinum Investments Tokutei Mokuteki Kaisha	Property owner and developer	Japan	**100**	100
(2)	The Aldgate House Unit Trust	Property investment	Jersey	**100**	100
(7)	Trentworth Properties Limited	Property owner and developer	Jersey	**100**	100
(1)	Trentwell Management Pte. Ltd.	Asset management and consultancy services	Singapore	**100**	100
(7)	Wideachieve Holdings Limited	Investment holding	British Virgin Islands	**100**	100
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels Limited				
(2)	Anchorage-Lakefront Limited Partnership	Hotel owner	USA	**100**	100
(7)	Archyield Limited	Hotel owner and operator	United Kingdom	**100**	100
(2)	Avon Wynfield LLC	Hotel owner	USA	**100**	100
(2)	Beijing Fortune Hotel Co., Ltd.	Hotel owner and operator	People's Republic of China	**70**	70
(2)	Bostonian Hotel Limited Partnership	Hotel owner	USA	**100**	100
(2)	Buffalo RHM Operating LLC	Hotel owner	USA	**100**	100
(1)	CDL Hospitality Trusts	See below (c)	Singapore	**–**	38
(2)	CDL (New York) LLC	Hotel owner	USA	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

44 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	2021 %
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels Limited (cont'd)				
(7)	CDL Hotels (Chelsea) Limited	Hotel owner and operator	United Kingdom	**100**	100
(2)	CDL Hotels (Korea) Ltd.	Hotel owner and operator	Republic of Korea	**100**	100
(2)	CDL Hotels (Malaysia) Sdn. Bhd.	Hotel owner and operator	Malaysia	**100**	100
(7)	CDL Hotels (UK) Limited	Hotel owner and operator	United Kingdom	**100**	100
(2)	CDL Hotels USA, Inc.	Hotel investment holding company	USA	**100**	100
(2)	CDL Investments New Zealand Limited	Investment and property management company	New Zealand	**50**	50
(2)	CDL West 45th Street LLC	Hotel owner	USA	**100**	100
(2)	Chicago Hotel Holdings, Inc.	Hotel ownership	USA	**100**	100
(1)	City Hotels Pte. Ltd.	Hotel operator and investment holding company	Singapore	**100**	100
(7)	Copthorne Aberdeen Limited	Hotel management	United Kingdom	**83**	83
(7)	Copthorne Hotel (Birmingham) Limited	Hotel owner and operator	United Kingdom	**100**	100
(7)	Copthorne Hotel (Cardiff) Limited	Hotel owner and operator	United Kingdom	**100**	100
(7)	Copthorne Hotel (Effingham Park) Limited	Hotel owner and operator	United Kingdom	**100**	100
(7)	Copthorne Hotel (Gatwick) Limited	Hotel owner and operator	United Kingdom	**100**	100
(7)	Copthorne Hotel (Manchester) Limited	Hotel owner and operator	United Kingdom	**100**	100
(7)	Copthorne Hotel (Merry Hill) Limited	Hotel owner and operator	United Kingdom	**100**	100
(7)	Copthorne Hotel (Newcastle) Limited	Hotel owner and operator	United Kingdom	**96**	96
(7)	Copthorne Hotel (Plymouth) Limited	Hotel owner and operator	United Kingdom	**100**	100
(7)	Copthorne Hotel (Slough) Limited	Hotel owner and operator	United Kingdom	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

44 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels Limited (cont'd)				
(7)	Copthorne Hotel Holdings Limited	Investment holding company	United Kingdom	**100**	100
(7)	Copthorne Hotels Limited	Hotel investment holding company	United Kingdom	**100**	100
(2)	Copthorne Orchid Penang Sdn. Bhd.	Hotel owner	Malaysia	**100**	100
(2)	Durham Operating Partnership L.P.	Hotel ownership	USA	**100**	100
(2)	Gateway Regal Holdings LLC	Hotel owner and operator	USA	**100**	100
(2)	Grand Plaza Hotel Corporation	Hotel owner and operator and investment holding company	Philippines	**66**	66
(1)	Harbour View Hotel Pte Ltd	Hotel operator	Singapore	**100**	100
(2)	Hong Leong Ginza TMK	Property owner	Japan	**100**	100
(2)	Hong Leong Hotel Development Limited	Hotel owner and operator	Taiwan	**84**	84
(1)	Hospitality Holdings Pte. Ltd.	Investment holding company	Singapore	**100**	100
(7)	Hotel Liverpool Limited	Property letting	United Kingdom	**100**	100
(7)	Hotel Liverpool Management Limited	Operating company	United Kingdom	**100**	100
(1)	King's Tanglin Shopping Pte. Ltd.	Property owner	Singapore	**100**	100
(2)	Lakeside Operating Partnership L.P.	Hotel ownership	USA	**100**	100
(7)	London Britannia Hotel Limited	Hotel owner and operator	United Kingdom	**100**	100
(7)	London Tara Hotel Limited	Hotel owner and operator	United Kingdom	**100**	100
(2)	M&C Crescent Interests, LLC	Property owner	USA	**100**	100
(2)	M&C Hotel Interests, Inc.	Hotel management services company	USA	**100**	100
(2)	M&C Hotels France SAS	Hotel owner	France	**100**	100
(2)	M&C New York (Times Square) EAT II LLC	Hotel owner	USA	**100**	100
(2)	M&C New York (Times Square), LLC	Investment holding	USA	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

44 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels Limited (cont'd)				
(1)	M&C REIT Management Limited	REIT investment management services	Singapore	**100**	100
(5)	Millennium & Copthorne Hotels Management (Shanghai) Limited	Provision of hotel management and consultancy services	People's Republic of China	**100**	100
(2)	Millennium & Copthorne Hotels New Zealand Limited	Hotel investment holding company	New Zealand	**76**	76
(1)	Millennium & Copthorne International Limited	Hotels and resorts management	Singapore	**100**	100
(2)	Millennium CDG Paris SAS	Hotel operator	France	**100**	100
(2)	Millennium Hotels Italy Holdings S.r.l	Holding company	Italy	**100**	100
(2)	Millennium Hotels Palace Management S.r.l	Hotel operator	Italy	**100**	100
(2)	Millennium Hotels Property S.r.l	Hotel owner and operator	Italy	**100**	100
(7)	Millennium Hotels (West London) Limited	Property letting	United Kingdom	**100**	100
(7)	Millennium Hotels (West London) Management Limited	Hotel operator	United Kingdom	**100**	100
(2)	Millennium Opera Paris SAS	Hotel operator	France	**100**	100
(2)	PT. Millennium Sirih Jakarta Hotel	Hotel owner	Indonesia	**100**	100
(1)	Republic Hotels & Resorts Limited	Hotel operator and investment holding company	Singapore	**100**	100
(1)	Republic Iconic Hotel Pte. Ltd.	Hotel operator	Singapore	**100**	100
(2)	RHH Operating LLC	Hotel owner	USA	**100**	100
(2)	RHM Aurora LLC	Hotel ownership	USA	**100**	100
(2)	RHM Management LLC	Hotel ownership	USA	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

44 SIGNIFICANT INVESTMENTS IN SUBSIDIARIES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
	Direct/Indirect Subsidiaries of Millennium & Copthorne Hotels Limited (cont'd)				
(2)	RHM Ranch LLC	Hotel owner	USA	**100**	100
(2)	RHM-88, LLC	Hotel owner and operator	USA	**100**	100
(2)	Sunnyvale Partners Ltd.	Hotel ownership	USA	**100**	100
(2)	Trimark Hotel Corporation	Hotel owner and operator	USA	**100**	100
(2)	WHB Biltmore LLC	Hotel owner and operator	USA	**100**	100

(1) Audited by KPMG LLP Singapore
(2) Audited by other member firms of KPMG International
(3) Audited by Shanghai Xiao Tian Cheng Certified Public Accountant Co., Ltd
(4) Audited by Shenzhen Shuibo Certified Public Accountants (Special General Partnership)
(5) Audited by Shanghai Certified Public Accountants
(6) Auditors are not appointed yet
(7) Not subject to audit by law of country of incorporation
(a) Relates to the ownership interest in the non-residential component of Sunbright Holdings Limited. Please refer to note [a] under note 45 of the financial statements.
(b) Phuket Square Co., Ltd and Krungthep Rimnam Limited are considered subsidiaries of the Group as the Group is exposed to variable returns from the companies and has the ability to affect those returns through the management's control over the relevant activities of the companies.
(c) CDL Hospitality Trusts (CDLHT) is a stapled group comprising CDL Hospitality Real Estate Investment Trust (H-REIT), a real estate investment trust, and CDL Hospitality Business Trust (HBT), a business trust. H-REIT has an investment strategy of investing directly or indirectly, in a diversified portfolio of income-producing real estate which is primarily used for hospitality, hospitality-related and other accommodation and/or lodging purposes, whether wholly or partially, and real-estate related assets in relation to the foregoing.

HBT is a business trust which currently acts as master lessee, asset owner and hotel operator. HBT may also undertake certain hospitality, hospitality-related and other accommodation and/or lodging development projects, acquisition and investments which may not be suitable for H-REIT.

Prior to 26 May 2022, although the Group owned less than half of the ownership interest and voting power in CDLHT, management had determined that the Group had control over CDLHT. The activities of H-REIT and HBT are managed by the Group's subsidiaries, M&C REIT Management Limited (the "H-REIT Manager") and M&C Business Trust Management Limited (the "HBT Trustee-Manager"), respectively. The H-REIT Manager has decision-making authority over H-REIT, subject to oversight by the trustee of H-REIT. The HBT Trustee-Manager has dual responsibility of safeguarding the interests of the HBT unitholders and decision-making authority over HBT. The Group's overall exposure to variable returns, both from H-REIT Manager's and HBT Trustee-Manager's remuneration from H-REIT and HBT, respectively, together with its interest in CDLHT, was significant and any decisions made by H-REIT Manager and HBT Trustee-Manager affect the Group's overall exposure.

On 26 May 2022, the Group distributed *in specie* part of the CDLHT units that it held, to the Company's ordinary shareholders (notes 36 and 40), thereby reducing its interest in CDLHT to 27% (note 45). The Group has assessed that the reduction in interest in CDLHT has resulted in the Group no longer having control of CDLHT. Accordingly, CDLHT was deconsolidated and accounted for as an associate thereafter.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

45 ASSOCIATES AND JOINT VENTURES

The following are the Group's significant investments in associates and joint ventures:

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
	Associates of the Company				
(1)	Cityview Place Holdings Pte. Ltd.	Property owner and developer	Singapore	**33[a]**	33[a]
(3)	IREIT Global	Real estate investment trust	Singapore	**20.9**	20.9
(2)	Suzhou Dragonrise Pan- Artificial Intelligence High-Tech Fund	Venture capital investment and management	People's Republic of China	**50**	50
	Associates of Millennium & Copthorne Hotels Limited				
(4)	First Sponsor Group Limited	Investment holding company	Singapore/ Cayman Islands	**35**	35
(1)	CDL Hospitality Trusts	See note 44 footnote [c]	Singapore	**27**	–
	Joint Ventures of the Company				
(9)	58 High Street Pty Ltd	Trustee	Australia	**85[b]**	–
(9)	ACC Smith Street Pty Limited	Trustee	Australia	**50**	50
(1)	Aster Land Development Pte Ltd	Property development and investment dealing	Singapore	**30**	30
(1)	Branbury Investments Ltd	Property owner	Singapore	**43**	43
(2)	CBM Qatar LLC	Provision of facilities management services	State of Qatar	**49**	49
(2)	CBM Facilities & Security Management (Thailand) Co. Ltd.	Provision of integrated facilities management services in Thailand	Thailand	**49**	49
(9)	CDL Metro Kenmore Pty Ltd	Trustee	Australia	**50**	50
(4)	Emerging Markets Affordable Housing Fund Pte. Ltd.	Investment in affordable housing projects in emerging markets	Singapore	**69[b]**	69[b]
(9)	FSCT DE Property 1 Real Estate GmbH & Co. KG	Property investment	Germany	**43**	43

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

45 ASSOCIATES AND JOINT VENTURES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
	Joint Ventures of the Company (cont'd)				
(1)	Granmil Holdings Pte Ltd	Property owner and developer	Singapore	**40**	40
(4)	HThree City Australia Pte. Ltd.	Property fund management (including REIT management and direct property fund management)	Singapore	**33**	33
(4)	HThree City Jade Pte. Ltd.	Other holding company	Singapore	**50**	–
(3)	IREIT Global Group Pte. Ltd.	Property fund management	Singapore	**49.5[c]**	49.5[c]
(1)	Legend Quay Pte. Ltd.	Property owner and developer	Singapore	**50**	50
(1)	Legend Commercial Trust	Property owner and developer	Singapore	**50**	50
(9)	Macaulay North Melbourne Pty Ltd	Trustee	Australia	**50**	50
(8)	Maximus Commercial SG Pte. Ltd.	Property owner and developer	Singapore	**50**	50
(8)	Maximus Residential SG Pte. Ltd.	Property owner and developer	Singapore	**50**	50
(1)	NovaSims Development Pte. Ltd.	Property developer	Singapore	**40**	40
(5)	OOO "Soft-Project"	Hotel and property owner and developer	Russia	**50**	50
(1)	Richmond Hotel Pte Ltd	Property owner, developer and investment holding	Singapore	**33**	33
(7)	Shanghai CF Enterprise Group Co., Ltd	Operator of online apartment rental platform	People's Republic of China	**21**	21
(1)	South Beach Consortium Pte. Ltd.	Property owner, developer and investment holding	Singapore	**50.1[b]**	50.1[b]
(1)	Siena Residential Development Pte. Ltd.	Property owner and developer	Singapore	**50**	50
(1)	Siena Commercial Trust	Property owner and developer	Singapore	**50**	50
(9)	Spencer West Melbourne Pty Ltd	Trustee	Australia	**50**	50
(8)	Taurus Properties SG Pte. Ltd.	Property owner and developer	Singapore	**50**	50
(8)	Tembusu Residential Pte. Ltd.	Property owner and developer	Singapore	**51[b]**	51[b]
(1)	Tomlinson Hotel Pte. Ltd.	Hotel owner	Singapore	**33**	33
(1)	Tripartite Developers Pte. Limited	Property developer	Singapore	**33**	33

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

45 ASSOCIATES AND JOINT VENTURES (CONT'D)

		Principal activity	Principal place of business/ Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
	Joint Venture of Millennium & Copthorne Hotels Limited				
(9)	New Unity Holdings Ltd.	Investment holding company	British Virgin Islands	**50**	50

(1) Audited by KPMG LLP Singapore
(2) Audited by other member firms of KPMG International
(3) Audited by Deloitte & Touche LLP
(4) Audited by Ernst & Young LLP
(5) Audited by BDO Unicorn Inc
(6) Audited by WUYIGE Certified Public Accountants LLP
(7) Audited by BDO China Shu Lun Pan Certified Public Accountants LLP
(8) Audited by PricewaterhouseCoopers LLP
(9) Not subject to audit by law of country of incorporation

(a) Although the Group is the legal owner of the entire equity interests in Cityview Place Holdings Pte. Ltd. (Cityview), the Group has determined that it does not have control over Cityview upon the sale of cash flows in Cityview in 2014 as described below. The Group has significant influence in Cityview through Sunbright Holdings Limited (Sunbright). Accordingly, Cityview is classified as an associate of the Group.

i. Sale and purchase agreement

On 15 December 2014, Baynes Investment Pte. Ltd. (Baynes), a wholly-owned subsidiary of the Group, sold the Dividends (as defined in the sale and purchase agreement) in its wholly-owned subsidiary, Cityview, to Sunbright.

ii. Profit participation securities

On 22 December 2014, the Group through its wholly-owned subsidiary, Astoria Holdings Limited (Astoria), subscribed for 37.5% interest in a capital instrument called profit participation securities (PPS) issued by Sunbright. The PPS has a tenor of 5 years and will expire upon final payment of the cash flows arising from the Dividends. The PPS carries a fixed payout amount (the Fixed Payout) at the rate of 5% per annum, which is payable on a semi-annual basis or, at the election of the PPS holders, payable upfront in one lump sum on the date of issue of the PPS.

Astoria, together with other investors (the Third Party Investors), (collectively, the PPS Holders), elected to receive the Fixed Payout upfront and the total Fixed Payout of $187.5 million was offset against the consideration payable by the PPS holders for the subscription of the PPS.

The Group will receive from Sunbright the cash flows purchased from Baynes (after satisfying certain senior ranking liabilities, including capital contributions from the Third Party Investors) in accordance with a pre-agreed order of priority as set out under the terms of the PPS.

In addition, shares of Baynes with an investment amount of $1,502,000 (2021: $1,502,000) was pledged to Sunbright.

iii. Investment Committees

On 22 December 2014, the Group entered into an Investors' Agreement with the Third Party Investors and Sunbright. Under the Investors' Agreement, the management of the affairs of Sunbright and its subsidiaries are delegated to the Investment Committees where the Group has the right to appoint 5 out of 12 members. Taken as a whole, the Group does not have power over the relevant activities of Cityview.

The Group has determined that it has significant influence over Sunbright because of its representation on the Investment Committees. Accordingly, Sunbright is considered an associate of the Group.

In April 2019, the Group, through its indirect wholly-owned subsidiary, Astoria, acquired the remaining PPS units in the non-residential component of Sunbright, which holds W Hotel and Quayside Isle (Non-Residential Component). Following the acquisition, the Group has power over the relevant activities of the Non-Residential Component, which became a wholly-owned subsidiary of the Group.

(b) Although the Group holds more than 50% ownership interest in the investee, pursuant to a contractual agreement between the Group and its joint venture partner, joint control is exercised by both parties over the relevant activities of the investee. Accordingly, the investee is accounted for as a joint venture of the Group.

(c) Although the Group holds less than 50% voting interest in the IREIT Global Group Pte. Ltd. (the "IREIT Manager"), pursuant to a contractual agreement between the Group and its joint venture partner in the IREIT Manager, joint control is exercised by both parties over the relevant activities of the IREIT Manager. Accordingly, the IREIT Manager is accounted for as a joint venture of the Group.

The Group does not consider the above associates and joint ventures to be individually material to the Group under the context of SFRS(I) 12 *Disclosure of Interests in Other Entities*.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

46 SUBSEQUENT EVENTS

On 9 March 2023, the Group through its indirect wholly-owned subsidiary, City Pinnacle UK Holdings Limited (formerly known as Maplegate Holdings Limited), entered into a sale and purchase agreement to (i) acquire 100% of the shares and voting interests in MPG St Katharine Limited, which via its direct/indirect wholly-owned subsidiaries holds the St Katharine Docks development in London, United Kingdom; and (ii) settle existing indebtedness amounts, for a total consideration of approximately $596.4 million (£372.8 million). The acquisition was funded through internal cash resources and credit facilities.

On 22 March 2023, the Group, through its subsidiaries of M&C Group, entered into a property sale agreement and business asset sale agreement with a third party to acquire a hotel in Brisbane, Australia, together with its existing business assets for a combined consideration of approximately $159.2 million (A$177.7 million). The completion of the acquisition, which is subject to fulfilment of several condition precedents as stipulated in the agreements, is expected in the second half of 2023. The acquisition will be funded through internal cash resources and credit faciliities.

47 COMPARATIVE INFORMATION

In June 2021, the Group applied for an initial public offering (IPO) of a real estate investment trust (REIT) that would own commercial assets located in the UK and planned to dispose of the subsidiaries which hold two commercial properties in the UK, namely Aldgate House and 125 Old Broad Street (which are in the investment properties segment), to the proposed REIT. Accordingly, the assets and liabilities of the subsidiaries were reclassified to assets held for sale and liabilities directly associated with the assets held for sale, in 2021.

During 2022, the Group considered the unprecedented interest rates hike has severely impacted the IPO of REITs in Singapore with several planned IPO and secondary fund-raising exercises of REITs being withdrawn. Amidst this challenging market, the Group decided not to proceed with the planned REIT IPO. Accordingly, the assets and liabilities of the relevant subsidiaries ceased to be classified as held for sale, and the Group reclassified the assets held for sale and liabilities directly associated with the assets to the Group's respective assets and liabilities. Arising from the reclassification, the Group recognised a depreciation expense of $7,464,000 on the two investment properties and recognised an impairment loss of $5,480,000 on one of the commercial properties for the year ended 31 December 2021. The impairment loss was determined based on the recoverable amount of the commercial property which was estimated using the fair value less cost to sell approach and applying the income capitalisation method. Under this methodology, the fair value measurement reflects current market expectations about an efficient third party operator's future cash flows. The income capitalisation method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The key assumption used in estimating the recoverable amount of the impaired investment property was the capitalisation rate of 5.0%. The impairment loss arose as the recoverable amount was reduced by the amount of stamp duty and land tax payable by the Group, which would not be payable had the Group proceeded with the sale.

The fair value disclosure of two investment properties above as at 31 December 2021 of $1,021,363,000 is categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

In accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, the comparative figures have been restated to account for the effects of these reclassifications within the Group's statement of financial position and adjustments within the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

47 COMPARATIVE INFORMATION (CONT'D)

Summary of quantitative impact

The following tables summarise the material impacts on the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows.

	Group		
	As previously reported $'000	**Adjustments $'000**	**As restated $'000**
Statement of financial position 31 December 2021			
Investment properties	3,997,169	985,677	4,982,846
Trade and other receivables	1,851,903	41,064	1,892,967
Cash and cash equivalents	2,083,165	17,535	2,100,700
Assets held for sale	1,445,759	(1,057,033)	388,726
Others	14,515,030	–	14,515,030
Total assets	23,893,026	(12,757)	23,880,269
Other liabilities	216,615	3,956	220,571
Trade and other payables	1,438,461	16,470	1,454,931
Provision for taxation	362,960	5,722	368,682
Liabilities directly associated with the assets held for sale	27,349	(26,148)	1,201
Others	12,515,612	–	12,515,612
Total liabilities	14,560,997	–	14,560,997
Reserves	6,422,163	(12,757)	6,409,406
Others	2,909,866	–	2,909,866
Total equity	9,332,029	(12,757)	9,319,272
Consolidated statement of profit or loss Year ended 31 December 2021			
Administrative expenses	(501,458)	(7,464)	(508,922)
Other operating expenses	(236,258)	(5,480)	(241,738)
Others	877,555	–	877,555
Profit for the year	139,839	(12,944)	126,895
Profit attributable to:			
– Owners of the Company	97,657	(12,944)	84,713
– Non-controlling interests	42,182	–	42,182
Profit for the year	139,839	(12,944)	126,895
Earnings per share			
– Basic	9.3 cents	(1.4 cents)	7.9 cents
– Diluted	9.3 cents	(1.4 cents)	7.9 cents

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

47 COMPARATIVE INFORMATION (CONT'D)

Summary of quantitative impact (cont'd)

	Group		
	As previously reported $'000	Adjustments $'000	As restated $'000
Consolidated statement of comprehensive income			
Year ended 31 December 2021			
Profit for the year	139,839	(12,944)	126,895
Other comprehensive income			
Items that will not be reclassified to profit or loss	8,000	–	8,000
Items that are or may be reclassified subsequently to profit or loss:			
– Translation differences arising on consolidation of foreign operations	(18,698)	187	(18,511)
– Others	5,247	–	5,247
	(13,451)	187	(13,264)
Total other comprehensive income for the year, net of tax	(5,451)	187	(5,264)
Total comprehensive income for the year	134,388	(12,757)	121,631
Total comprehensive income attributable to:			
– Owners of the Company	50,010	(12,757)	37,253
– Non-controlling interests	84,378	–	84,378
Total comprehensive income for the year	134,388	(12,757)	121,631
Consolidated statement of cash flows			
Year ended 31 December 2021			
Profit for the year	139,839	(12,944)	126,895
Depreciation and amortisation	277,545	7,464	285,009
Reversal of impairment loss on property, plant and equipment and investment properties (net)	(98,791)	5,480	(93,311)

There is no impact on the Company's statement of financial position as at 31 December 2021. There is also no impact to the statements of financial position of the Group and the Company as at 1 January 2021.

STATISTICS OF ORDINARY SHAREHOLDINGS

AS AT 3 MARCH 2023

Class of Shares	:	Ordinary Shares
No. of Issued Ordinary Shares	:	909,301,330
No. of Issued Ordinary Shares (excluding Treasury Shares)	:	906,901,330
No. of Treasury Shares	:	2,400,000 (representing 0.26% of the total number of issued shares, excluding treasury shares)
No. of Subsidiary Holdings#	:	Nil
Voting Rights	:	One vote for one Ordinary Share. The Company cannot exercise any voting rights in respect of the shares held as treasury shares.

Subject to the Companies Act 1967, subsidiaries cannot exercise any voting rights in respect of shares held by them as subsidiary holdings#.

Range of Ordinary Shareholdings	No. of Ordinary Shareholders	%	No. of Ordinary Shares	%
1 – 99	251	1.41	8,176	0.00
100 – 1,000	6,840	38.43	5,318,693	0.59
1,001 – 10,000	9,331	52.42	34,143,841	3.76
10,001 – 1,000,000	1,353	7.60	47,239,191	5.21
1,000,001 and above	25	0.14	820,191,429	90.44
	17,800	**100.00**	**906,901,330**	**100.00**

Based on information available to the Company as at 3 March 2023, approximately 51.31% of the issued Ordinary Shares (excluding treasury shares) is held by the public, and accordingly, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited has been complied with.

MAJOR ORDINARY SHAREHOLDERS LIST – TOP 20 AS AT 3 MARCH 2023

No.	Name	No. of Ordinary Shares Held	%*
1	Hong Leong Investment Holdings Pte. Ltd.	168,714,256	18.60
2	Hong Leong Holdings Limited	148,787,477	16.41
3	Citibank Nominees Singapore Pte Ltd	128,278,452	14.15
4	Raffles Nominees (Pte.) Limited	70,458,681	7.77
5	HSBC (Singapore) Nominees Pte Ltd	51,595,743	5.69
6	DBSN Services Pte Ltd	42,784,287	4.72
7	Hong Realty (Private) Limited	34,457,782	3.80
8	DBS Nominees Pte Ltd	23,228,329	2.56
9	BNP Paribas Nominees Singapore Pte Ltd	21,719,091	2.39
10	Maybank Securities Pte. Ltd.	20,589,682	2.27
11	Garden Estates (Pte.) Limited	20,484,365	2.26
12	Euroform (S) Pte. Limited	19,603,045	2.16
13	Hong Leong Corporation Holdings Pte Ltd	18,584,760	2.05
14	Gordon Properties Pte. Limited	9,304,616	1.03
15	Hong Leong Enterprises Pte Ltd	8,524,530	0.94
16	Interfab Private Limited	5,648,781	0.62
17	BPSS Nominees Singapore (Pte.) Ltd.	4,766,485	0.53
18	Hong Leong Foundation	4,301,106	0.47
19	United Overseas Bank Nominees Pte Ltd	4,101,632	0.45
20	Abbottin Properties Pte Ltd	3,729,188	0.41
	TOTAL	**809,662,288**	**89.28**

"Subsidiary Holdings" is defined in the Listing Manual of Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967.

* The percentage of Ordinary Shares held is based on the total number of issued Ordinary Shares, excluding treasury shares as at 3 March 2023.

STATISTICS OF ORDINARY SHAREHOLDINGS

AS AT 3 MARCH 2023

SUBSTANTIAL SHAREHOLDERS
(As shown in the Register of Substantial Shareholders as at 3 March 2023)

	No. of Ordinary Shares			
	Direct Interest	Deemed Interest	Total	%*
Hong Realty (Private) Limited	34,457,782	30,488,981 (1)	64,946,763	7.161
Hong Leong Holdings Limited	148,787,477	19,546,445 (2)	168,333,922	18.561
Hong Leong Investment Holdings Pte. Ltd.	168,714,256	271,601,888 (3)	440,316,144	48.552
Davos Investment Holdings Private Limited	–	440,316,144 (4)	440,316,144	48.552
Kwek Holdings Pte Ltd	–	440,316,144 (4)	440,316,144	48.552

* The percentage of Ordinary Shares held is based on the total number of issued Ordinary Shares, excluding treasury shares as at 3 March 2023.

Notes:

(1) Hong Realty (Private) Limited ("HR") is deemed under Section 4 of the Securities and Futures Act 2001 of Singapore ("SFA") to have an interest in the 30,488,981 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(2) Hong Leong Holdings Limited ("HLH") is deemed under Section 4 of the SFA to have an interest in the 19,546,445 Ordinary Shares held directly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

(3) Hong Leong Investment Holdings Pte. Ltd. ("HLIH") is deemed under Section 4 of the SFA to have an interest in the 271,601,888 Ordinary Shares held directly and/or indirectly by companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof which includes (i) the 64,946,763 Ordinary Shares held directly and indirectly by HR; and (ii) the 168,333,922 Ordinary Shares held directly and indirectly by HLH, out of which 9,304,616 Ordinary Shares have been identified as Ordinary Shares in which HR is also deemed to have an interest in under note(1) above.

(4) Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 4 of the SFA to have an interest in the 440,316,144 Ordinary Shares held directly and/or indirectly by HLIH in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

STATISTICS OF PREFERENCE SHAREHOLDINGS

AS AT 3 MARCH 2023

Class of Shares	:	Non-Redeemable Convertible Non-Cumulative Preference Shares ("Preference Shares")
No. of Preference Shares issued	:	330,874,257
Voting Rights	:	Entitled to attend, speak and vote at any class meeting of the Holders of Preference Shares. One vote for each Preference Share.

Not entitled to attend and vote at any General Meeting of the Company except as provided below:

(a) If the Preference Dividend (or any part thereof) due and payable and accrued is in arrears and has remain unpaid for at least six months, such right to attend and vote shall continue until such Preference Dividend (or any part thereof) in arrears and unpaid has been paid in full;

(b) If the resolution in question varies the rights attached to the Preference Shares; or

(c) If the resolution in question is for the winding up of the Company.

Range of Preference Shareholdings	No. of Preference Shareholders	%	No. of Preference Shares	%
1 – 99	29	1.26	1,231	0.00
100 – 1,000	865	37.46	682,438	0.21
1,001 – 10,000	1,033	44.74	4,250,149	1.28
10,001 – 1,000,000	366	15.85	27,592,965	8.34
1,000,001 and above	16	0.69	298,347,474	90.17
	2,309	**100.00**	**330,874,257**	**100.00**

MAJOR PREFERENCE SHAREHOLDERS LIST – TOP 20 AS AT 3 MARCH 2023

No.	Name	No. of Preference Shares Held	%*
1	Raffles Nominees (Pte.) Limited	93,846,043	28.36
2	Mandai Properties Pte Ltd	64,931,000	19.62
3	Citibank Nominees Singapore Pte Ltd	43,886,143	13.26
4	Aster Land Development Pte Ltd	26,913,086	8.13
5	CGS-CIMB Securities (Singapore) Pte Ltd	25,206,464	7.62
6	HSBC (Singapore) Nominees Pte Ltd	10,756,781	3.25
7	Fairmount Development Pte Ltd	7,000,000	2.12
8	Guan Hong Plantation Private Limited	5,000,000	1.51
9	DBS Nominees Pte Ltd	4,803,527	1.45
10	Hong Leong Foundation	3,564,038	1.08
11	Upnorth Development Pte. Ltd.	3,000,000	0.91
12	Chiam Toon Chew	2,904,000	0.88
13	Interfab Private Limited	2,054,102	0.62
14	Freddie Tan Poh Chye	1,935,000	0.59
15	United Overseas Bank Nominees Pte Ltd	1,399,490	0.42
16	Maybank Securities Pte. Ltd.	1,147,800	0.35
17	Sun Yuan Holdings Pte Ltd	972,000	0.29
18	Morgan Stanley Asia (Singapore) Securities Pte Ltd	945,386	0.29
19	Song Cheng Miang	900,000	0.27
20	Morph Investments Ltd	710,000	0.22
	TOTAL	**301,874,860**	**91.24**

* The percentage of Preference Shares held is based on the total number of issued Preference Shares as at 3 March 2023.

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